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As filed with the Securities and Exchange Commission on February 5, 2013

Registration No. 333-184779

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

Amendment No. 3
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ENANTA PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**2834**	**04-3205099**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

500 Arsenal Street
Watertown, Massachusetts 02472
(617) 607-0800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jay R. Luly, Ph.D.
President and Chief Executive Officer
Enanta Pharmaceuticals, Inc.
500 Arsenal Street
Watertown, Massachusetts 02472
(617) 607-0800
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Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement is declared effective.

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(2)(3)**
Common Stock, $0.01 Par Value Per Share	$69,000,000	$9,411.60

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes offering price of shares of common stock that the underwriters may purchase to cover over-allotments, if any.
(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
(3) Previously paid.

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

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

Subject to completion, dated February 5, 2013

Prospectus

Shares

COMMON STOCK

This is the initial public offering of common stock of Enanta Pharmaceuticals, Inc. We are selling shares of common stock. Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $ and $ per share.

We have applied to list our common stock on The NASDAQ Global Market under the symbol "ENTA."

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, may elect to comply with certain reduced public company reporting requirements for future filings.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to Enanta, before expenses[1]	$	$

(1) The underwriters will receive compensation in addition to the underwriting discount. See "Underwriting" on page 135.

We have granted the underwriters an option to purchase up to additional shares of common stock to cover over-allotments, if any.

Investing in our common stock involves risk. See "Risk Factors" beginning on page 11.

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

The underwriters expect to deliver the shares on or about , 2013.

J.P. Morgan **Credit Suisse**

Leerink Swann **JMP Securities**

, 2013

We and the underwriters have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or of any sale of shares of our common stock offered hereby. Our business, financial condition, results of operations and prospects may have changed since that date. We will update this prospectus as required by law.

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Until , 2013 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

This prospectus includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe these industry publications and third party research, surveys and studies are reliable, we have not independently verified such data.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the more detailed information set forth under "Risk Factors" and our financial statements and the related notes appearing at the end of this prospectus, before making an investment decision. Some of the statements in this prospectus are forward-looking statements. See "Special Note Regarding Forward-Looking Statements." In this prospectus, unless the context otherwise requires, references to "we," "us," "our," or "Enanta" refer to Enanta Pharmaceuticals, Inc.

Overview

We are a research and development-focused biotechnology company that uses its robust chemistry-driven approach and drug discovery capabilities to create small molecule drugs in the infectious disease field. We are discovering and developing inhibitors designed for use against the hepatitis C virus, referred to as HCV. We believe that a successful approach to a complete cure for HCV in most patients will likely require treatment with a combination of drugs that attack different mechanisms necessary for replication and survival of HCV. Further, as there are many variants of HCV, we are developing inhibitors that may be used in multiple combination therapies, each designed and tested for effectiveness against one or more of those variants. Our development of inhibitors for validated HCV target mechanisms, as well as our collaborations with AbbVie (which name refers to Abbott Laboratories for all periods before January 1, 2013) and Novartis, should allow us to participate in multiple unique drug combinations as we seek the best combination therapies for HCV in its various forms. Total worldwide sales of HCV therapies were over $3.5 billion in 2011. We believe that annual worldwide sales of these therapies and future approved therapies could increase sales in this market to $10 to $20 billion within the next ten years. In addition to our HCV programs, we have used our internal research capabilities to discover a new class of antibiotics which we are developing for the treatment of multi-drug resistant bacteria, including methicillin-resistant *Staphylococcus aureus* bacteria, also referred to as MRSA. We have utilized our internal chemistry and drug discovery capabilities and our collaborations to generate all of our development-stage programs, and we have active research efforts to broaden our infectious disease drug pipeline.

We are pursuing four fundamental, validated targets within the HCV field that represent a broad approach to the disease and specifically address the urgent unmet medical needs for the treatment of HCV. The following table summarizes our product development pipeline in HCV antivirals as well as MRSA antibiotics:

Product candidate	Preclinical	Phase 1	Phase 2	Phase 3	Status	Global commercial rights
HCV: Protease inhibitor: ABT-450-containing regimens	ABT-450/r + NS5A + NNuc + RBV				• AbbVie initiated the first of six Phase 3 registration trials announced in November 2012 • A ribavirin-free regimen is also included in three of the above Phase 3 trials	AbbVie
	ABT-450/r + NS5A + NNuc				• Phase 2 trials ongoing	
	ABT-450/r + NS5A + RBV				• Phase 2 trials ongoing	
	ABT-450/r + NS5A					
Next-generation protease inhibitor					• Phase 1 trial initiated in November 2012	AbbVie (Enanta U.S. co-development / co-promote / profit-share option)
NS5A inhibitor: EDP-239					• Phase 1 trial initiated in November 2012	Novartis (Enanta U.S. co-promote option)
Cyclophilin inhibitor					• Preclinical candidate selection expected in 2013	Enanta
Nucleotide polymerase inhibitor					• Preclinical candidate selection expected in 2013	Enanta
MRSA: Bicyclolide antibiotic: EDP-788					• IND-enabling studies ongoing • Expect to file IND and initiate Phase 1 trial in 1H 2014	Enanta

Note: "/r" refers to ritonavir; "NS5A" refers to AbbVie's NS5A inhibitor ABT-267; "NNuc" refers to AbbVie's non-nucleoside polymerase inhibitor ABT-333; "RBV" refers to ribavirin.

As detailed above, our only product candidate that has advanced beyond Phase 2 clinical trials is ABT-450. Phase 3 trials of ABT-450 in combination therapy started in October 2012. Phase 3 clinical trials are often lengthy and usually involve from many hundred to thousands of patients. We estimate that it will likely be at least two years before a New Drug Application, or NDA, for one of our collaborators' combination therapies could be approved by the FDA.

From our inception through December 31, 2012, we have generated $188.9 million from our collaborations (including those with AbbVie and Novartis) in the form of upfront, milestone and funded research payments as well as equity investments. The total of these amounts is more than double the amount of our funding from venture capital equity investments, the last of which occurred in 2006. As of December 31, 2012, we had $52.9 million in cash and investments (inclusive of a $15.0 million milestone payment we received in December 2012 based on AbbVie's initiation of dosing in a Phase 3 clinical trial that includes ABT-450). In addition, under our collaboration with Novartis, we received an $11.0 million milestone payment in January 2013 based on Novartis' initiation of dosing in a Phase 1 clinical trial that includes EDP-239. We are also eligible to receive over the next several years an aggregate of $430 million based on potential future pre-commercialization milestones under our AbbVie and Novartis collaborations, assuming successful clinical trial results for the respective collaboration programs and our collaborators' continued development of our respective collaboration's initial product candidate through successful regulatory and reimbursement approvals in the United States and other major markets. In addition, we are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on worldwide net sales of any protease inhibitors or NS5A inhibitors under the collaborations, as well as up to $80 million of potential milestone payments upon successful regulatory and reimbursement approvals of each further collaboration product, if any, developed by AbbVie under our AbbVie collaboration and up to $160 million of sales milestone payments under our Novartis collaboration.

ABT-450, a Protease Inhibitor for HCV Infection

ABT-450, discovered through our collaboration with AbbVie, is a protease inhibitor that has demonstrated *in vitro* potency against known resistant HCV mutants. In Phase 1 studies, ABT-450 co-administered with ritonavir, a commonly used boosting agent to increase the blood concentrations of many protease inhibitors, was shown to be safe and well tolerated. Co-administration of ABT-450 with ritonavir, which we refer to together as ABT-450/r, has enabled once-daily dosing of ABT-450. Phase 2 studies have demonstrated the efficacy of ABT-450/r in patients with chronic HCV, and other interferon-free Phase 2 studies of ABT-450-containing regimens continue. In addition, AbbVie has announced Phase 3 studies of ABT-450/r for the treatment of HCV in combination with AbbVie's polymerase and NS5A inhibitors, with and without ribavirin. While AbbVie and other companies are developing interferon-free and interferon/ribavirin-free HCV therapies in clinical trials, the efficacy of this approach has not yet been proven conclusively, nor has it resulted yet in any product approved by the FDA.

We believe that a treatment regimen containing ABT-450/r may have significant advantages over currently approved HCV treatment regimens containing protease inhibitors because of the following key attributes:

- *Improved Antiviral Activity.* Compared to the current market leader, telaprevir (Incivek™, Vertex Pharmaceuticals), ABT-450 has demonstrated superior antiviral activity against HCV in patients.
- *No Interferon.* Current HCV therapy still includes injected interferon, which is often associated with flu-like symptoms, fatigue, headaches and nausea during treatment. ABT-450/r, however, is being developed in a number of interferon-free regimens.
- *Tolerability.* Serious side effects of current regimens containing protease inhibitors include rash, anemia, itching and gastrointestinal effects. In contrast, most side effects in clinical trials to date of ABT-450/r were mild to moderate.
- *Shorter Treatment Regimen.* ABT-450/r is being tested in various treatment combinations that are only 12 weeks in duration, as compared to the 24 to 48 weeks of treatment required with current interferon-containing regimens.

- *More Convenient Treatment Regimen*. ABT-450/r is being developed for oral, once-daily dosing. All of the combinations including ABT-450/r that AbbVie is testing include only orally administered drugs dosed either once or twice daily. By comparison, current approved treatment regimens require dosing of a protease inhibitor approximately every 8 hours as well as weekly interferon injections.

In the first quarter of 2010, we and AbbVie announced the advancement of ABT-450/r into Phase 2 clinical trials. The objective of the initial Phase 2 study was to assess the safety, tolerability, pharmacokinetics and antiviral activity of multiple-dose strengths of ABT-450/r in treatment-naïve adults (*i.e.*, those who have not previously received treatment for HCV) infected with HCV genotype 1, the most common genotype globally. This study with ABT-450/r paved the way for additional Phase 2 combination studies that use interferon-free regimens.

The Phase 2 Co-Pilot study, which began in May 2011, consisted of HCV genotype 1, non-cirrhotic patients enrolled in an open-label trial of a 12-week interferon-free regimen consisting of ABT-450/r once daily plus ABT-333 (AbbVie's non-nucleoside polymerase inhibitor) 400 mg twice daily plus weight-based ribavirin, a commonly used oral antiviral, twice daily (1000-1200 mg total daily dose). Two different doses of ABT-450/r were evaluated (250/100 mg; 150/100 mg) in treatment-naïve patients, 85% of whom were infected with the harder-to-treat genotype 1a virus (compared to genotype 1b); treatment-experienced patients were also assessed, 94% of whom were infected with genotype 1a. Results demonstrated a sustained virologic response 12 weeks after conclusion of treatment, or SVR_{12}, in 93-95% of treatment-naïve HCV genotype 1-infected patients and in 47% of previous non-responders. Co-Pilot is the first 12-week interferon-free regimen to date with high SVR rates and activity that appears not to be affected by HCV genotype 1 subtype. Adverse events, or AEs, were mild or moderate, and the most common were fatigue, nausea and headache.

The Phase 2b Aviator study, which began in October 2011, consisted of HCV genotype 1, non-cirrhotic patients enrolled in an open-label trial of several 12-week interferon-free regimens consisting of two or three direct acting antivirals, or DAAs, with and without ribavirin. One combination in the study consisted of ABT-450/r 100/100 to 200/100 mg once daily, plus ABT-267 (AbbVie's NS5A inhibitor) 25 mg once daily, plus ABT-333 (AbbVie's non-nucleoside polymerase inhibitor) twice daily (400 mg total daily dose), plus weight-based ribavirin twice daily (1000-1200 mg total daily dose). As reported in an initial data abstract from the ongoing study, this regimen was evaluated in treatment-naïve patients and treatment-experienced patients who were null responders. Results from this ongoing trial demonstrated SVR_{12} in 99% of treatment-naïve HCV genotype 1-infected patients and in 93% of previous null responders (as compared with 47% SVR_{12} seen in the Co-Pilot study as detailed above). The most common AEs were fatigue (28% and 27%) and headache (28% and 31%) for treatment-naïve and previous null responders, respectively. Initial results from the Co-Pilot and Aviator studies provide compelling support for the potential development of an interferon-free combination therapy containing ABT-450 for treatment of HCV.

Other Phase 2 studies of additional interferon-free ABT-450/r combinations are underway. The Navigator study, which began in September 2011, is evaluating ABT-450/r with AbbVie's NS5A inhibitor ABT-267, with and without ribavirin. AbbVie also started a Phase 2b Pearl I study of a combination of ABT-450/r with only ABT-267 in August 2012.

In November 2012, AbbVie announced seven Phase 3 trials for an ABT-450-containing regimen for treating genotype 1-infected patients. Six of these Phase 3 trials are expected to be part of the initial registration package designed for a total of 2,200 patients using a combination of three DAAs—ABT-450/r (protease inhibitor), ABT-267 (NS5A inhibitor) and ABT-333 (non-nucleoside polymerase inhibitor)—with and without ribavirin. The first of these trials that was announced, Turquoise II, which is in patients with compensated cirrhosis, includes two co-formulated tablets, each of which contains ABT-450/r and ABT-267, or ABT-450/r/ABT-267, once daily, plus ABT-333 in one tablet twice daily, plus ribavirin. Two of the other trials, Sapphire I and Sapphire II, will be double-blind, placebo-controlled trials of the same three DAAs, co-administered with ribavirin. Sapphire I is in treatment-naïve patients and Sapphire II is in patients who have had prior treatment with interferon plus ribavirin. Three additional Phase 3 trials, Pearl II, III, and IV, will study this same three-DAA regimen, with and without ribavirin, in treatment-experienced genotype 1b-infected patients, treatment-naïve genotype 1b-infected patients, and treatment-naïve genotype 1a-infected patients, respectively. In addition, AbbVie has announced that it is conducting additional exploratory clinical studies to determine if a combination of ABT-450/r and ABT-267 dosed once daily can provide high cure rates in specific HCV populations.

In connection with a recent review of its Phase 3 program, AbbVie has announced that it expects regulatory filings in 2014 for an ABT-450-containing, interferon-free treatment regimen for genotype 1 HCV patients. AbbVie has also announced that its development plan would support a target commercial launch of such a combination therapy in early 2015. AbbVie projects that there will be a potential worldwide market opportunity of $12-14 billion for HCV therapies by 2016 based upon an assumed treatment rate of 300,000 to 350,000 patients per year across all genotypes of HCV in the U.S., Japan, Canada and four major European countries, or the G7 countries. In addition, AbbVie had previously projected that peak sales for the combination therapies AbbVie is developing could reach $2 billion or more worldwide. AbbVie's projections are subject to risks and uncertainties. The actual market opportunity may vary and there is no guarantee what portion, if any, of the resulting market opportunity will be captured by an ABT-450-containing regimen, assuming that AbbVie obtains approval of such a regimen. One or more Phase 3 trials containing ABT-450/r could take longer than anticipated to complete or could have unexpected results, the FDA could find that the results of these trials are not adequate to support marketing approval, the FDA could require additional clinical trials as a condition for approval, or other HCV products could come to market sooner or achieve greater market acceptance than any for which AbbVie ultimately obtains approval.

We believe that we, together with AbbVie, will obtain exclusivity in ABT-450 in the United States and other major-market jurisdictions based on pending composition and use patent claims for ABT-450, which we expect will continue at least into 2029, assuming all such patents are issued.

Next-Generation HCV Protease Inhibitor

AbbVie is also developing a next-generation protease inhibitor discovered within the Enanta-AbbVie collaboration. AbbVie has announced that this protease inhibitor has demonstrated activity in preclinical *in vitro* testing against a broad range of HCV genotypes, including variants that have shown strong resistance to first generation protease inhibitors. AbbVie has also announced that this next-generation protease inhibitor was designed to enable once-daily dosing without ritonavir and was designed to be co-formulated with AbbVie's next-generation NS5A inhibitor. AbbVie initiated a Phase 1 clinical trial of this next-generation protease inhibitor in November 2012.

EDP-239, an NS5A Inhibitor for HCV Infection

EDP-239 is the lead NS5A inhibitor discovered by Enanta. We entered into a collaboration with Novartis in February 2012, granting Novartis exclusive, worldwide rights to develop, manufacture and commercialize EDP-239. The compound has demonstrated potent activity against major genotypes in the replicon assay, which is a common *in vitro* test for determining potency of an active compound in reducing HCV replication. In addition, EDP-239 has additive to synergistic antiviral activity when used in combination with other anti-HCV therapeutics in the replicon assay. Preclinical studies support excellent permeability and absorption potentials in humans, with preferential targeting to the liver, which is the target site of infection. Human pharmacokinetic and pharmacodynamic modeling suggests a low, once-daily dose for future clinical testing. In November 2012, Novartis initiated a Phase 1 trial of EDP-239.

Cyclophilin (Cyp) Inhibitors for HCV Infection

In anticipation of resistance arising to DAA HCV therapy that targets viral proteins, we have been developing an alternative host-targeted antiviral, or HTA, approach that targets the human host protein, cyclophilin, which is essential for replication of HCV. We have demonstrated in replicon assays that multiple lead cyclophilin targeting inhibitors are potent inhibitors of HCV replication and are more potent than the clinical stage cyclophilin inhibitor alisporivir. Typically, cyclophilin inhibitors are based on the structures of cyclosporine A, which is known to be immunosuppressant with associated side effects that limit its clinical use. Based on our understanding of the structural elements of cyclosporine A that contribute to immunosuppressive activity, we have designed those elements out of our cyclophilin inhibitors and have confirmed a lack of *in vitro* immunosuppressive activity. We are advancing our lead candidates in preclinical studies and are continuing to generate and characterize a number of additional cyclophilin inhibitors in the discovery phase.

Nucleotide Polymerase Inhibitor Program for HCV Infection

We also have a program to develop nucleotide inhibitors to HCV NS5B polymerase, which is another DAA mechanism considered to have a high barrier to resistance. Our researchers have identified a promising nucleotide lead series with significant antiviral potency *in vitro*. One of our lead compounds has demonstrated better *in vitro* potency than a reference clinical stage nucleotide inhibitor, GS-7977, under development by Gilead Sciences.

We have an ongoing discovery effort in this inhibitor class and are considering a number of compounds for further development. We plan to select a candidate in 2013 that is suitable for advancement into preclinical studies.

EDP-788 and Our Bicyclolide Antibiotics

Through our internal chemistry efforts, we have created a new family of macrolide antibiotics called Bicyclolides that overcomes resistance and possesses a significantly improved target product profile compared to existing macrolides such as Zithromax™ and Biaxin™. Our lead Bicyclolide antibiotic product candidate is EDP-788, which we are developing for use as an intravenous drug in the hospital setting and for oral dosing in the home setting. EDP-788 is a prodrug, which means that it is inactive until it is converted in the body into an active compound. EDP-788 is a highly water-soluble molecule which, when administered in preclinical models, is cleanly and rapidly converted into the active compound.

The active compound generated from EDP-788 is EDP-322, a Bicyclolide we developed that demonstrates a broad spectrum of activity against many bacterial organisms, including MRSA. Preclinical safety studies performed with EDP-322 presented no significant concerns. EDP-322 was evaluated in normal healthy volunteers in two double-blind, randomized, placebo-controlled Phase 1 trials, evaluating pharmacokinetic and safety parameters. EDP-322 showed good pharmacokinetics and was well tolerated in all dose groups. AEs were limited to minor gastrointestinal effects attributed to inadequate water solubility of the drug, which we would not expect when dosing with the water-soluble EDP-788. Neither EDP-322, nor any other compound in the class of Bicyclolides, has yet been shown to be effective in pivotal clinical trials or resulted in any product approved by the FDA.

All current development activities are focused on intravenous and oral formulations of EDP-788, with additional IND-enabling studies in progress and the initiation of clinical trials planned for the first half of 2014. Our preclinical development of EDP-788 is funded under our contract with the National Institute of Allergy and Infectious Diseases, or NIAID, with potential for further NIAID funding of early clinical development.

Collaboration with AbbVie

In November 2006, we entered into a Collaborative Development and License Agreement with AbbVie to develop and commercialize HCV NS3 and NS3/4A protease inhibitors worldwide. AbbVie has funded all research and development of our protease inhibitors since we entered into the collaboration and is responsible for all costs associated with the development, manufacturing and commercialization of ABT-450 and other compounds under this collaboration agreement. In 2006, we received $57.2 million from AbbVie in connection with our entry into the collaboration agreement and AbbVie's simultaneous purchase of preferred stock from us. We also received a $40.0 million milestone payment in December 2010 following AbbVie's successful completion of a Phase 2a clinical trial and a $15.0 million milestone payment in December 2012 based on AbbVie's initiation of dosing in a Phase 3 clinical trial that includes ABT-450. Assuming AbbVie's successful development of the first protease inhibitor product, we will also be eligible to receive $195 million of additional pre-commercialization milestone payments, as well as up to $80 million of additional milestone payments for each follow-on protease inhibitor product, if any, developed by AbbVie and tiered royalties per product ranging from the low double digits up to twenty percent, or up to the high teens on a blended basis, on AbbVie's net sales, if any, allocable to our collaboration's protease inhibitors.

Under the agreement, we hold an option to fund 40% of U.S. development costs and U.S. commercialization efforts (sales and promotion costs), in exchange for 40% of any U.S. profits, allocable to any product candidate that ultimately achieves regulatory approval and commercialization. We did not exercise our option right with respect to ABT-450, but we retain our option right for any next-generation products developed under the agreement, which must be exercised within a specified period after the successful completion of a Phase 2a trial

of the next-generation product. If we exercise our co-development option right, we would be eligible for a different schedule of milestones and milestone payments than those described above, but would not be eligible to receive royalties on U.S. sales. If the first collaboration product that is approved is not ABT-450 and is instead a co-developed product, we would be eligible to receive future milestone payments totaling up to $120 million for clinical development and regulatory and reimbursement approval milestones. If any additional collaboration product containing a protease inhibitor is co-developed, we would be eligible to receive future milestone payments totaling up to $40 million for similar regulatory and reimbursement approval milestones.

Collaboration with Novartis

In February 2012, we entered into a Collaboration and License Agreement with Novartis granting Novartis exclusive, worldwide rights to develop, manufacture and commercialize EDP-239, our lead compound from our NS5A inhibitor program. Novartis is responsible for all costs associated with the development, manufacture and commercialization of EDP-239, EDP-239-containing combinations and any follow-on NS5A inhibitors, as well as funding our efforts to discover follow-on NS5A inhibitors at least through February 2013. We received an upfront payment of $34.4 million in March 2012 and an $11.0 million milestone payment in January 2013 based on Novartis' initiation of dosing in a Phase 1 clinical trial that includes EDP-239. We are eligible to receive up to $395 million of additional milestone payments for the first NS5A inhibitor for which Novartis achieves specified clinical, regulatory, and commercial milestones. We are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on Novartis' net sales, if any, allocable to each of our collaboration's NS5A inhibitors.

Our Strategy

Our primary objective is to become a leader in the infectious disease field, with a focus on HCV and multi-drug resistant bacterial infections. Our strategy includes the following key elements:

- Develop compounds against four fundamental, validated HCV targets to give us multiple opportunities to participate in one or more of the potentially successful combination therapies for HCV in its various forms;
- Collaborate with large pharmaceutical partners to accelerate the development and commercialization of our lead HCV compounds in combination therapies;
- Develop independently our own next generation HCV compounds and combination therapies with lower susceptibility to viral resistance;
- Continue to leverage and fortify our intellectual property portfolio; and
- Invest in research and early-stage development of product candidates for other infectious diseases, including MRSA.

Risks Associated with our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the "Risk Factors" section of this prospectus beginning on page 11. These risks include, among others, our financial prospects being substantially dependent upon the development and marketing efforts of AbbVie and Novartis for any drug product candidates incorporating ABT-450 and EDP-239, respectively; substantial competition in the market for HCV and for anti-infectives generally; our lack of clinical development experience; our need to attract and retain senior management and key scientific personnel; risks associated with the lengthy, expensive and uncertain process of clinical development for and regulatory approval of our product candidates; difficulties in commercializing any future product candidates and achieving significant market acceptance of them; the potential for unfavorable pricing regulations, third-party reimbursement practices or related healthcare reform initiatives in the United States and in foreign jurisdictions; and the need to obtain and maintain adequate patent protection for our product candidates and avoid potential infringement of patents or other intellectual property rights of third parties.

We have not generated any revenue to date from product sales and have incurred significant operating losses since our inception in 1995 (other than during the years ended September 30, 2010, 2011 and 2012 and the three

months ended December 31, 2012, when revenue from collaborations generated net income). As of December 31, 2012, we had an accumulated deficit of $94.4 million and we expect we may incur losses in one or more future years. We are unable to predict the extent of future losses or when we will become profitable based on product sales, if at all. Even if we or our collaborators succeed in developing and commercializing one or more of our product candidates, we may never generate sufficient revenue to sustain profitability.

Our Corporate Information

We were incorporated under the laws of the State of Delaware in 1995. Our principal executive offices are located at 500 Arsenal Street, Watertown, MA 02472 and our telephone number is (617) 607-0800. Our website address is www.enanta.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have not made a decision whether to take advantage of any or all of these exemptions. We could remain an “emerging growth company” for up to five years, or until the earliest of (a) the last day of the first fiscal year in which our annual gross revenue exceeds $1 billion, (b) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (c) the date on which we have issued more than $1 billion in nonconvertible debt during the preceding three-year period.

The Enanta name and logo are our trademarks. This prospectus also includes trademarks, trade names and service marks of other persons. All other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

THE OFFERING

Issuer	Enanta Pharmaceuticals, Inc.
Common stock offered by us	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	The underwriters have an option for a period of 30 days to purchase up to additional shares of our common stock to cover over-allotments, if any.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, assuming the shares are offered at $ per share, the midpoint of the estimated price range set forth on the cover of this prospectus. We intend to use the net proceeds from this offering for clinical development of our internal product candidates, new research and development, working capital and other general corporate purposes.
Risk factors	You should read the "Risk Factors" section starting on page 11 of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ Global Market Symbol	"ENTA"

The number of shares of our common stock to be outstanding after this offering is based on 5,084,645 actual shares of our common stock outstanding as of December 31, 2012 and the conversion of all outstanding shares of our redeemable convertible preferred stock and our convertible preferred stock into an aggregate of 50,241,277 shares of our common stock upon the closing of this offering.

The number of shares of our common stock to be outstanding after this offering excludes:

- 8,050,489 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2012 at a weighted average exercise price of $0.70 per share;
- 845,000 shares of common stock issuable upon the exercise of stock options that we expect to award under the Amended and Restated 1995 Equity Incentive Plan, referred to as the 1995 Plan, to our executive officers and directors upon the pricing of this offering, exercisable at a per share price equal to the initial public offering price of this offering;
- 1,513,760 additional shares of our common stock available for issuance under the 2012 Equity Incentive Plan, referred to as the 2012 Plan, which will become effective immediately prior to the closing of this offering (which includes 127,604 available shares from the 1995 Plan, assuming the options described above for a total of 845,000 shares are awarded as we expect); and
- 800,000 shares of our common stock reserved for future issuance under the Employee Stock Purchase Plan, which will become effective immediately prior to the closing of this offering.

Unless otherwise indicated, all information in this prospectus assumes or gives effect to:

- the conversion of all outstanding shares of our redeemable convertible preferred stock and our convertible preferred stock into an aggregate of 50,241,277 shares of our common stock upon the closing of this offering;
- no exercise of the outstanding options described above;
- no exercise by the underwriters of their option to purchase up to additional shares of our common stock to cover over-allotments;
- the amendment of our existing certificate of incorporation and bylaws immediately prior to consummation of this offering; and
- the -for- reverse stock split of our common stock to be effected prior to the closing of this offering.

SUMMARY FINANCIAL INFORMATION

You should read the following summary financial data together with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus.

We have derived the statement of operations data for the years ended September 30, 2010, 2011 and 2012 from our audited financial statements included elsewhere in this prospectus. The statement of operations data for the three months ended December 31, 2011 and 2012 and the balance sheet data as of December 31, 2012 have been derived from our unaudited financial statements included elsewhere in this prospectus and have been prepared on the same basis as the audited financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of results as of and for these periods. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period, and results for the three months ended December 31, 2012 are not necessarily indicative of results to be expected for the full year ending September 30, 2013.

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
	(in thousands, except per share data)				
Statement of Operations Data:					
Revenue	$ 22,763	$ 41,882	$ 41,706	$ 741	$ 27,859
Operating expenses:					
Research and development	9,716	11,547	15,115	2,672	4,798
General and administrative	6,105	5,036	5,302	1,251	1,152
Total operating expenses	15,821	16,583	20,417	3,923	5,950
Income (loss) from operations	6,942	25,299	21,289	(3,182)	21,909
Other income (expense):					
Interest income	14	83	118	14	35
Interest expense	—	(3,161)	—	—	(7)
Change in fair value of warrant liability	482	(686)	(8)	9	20
Therapeutic tax credit	—	750	—	—	—
Gain on embedded derivative	—	670	—	—	—
Other income (expense), net	309	355	—	—	—
Total other income (expense), net	805	(1,989)	110	23	48
Income (loss) before income tax	7,747	23,310	21,399	(3,159)	21,957
Income tax benefit	157	—	—	—	—
Net income (loss)	7,904	23,310	21,399	(3,159)	21,957
Accretion of redeemable convertible preferred stock to redemption value	(5,452)	(5,454)	(5,367)	(1,374)	(1,282)
Net income attributable to participating securities	(2,236)	(16,291)	(14,663)	—	(18,807)
Net income (loss) attributable to common stockholders	$ 216	$ 1,565	$ 1,369	$(4,533)	$ 1,868
Net income (loss) per share attributable to common stockholders[1]:					
Basic	$ 0.04	$ 0.32	$ 0.29	$ (1.03)	$ 0.37
Diluted	$ 0.04	$ 0.31	$ 0.26	$ (1.03)	$ 0.34
Weighted average common shares outstanding[1]:					
Basic	4,873	4,824	4,693	4,396	4,991
Diluted	6,746	8,005	10,666	4,396	11,366
Pro forma net income per share attributable to common stockholders (unaudited)[2]:					
Basic			$ 0.39		$ 0.40
Diluted			$ 0.35		$ 0.36
Pro forma weighted average common shares outstanding (unaudited)[2]:					
Basic			54,934		55,232
Diluted			60,910		61,613

	As of December 31, 2012	
	Actual	Pro Forma As Adjusted[3]
	(in thousands)	
Balance Sheet Data:		
Cash, cash equivalents and short- and long-term marketable securities	$ 52,914	$
Working capital[4]	57,179	
Total assets	72,483	
Warrant liability	1,981	
Redeemable convertible preferred stock	160,237	
Convertible preferred stock	327	
Total stockholders' equity (deficit)	(94,346)	

(1) See Note 15 to our financial statements for further details on the calculation of basic and diluted net income per share attributable to common stockholders.

(2) See Note 15 to our financial statements for further details on the calculation of pro forma net income per share attributable to common stockholders.

(3) Gives effect to (1) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock into an aggregate of 50,241,277 shares of common stock upon the closing of this offering and (2) the issuance by us of shares of common stock at an initial offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) total stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted data above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

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

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. If any of the following risks actually occur, our business, growth prospects, operating results and financial condition could suffer materially, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and stock price.

Risks Related to Our Business

Our financial prospects for the next several years are substantially dependent upon the development and marketing efforts of AbbVie for combination therapies incorporating ABT-450 for the treatment of HCV. AbbVie may act in its best interest rather than in our best interest, which could adversely affect our business.

We rely on AbbVie to fund and conduct the clinical development and commercialization of ABT-450 and other protease inhibitors, over which AbbVie has complete control. Our ability to generate significant revenue in the near term will depend primarily on the successful development, regulatory approval, marketing and commercialization by AbbVie of combination therapies incorporating ABT-450. Such success is subject to significant uncertainty, and we have limited control over the resources, time and effort that AbbVie may devote to ABT-450. Any of several events or factors could have a material adverse effect on our ability to generate revenue from AbbVie's potential commercialization of ABT-450 in combination therapies. For example, AbbVie:

- may be unable to successfully complete the clinical development of an ABT-450-containing regimen;
- may have to comply with additional requests and recommendations from the FDA, including additional clinical trials;
- may not make all regulatory filings and obtain all necessary approvals from the FDA and similar foreign regulatory agencies;
- may not commit sufficient resources to the development, regulatory approval, marketing and distribution of an ABT-450-containing regimen, whether for strategic reasons or otherwise due to a change in business priorities;
- may cease to perform its obligations under the terms of our collaboration agreement;
- may unilaterally terminate our collaboration agreement on specified prior notice without any reason and without any further commitment to continue development of any of our product candidates;
- may not be able to manufacture our product candidate in compliance with requirements of the FDA and similar foreign regulatory agencies and in commercial quantities sufficient to meet market demand;
- may not achieve market acceptance of combination therapies incorporating our product candidate by physicians, patients and third-party payors;
- may not compete successfully with any such combination therapies against alternative products and therapies for HCV; and
- may independently develop products that compete with our product candidate in the treatment of HCV.

We will not have access to all information regarding the products being developed and potentially commercialized by AbbVie, including information about clinical trial design and execution, safety reports from clinical trials, spontaneous safety reports if the product is later approved and marketed, regulatory affairs, process development, manufacturing, marketing and other areas known by AbbVie. Thus, our ability to keep our stockholders informed about the status of product candidates under our collaboration will be limited by the degree to which AbbVie keeps us informed. If AbbVie does not perform in the manner we expect or fulfill its responsibilities in a timely manner, or at all, the clinical development, regulatory approval and commercialization

efforts related to ABT-450 could be delayed or terminated or be commercially unsuccessful. In addition, AbbVie has the right to make decisions regarding the development and commercialization of product candidates without consulting us, and may make decisions with which we do not agree. Conflicts between us and AbbVie may arise if there is a dispute about the progress of the clinical development of a product candidate, the achievement and payment of a milestone amount, or the ownership of intellectual property developed during the course of our collaboration agreement. It may be necessary for us to assume responsibility at our own expense for the development of ABT-450 or other protease inhibitors. In that event, we would likely be required to limit the size and scope of one or more of our independent programs or increase our expenditures and seek additional funding which may not be available on acceptable terms or at all, and our business would be materially and adversely affected.

Our prospects for successful development of EDP-239 or any other NS5A inhibitor are dependent upon the development and marketing efforts of Novartis. Novartis may act in its best interest rather than in our best interest, which could adversely affect our business.

We rely on Novartis to fund and conduct the clinical development of EDP-239 and any other NS5A inhibitor product candidates under our collaboration, and for the successful regulatory approval, marketing and commercialization of one or more of them. Such success will be subject to significant uncertainty, and we have limited control over the resources, time and effort that Novartis may devote to our NS5A inhibitors. Moreover, Novartis may terminate the collaboration without any reason on 120 days notice to us. As with our AbbVie collaboration, any of several events or factors could have a material adverse effect on our ability to generate revenue from Novartis' development and commercialization of EDP-239, including ones similar to those described in the preceding risk factor regarding our AbbVie collaboration.

If Novartis does not perform in the manner we expect or fulfill its responsibilities in a timely manner, or at all, the clinical development, regulatory approval and commercialization efforts related to EDP-239 could be delayed, terminated or be commercially unsuccessful. Conflicts between us and Novartis may arise if there is a dispute with Novartis similar to potential disputes with AbbVie about any of the matters mentioned in the preceding risk factor. It may become necessary for us to assume the responsibility at our own expense for the development of EDP-239 or other NS5A inhibitors. In that event, we would likely be required to limit the size and scope of one or more of our independent programs or increase our expenditures and seek additional funding which may not be available on acceptable terms or at all, and our business would be materially and adversely affected.

We and our collaborators face substantial competition in the market for HCV drugs and for anti-infectives generally, which may result in others discovering, developing or commercializing products before us or doing so more successfully than we and our collaborators.

The pharmaceutical and biotechnology industries are intensely competitive and rapidly changing. Many large pharmaceutical and biotechnology companies, academic institutions, governmental agencies and other public and private research organizations are commercializing or pursuing the development of products that target HCV, MRSA and other infectious diseases that we may target in the future.

We expect our current and future product candidates to face intense and increasing competition as new products enter the HCV and antibacterial markets and advanced technologies become available, particularly in the case of HCV in combinations with existing products and other new products. Two drug products, Incivek™ (telaprevir) of Vertex and Victrelis™ (boceprevir) of Merck, were approved in 2011 by the FDA for the treatment of HCV in combination with interferon and ribavirin, which in combination were the previous standard of care. These and other potential new treatment regimens may render our HCV product candidates noncompetitive. In particular, our HCV product candidates may not be able to compete successfully with other products in development in multiple classes of inhibitors of HCV, including protease inhibitors, polymerase inhibitors (nucleoside and non-nucleoside), NS5A inhibitors and cyclophilin inhibitors, under development by companies such as Achillion, Astra-Zeneca, Boehringer Ingelheim, Bristol-Myers Squibb, Gilead, GlaxoSmithKline, Idenix, Johnson & Johnson, Medivir, Merck, Pfizer, Presidio, Roche and Vertex, as well as by our collaborators.

Our MRSA program faces competition from other therapeutic products that address serious Gram-positive bacterial infections, such as Cubicin®, marketed by Cubist; vancomycin, marketed generically by AbbVie, Shionogi and others; and Zyvox®, marketed by Pfizer, as well as future competition from drug candidates currently in clinical development.

Many of our competitors have substantially greater commercial infrastructure and better financial, technical and personnel resources than we have, as well as drug candidates in late-stage clinical development.

Our competitors may succeed in developing competing products and obtaining regulatory approval before we or our collaborators do with our product candidates, or they may gain acceptance for the same markets that we are targeting. If we are not "first to market" with one of our product candidates, our competitive position could be compromised because it may be more difficult for us to obtain marketing approval for that product candidate and successfully market that product candidate as a second competitor. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful.

Competitive products in the form of other treatment methods or a vaccine for HCV or MRSA may render our product candidates licensed to others, as well as any future product candidates we may develop ourselves, obsolete or noncompetitive. Even if successfully developed and subsequently approved by the FDA, our product candidates will face competition based on their safety and effectiveness, the timing and scope of the regulatory approvals, the availability and cost of supply, marketing and sales capabilities, reimbursement coverage, price, patent position and other factors. If the product candidates developed under our collaboration agreements with AbbVie and Novartis face competition from generic products, the collaboration agreements provide that the royalty rate applicable to such product candidates is reduced significantly by a specified percentage on a product-by-product, country-by-country basis. If we and our collaborators are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition, operations and stock price will suffer.

We have no approved products and no clinical development experience, which makes it difficult to assess our ability to develop and commercialize our future product candidates.

To date, AbbVie has been and will continue to be responsible for all of the clinical development of our ABT-450 and other protease inhibitor product candidates, and Novartis is responsible for all future clinical development of our EDP-239 and other NS5A product candidates. We have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties associated with late stage clinical development, regulatory approval and commercialization of therapeutic products such as the ones we plan to develop independently. For example, to execute our business plan for development of our independent programs for cyclophilin inhibitors and nucleotide polymerase inhibitors for HCV and antibiotics for MRSA, we will need to successfully:

- execute clinical development of our future product candidates;
- obtain required regulatory approvals for the development and commercialization of our future product candidates;
- develop and maintain any future collaborations we may enter into for any of these programs;
- build and maintain robust sales, distribution and marketing capabilities, either independently or in collaboration with future collaborators;
- gain market acceptance for our future product candidates; and
- manage our spending as costs and expenses increase due to clinical trials, regulatory approvals and commercialization.

If we are unsuccessful in accomplishing these objectives, we may not be able to successfully develop and commercialize our future product candidates and expand our business or continue our operations.

We may require substantial additional financing to achieve our goals if the development and commercialization of ABT-450 or EDP-239 is delayed or terminated. A failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development efforts.

Since our inception, most of our resources have been dedicated to the discovery and preclinical development of our product candidates. In particular, we have expended, and believe that we will continue to expend for the foreseeable future, substantial resources discovering and developing our proprietary preclinical product candidates. These expenditures will include costs associated with research and development, preclinical manufacturing of product candidates, conducting preclinical experiments and clinical trials and obtaining regulatory approvals, as well as commercializing any products later approved for sale. In our fiscal year ending September 30, 2013, we expect to incur approximately $16 million of costs associated with research and development, which amount is exclusive of costs incurred by our collaborators in developing our licensed product candidates ABT-450 and EDP-239.

Because the outcome of planned and anticipated clinical trials of our product candidates by our collaborators is highly uncertain, we cannot reasonably estimate the timing or amounts, if any, of future milestone payments we will receive from these collaborators. If we do not continue to receive substantial milestone payments from the continued development of our product candidates, we may require substantial additional financing.

Our future capital requirements depend on many factors, including:

- whether our existing collaborations continue to generate substantial milestone payments, and ultimately royalties, to us;
- the number and characteristics of the future product candidates we pursue;
- the scope, progress, results and costs of researching and developing any of our future product candidates on our own, and conducting preclinical research and clinical trials;
- the timing of, and the costs involved in, obtaining regulatory approvals for any future product candidates we develop independently;
- the cost of commercialization activities, if any, of any future product candidates we develop independently that are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing our future product candidates and any products we successfully commercialize independently;
- our ability to maintain existing collaborations and to establish new collaborations, licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patents, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, ABT-450, EDP-239 and our future product candidates, if any.

Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Our ability to raise funds will depend on financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities for one or more of our product candidates.

If we are not successful in discovering further product candidates in addition to ABT-450 and EDP-239, our ability to expand our business and achieve our strategic objectives may be impaired.

Research programs designed to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Our research programs may initially show promise in identifying additional potential product candidates, yet fail to yield product candidates for clinical development or commercialization for many reasons, including the following:

- the research methodology used may not be successful in identifying additional potential product candidates;

- competitors may develop alternatives that render our future product candidates obsolete;
- a future product candidate may, on further study, be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria; and
- a future product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all.

If we are unable to identify additional compounds suitable for preclinical and clinical development, we may not be able to obtain sufficient product revenue in future periods, which likely would result in significant harm to our financial position and adversely impact our stock price.

If we fail to attract and keep senior management and key scientific personnel, we may be unable to successfully develop our product candidates, conduct our clinical trials and commercialize our product candidates.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, particularly Jay R. Luly, Ph.D., our Chief Executive Officer and President, and Yat Sun Or, Ph.D., our Senior Vice President, Research and Development and Chief Scientific Officer, as well as other employees and consultants. Although none of these individuals has informed us to date that he intends to retire or resign in the near future, the loss of services of any of these individuals or one or more of our other members of senior management could delay or prevent the successful development of our future product candidates.

Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. For example, competition for qualified personnel in the biotechnology and pharmaceutical field is intense. In addition, we will need to hire additional personnel as we expand our clinical development and commercial activities. We may not be able to attract and retain quality personnel on acceptable terms.

We have incurred a substantial cumulative net loss since our inception and anticipate that we may incur substantial operating losses in one or more years in the future. To date, our principal sources of revenue have been our collaboration agreements, including our current agreements with AbbVie and Novartis, and future payments under these agreements are uncertain. We have had no products approved for commercial sale. As a result, our ability to achieve sustained profitability is unproven.

We have incurred cumulative net losses since our inception, and as of December 31, 2012, we had an accumulated deficit of $94.4 million. Our net income in the fiscal year ended September 30, 2010 resulted primarily from the conclusion of a previous collaboration which accelerated $16.2 million of deferred revenue into fiscal 2010 that was related to cash received and spent in prior years, and our net income in the fiscal year ended September 30, 2011 resulted primarily from a substantial milestone payment from AbbVie. In the fiscal year ended September 30, 2012, our net income resulted primarily from a substantial upfront license payment from Novartis. During the three months ended December 31, 2012, our net income resulted primarily from milestone payments we earned from AbbVie and Novartis of $15.0 million and $11.0 million, respectively. There is no assurance, however, that we will recognize any additional collaboration revenue during fiscal 2013 or report net income in fiscal 2013 or subsequent years. To date, we have not commercialized any products or generated any revenue from product sales, directly or through any collaborator.

Our principal source of revenue has been our collaboration agreements, including our current agreements with AbbVie and Novartis. Future milestone payments are uncertain because our collaborators may choose not to continue research or development activities for one or more potential product candidates. For example, under a prior collaboration for the development of an antibiotic product candidate in Japan, our collaborator decided in 2010 not to pursue further development of the licensed product candidate due to its limited potency against *Haemophilus influenzae* in clinical trials of community-acquired pneumonia, which then resulted in our collaboration being terminated. In addition, we may not achieve the specified milestones, our product candidates may not be approved by the FDA or other regulatory authorities or, if they are approved, may not be accepted in the market. If we are unable to develop and commercialize one or more of our product candidates, either alone or with our collaborators, or if any such product candidate does not achieve market acceptance, we may never

generate sufficient product royalties or product sales. Even if we do generate product royalties or product sales, we may never achieve or sustain profitability on a quarterly or annual basis. Our failure to sustain profitability would depress the market price of our common stock and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations. A decline in the market price of our common stock also could cause you to lose all or a part of your investment.

We may encounter difficulties in managing our growth and expanding our operations successfully.

As we seek to advance our product candidates through clinical trials, we will need to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

Our government funded contract for our antibiotic program is subject to termination and uncertain future funding and there is no certainty that we will be able to enter into new agreements to provide these funds.

Under our agreement with the National Institute of Allergy and Infectious Diseases, or NIAID, a division of the National Institutes of Health, an agency of the United States Department of Health and Human Services, to support our antibiotic program, NIAID has the option to make future payments to fund our early clinical development of EDP-788. If NIAID exercises each option under the agreement, the aggregate funding commitment will be $42.7 million, of which only $14.3 million has been committed for the first 30 months of our work under the agreement. After the first 30 months, NIAID has several options to decide whether it wants to continue the program in its sole discretion. In addition, the ability of government agencies such as NIAID to perform under these types of agreements is dependent upon adequate continued funding of the agencies and their programs. We have no control over the resources and funding NIAID may devote to our agreement, which may be subject to periodic renewal and which generally may be terminated by NIAID at any time. Any significant reductions in the funding of U.S. government agencies or in the funding areas targeted by our business could materially and adversely affect our antibiotic program and our results of operations and financial condition. If we fail to satisfy our contractual obligations under the agreement, the applicable Federal Acquisition Regulations allow the government to terminate the agreement in whole or in part, and we may be required to perform corrective actions, including but not limited to delivering to the government any incomplete work. If NIAID does not exercise future funding options under the agreement, terminates the agreement or fails to perform its responsibilities under the agreement, it could materially impact our antibiotic program and our financial results.

In addition, our contract related costs and fees, including allocated indirect costs, are subject to audits and adjustments by negotiation between us and the U.S. government. As part of the audit process, the government audit agency verifies that all charges made by a contractor against a contract are legitimate and appropriate. Audits may result in recalculation of contract revenues and non-reimbursement of some contract costs and fees. Any audits of our contract related costs and fees could result in material adjustments to our revenue. In addition, U.S. government contracts are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds on a fiscal year basis even though contract performance may take several years. Consequently, at the outset of a major program, the contract is usually incrementally funded and additional funds are normally committed to the contract by the procuring agency as appropriations are made by Congress for future fiscal years. Any failure of NIAID to continue to fund our contract could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Development, Clinical Testing and Regulatory Approval of Our Product Candidates

Clinical drug development involves a lengthy and expensive process with uncertain timelines and uncertain outcomes. If clinical trials are prolonged or delayed, we or our collaborators may be unable to commercialize our product candidates on a timely basis.

Clinical testing is expensive and, depending on the stage of development, can take a substantial time period to complete. Its outcome is inherently uncertain, and failure can occur at any time during clinical development. Phase 3 trials of ABT-450 in combination therapy started in October 2012 and none of the other product candidates in our pipeline has yet advanced beyond Phase 2 clinical trials. The recently started ABT-450 Phase 3 trials or any future Phase 3 trials may fail to demonstrate sufficient safety and efficacy. Moreover, regulatory and administrative delays may adversely affect our or our collaborators' clinical development plans and jeopardize our or our collaborators' ability to attain product approval, commence product sales and generate revenues.

Clinical trials can be delayed for a variety of reasons, including delays related to:

- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- failure of third-party contractors, such as CROs, or investigators to comply with regulatory requirements;
- delay or failure in obtaining the necessary approvals from regulators or institutional review boards, or IRBs, in order to commence a clinical trial at a prospective trial site, or their suspension or termination of a clinical trial once commenced;
- difficulty in recruiting suitable patients to participate in a trial;
- difficulty in having patients complete a trial or return for post-treatment follow-up;
- clinical sites deviating from trial protocol or dropping out of a trial;
- problems with drug product or drug substance storage and distribution;
- adding new clinical trial sites;
- our inability to manufacture, or obtain from third parties, adequate supply of drug product sufficient to complete our preclinical studies and clinical trials;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines; or
- varying interpretations of data by the FDA and similar foreign regulatory agencies.

The results of any Phase 3 clinical trial may not be adequate to support marketing approval. These clinical trials are lengthy and usually involve from many hundreds to thousands of patients. In addition, if the FDA disagrees with our or our collaborator's choice of the key testing criteria, or primary endpoint, or the results for the primary endpoint are not robust or significant relative to the control group of patients not receiving the experimental therapy or are subject to confounding factors, or are not adequately supported by other study endpoints, the FDA may refuse to approve our or our collaborator's product candidate. The FDA also may require additional clinical trials as a condition for approving any of these product candidates. We estimate that it will likely be more than two years before an NDA for one of our or our collaborator's product candidates could be approved by the FDA.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trial is being conducted, by any Data Safety Monitoring Board, or DSMB, for such trial, or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, delays can occur due

to safety concerns arising from trials or other clinical data regarding another company's product candidate in the same compound class as one of ours. For example, Novartis' drug candidate that is a cyclophilin inhibitor was recently placed on clinical hold by the FDA based on a small number of cases of pancreatitis in clinical trial patients, one of which resulted in a patient's death. This clinical hold could result in delays for development of other cyclophilin inhibitors, including delays due to additional preclinical or clinical testing protocols for all cyclophilin inhibitors. If we or our collaborators experience delays in the completion of, or termination of, any clinical trial of one of our product candidates, the commercial prospects of the product candidate will be harmed, and our or our collaborators' ability to commence product sales and generate product revenues from the product candidate will be delayed. In addition, any delays in completing our clinical trials will increase our costs and slow down our product candidate development and approval process. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

If we or our collaborators are required to suspend or discontinue clinical trials due to side effects or other safety risks associated with our product candidates, or if we or our collaborators are required to conduct studies on the long-term effects associated with the use of our product candidates, efforts to commercialize our product candidates could be delayed or halted.

Clinical trials involving our product candidates may be suspended or terminated at any time for a number of safety-related reasons. For example, we or our collaborators may voluntarily suspend or terminate clinical trials if at any time one of our product candidates, or a combination therapy including any of them, presents an unacceptable safety risk to the clinical trial patients. In addition, IRBs or regulatory agencies may order the temporary discontinuation or termination of clinical trials at any time if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements, including if they present an unacceptable safety risk to patients. Administering any product candidate to humans may produce undesirable side effects. The existence of undesirable side effects resulting from any of our product candidates, or a combination therapy including any of them, could cause us, our collaborators or regulatory authorities, such as the FDA, to interrupt, delay or halt clinical trials of our product candidates and could result in the FDA or other regulatory agencies denying further development or approval of our product candidates for any or all targeted indications. This, in turn, could prevent us or our collaborators from commercializing our product candidates.

Our Bicyclolide product candidates are in a novel class of antibiotics. Regulatory authorities may require more extensive studies of the long-term effects for regulatory approval, which could delay development of EDP-788 or our other future antibiotic product candidates. These studies could also be required at any time after regulatory approval of any of our product candidates. Some or all of our product candidates may prove to be unsafe for human use.

Results of earlier clinical trials may not be predictive of the results of later-stage clinical trials.

The results of preclinical studies and early clinical trials of our product candidates, whether ABT-450, EDP-239, EDP-788 or any of our future product candidates, may not be predictive of the results of later-stage clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy results despite having progressed through preclinical studies and initial clinical trials. Many companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to adverse safety profiles or lack of efficacy, notwithstanding promising results in earlier studies. Similarly, future clinical trial results may not be successful for these or other reasons.

This product candidate development risk is heightened by any changes in the planned clinical trials compared to the completed clinical trials. As product candidates are developed through preclinical to early to late stage clinical trials towards approval and commercialization, it is customary that various aspects of the development program, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could make the results of planned clinical trials or other future clinical trials we or our collaborators may initiate less predictable and could cause our product candidates to perform differently, which

could delay completion of clinical trials, delay approval of our product candidates and/or jeopardize our or our collaborators' ability to commence product sales and generate revenues.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time-consuming and inherently unpredictable, and if we or our collaborators are ultimately unable to obtain timely regulatory approval for our product candidates, our business will be substantially harmed.

The regulatory approval process is expensive and, while the time required to gain FDA and foreign regulatory approval is uncertain, it may take years. Regulatory approval is unpredictable and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of preclinical and clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We or our collaborators may be required to undertake and complete certain additional preclinical studies to generate toxicity and other data required to support the submission of a New Drug Application, or NDA, to the FDA or other regulatory authority. Neither we nor our collaborators have obtained regulatory approval for any of our product candidates and it is possible that none of our existing product candidates or any of our future product candidates will ever obtain regulatory approval. Furthermore, approval in the United States by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our or our collaborators' clinical trials;
- we or our collaborators may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product candidate is safe and effective for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we or our collaborators may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our or our collaborators' interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of an NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we or our collaborators contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our or our collaborators' clinical data insufficient for approval.

We and our collaborators cannot be assured that after spending substantial time and resources, we or our collaborators will obtain regulatory approval. Even if we or our collaborators were to obtain approval, regulatory authorities may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Significant clinical trial delays could allow our competitors to obtain marketing approval before we or our collaborators do or could shorten the patent protection period during which we may have the exclusive right to commercialize our product candidates. In addition, we or our collaborators may not be able to ultimately achieve the prices intended for our products. In many foreign countries, a product candidate must be approved for reimbursement before it can be approved for sale in that country. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Even if we receive regulatory approval for any of our product candidates we develop independently, we will be subject to ongoing FDA obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we or our collaborators fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we receive for our product candidates we develop independently may be subject to limitations on the approved indicated uses for which the product may be marketed or subject to certain conditions of approval, or may contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate.

In addition, if the FDA approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, as well as continued compliance with current good manufacturing practices, or cGMP, and good clinical practices, or GCP, for any clinical trials that we or our collaborators conduct post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;
- fines, warning letters or holds on any post-approval clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our collaborators, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we or our collaborators are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or our collaborators are not able to maintain regulatory compliance, our product candidate may lose any marketing approval that may have been obtained and we may not achieve or sustain profitability, which would adversely affect our business.

We or our collaborators may delay or terminate the development of a product candidate at any time if we or our collaborators believe the perceived market or commercial opportunity does not justify further investment, which could materially harm our business.

Even though the results of preclinical studies and clinical trials that we or our collaborators have conducted or may conduct in the future may support further development of one or more of our product candidates, we, or our collaborator in the case of our partnered product candidates, may delay, suspend or terminate the future development of a product candidate at any time for strategic, business, financial or other reasons, including the determination or belief that the emerging profile of the product candidate is such that it may not receive FDA approval, gain meaningful market acceptance, otherwise provide any competitive advantages in its intended indication or market or generate a significant return to shareholders. Such a delay, suspension or termination could materially harm our business, results of operations or financial condition. In addition, our collaborators may have the right to make decisions regarding the development and commercialization of product candidates without consulting us, and may make decisions with which we do not agree.

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

Despite the implementation of security measures, our internal computer systems and those of our collaborators, CROs, and other contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our independent drug development programs or those of our collaborators. For example, the loss of clinical trial data from ongoing or future clinical trials for any of our product candidates could result in delays in regulatory approval efforts and significantly increase 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 data or applications, or inappropriate disclosure of confidential or proprietary information, we or our collaborators could incur liability and the further development of our product candidates could be delayed.

Risks Related to Commercialization of Our Product Candidates

If, in the future, we are unable to establish our own sales, marketing and distribution capabilities or enter into licensing or collaboration agreements for these purposes, we may not be successful in commercializing any future product candidates.

We do not have a sales or marketing infrastructure and have no sales, marketing or distribution experience. We will seek to either build our own commercial infrastructure to commercialize any future products if and when they are approved, or enter into licensing or collaboration agreements where our collaborator is responsible for commercialization, like in the case of our collaborations with Novartis and AbbVie, or where we have the right to assist in the future development and commercialization of such products. For example, we have a co-detail option with respect to any product that may be developed under our Novartis collaboration, which would allow us to establish a limited sales force in the United States for a portion of the product's sales.

To develop internal sales, distribution and marketing capabilities, we will have to invest significant amounts of financial and management resources, some of which will be committed prior to any confirmation that any of our proprietary product candidates will be approved. For product candidates for which we decide to perform sales, marketing and distribution functions ourselves, we could face a number of additional risks, including:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

Where and when appropriate, we may elect to utilize contract sales forces or distribution partners to assist in the commercialization of our product candidates. If we enter into arrangements with third parties to perform sales, marketing and distribution services for our products, the resulting revenues or the profitability from these revenues to us are likely to be lower than if we had sold, marketed and distributed our products ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of these third parties may fail to devote the necessary resources and attention to sell, market and distribute our products effectively.

If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

Our commercial success depends upon significant market acceptance among physicians, patients and healthcare payors of our product candidates licensed to AbbVie and Novartis, if approved, as well as of any future product candidates we plan to develop independently or in collaboration with others.

Even if ABT-450 or EDP-239 or any other product candidate that we may develop in the future obtains regulatory approval, whether as part of a combination therapy or as a monotherapy, the product may not gain market acceptance among physicians, healthcare payors, patients and the medical community. For example, the standard of care in HCV is likely to evolve rapidly as many new product candidates are being developed and tested. The degree of market acceptance of any products for which we receive approval for commercial sale depends on a number of factors, including:

- the efficacy and safety of our partnered product candidates, as demonstrated in clinical trials, and the degree to which these product candidates represent a clinically meaningful improvement in care as compared with other available therapies;
- the clinical indications for which any product candidates become approved;
- acceptance among physicians, major operators of clinics and patients of any of our product candidates as safe and effective treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the potential and perceived advantages of our product candidates over alternative treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third parties and government authorities;
- the continued projected growth of the HCV drug market;
- the relative convenience and ease of administration of any combination therapies including our product candidates;
- the prevalence and severity of adverse side effects, whether involving the use of our products candidates or similar, competitive products; and
- the effectiveness of our or our collaborators' sales and marketing efforts.

If our product candidates are approved and then fail to achieve market acceptance, we would not be able to generate significant revenue. Further, if new, more favorably received therapies are introduced after our product candidates achieve market acceptance, then we may not be able to maintain that market acceptance over time.

Even if we or our collaborators are able to commercialize any product candidates, the resulting products may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives in the United States, which would harm our business.

The regulations that govern marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. In the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act of 2010, collectively referred to as the ACA, may significantly change the way healthcare is financed by both governmental and private insurers. While we cannot predict what impact on federal reimbursement policies this law will have in general or specifically on any product that we or any of our collaborators commercializes, the ACA may result in downward pressure on pharmaceutical reimbursement, which could negatively affect market acceptance of new products. In addition, although the United States Supreme Court has upheld the constitutionality of most of the ACA, some states have indicated that they intend not to implement certain sections of the ACA, and some members of the U.S. Congress are still working to repeal the ACA. We cannot predict whether these challenges will continue or other proposals will be made or adopted, or what impact these efforts may have on us or any of our collaborators. Our or any collaborators' ability to commercialize any products successfully also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such

as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product that we or any collaborator commercialize and, if reimbursement is available, the level of reimbursement. In addition, reimbursement may impact the demand for, or the price of, any product candidate for which we or a collaborator obtains marketing approval. If reimbursement is not available or is available only to limited levels, we or our collaborators may not be able to successfully commercialize any product candidate for which marketing approval is obtained.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also be insufficient to cover our and any collaborator's costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our or any collaborator's inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that we or our collaborators develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Foreign governments tend to impose strict price controls, which may adversely affect our future profitability.

In most foreign countries, particularly in the European Union, prescription drug pricing and/or reimbursement is subject to governmental control. In those countries that impose price controls, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we or our collaborators may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies.

Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we or our collaborators might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues that are generated from the sale of the product in that country. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, or if there is competition from lower priced cross-border sales, our profitability will be negatively affected.

Risks Related to Our Dependence on Third Parties

We may not be successful in establishing new product collaborations, which could adversely affect our ability to develop and commercialize our future product candidates. If we are unsuccessful in maintaining or forming alliances on favorable terms, our business may not succeed.

We may seek to enter into additional product collaborations in the future, including alliances with other biotechnology or pharmaceutical companies, to enhance and accelerate the development and commercialization of our future product candidates. We face significant competition in seeking appropriate collaborators and the

negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish other product collaborations or other alternative arrangements for any future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early of a stage of development for collaborative effort and/or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy. Even if we are successful in our efforts to establish product collaborations, the terms that we agree upon may not be favorable to us and we may not be able to maintain such product collaborations if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing.

If either of our existing collaboration agreements is terminated, or if we determine that entering into other product collaborations is in our best interest but we either fail to enter into, delay in entering into or fail to maintain such collaborations:

- the development of certain of our current or future product candidates may be terminated or delayed;
- our cash expenditures related to development of certain of our future product candidates would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop expertise, such as clinical, regulatory, sales and marketing expertise, which we do not currently have;
- we will bear all of the risk related to the development of any such product candidates; and
- the competitiveness of any product candidate that is commercialized could be reduced.

We intend to rely on third-party manufacturers to produce our clinical product candidate supplies and any commercial supplies of any approved future product candidates. Any failure by a third-party manufacturer to produce acceptable supplies for us may delay or impair our ability to initiate or complete our clinical trials or sell any resulting product.

We do not currently own or operate any manufacturing facilities. We plan to work with third-party contract manufacturers to produce sufficient quantities of any future product candidates for preclinical testing, clinical trials and commercialization. If we are unable to arrange for such a third-party manufacturing source, or fail to do so on commercially reasonable terms, we may not be able to successfully produce, develop and market our future product candidates, or we may be delayed in doing so.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured product candidates ourselves, including reliance on the third party for regulatory compliance and quality control and assurance, volume production, the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control (including a failure to synthesize and manufacture our product candidates in accordance with our product specifications) and the possibility of termination or nonrenewal of the agreement by the third party at a time that is costly or damaging to us. In addition, the FDA and other regulatory authorities require that our product candidates be manufactured according to cGMP and similar foreign standards. Pharmaceutical manufacturers and their subcontractors are required to register their facilities and/or products manufactured at the time of submission of the marketing application and then annually thereafter with the FDA and certain state and foreign agencies. They are also subject to periodic unannounced inspections by the FDA, state and other foreign authorities. Any subsequent discovery of problems with a product, or a manufacturing or laboratory facility used by us or our collaborators, may result in restrictions on the product or on the manufacturing or laboratory facility, including marketed product recall, suspension of manufacturing, product seizure, or a voluntary withdrawal of the drug from the market. Any failure by our third-party manufacturers to comply with cGMP or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates.

We plan to rely on third-party manufacturers to purchase from third-party suppliers the materials necessary to produce our future product candidates for our clinical studies. There are a small number of suppliers for certain capital equipment and materials that we plan to use to manufacture our drugs. Such suppliers may not sell these materials to our manufacturers at the times we need them or on commercially reasonable terms. Moreover,

we currently do not have any agreements for the production of these materials. Although we do not intend to begin a clinical trial unless we believe we have a sufficient supply of a product candidate to complete the clinical trial, any significant delay in the supply of a product candidate or the material components thereof for an ongoing clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our clinical studies, product testing and potential regulatory approval of our product candidates. If our manufacturers or we are unable to purchase these materials after regulatory approval has been obtained for our product candidates, the commercial launch of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to generate revenue from the sale of our product candidates.

Contract manufacturers may not be able to manufacture our product candidates at a cost or in quantities or in a timely manner necessary to develop and commercialize them. If we successfully commercialize any of our product candidates, to meet our projected needs we may need to find third parties that will increase their scale of production, or we may have to establish or access large-scale commercial manufacturing capabilities. We may require additional funds, personnel and other resources to build, lease or operate any manufacturing facility.

Because a portion of our manufacturing of certain key intermediates used in the manufacture of the active pharmaceutical ingredients for our future product candidates is expected to take place in China through third-party manufacturers, a significant disruption in the operation of those manufacturers or political unrest in China could materially adversely affect our business, financial condition and results of operations.

Although manufacturing for each of our lead product candidates, namely ABT-450 and EDP-239, is being conducted by our collaborators, we have relied on third parties located in China to manufacture and supply certain key intermediates used in the manufacture of our active pharmaceutical ingredients, or API, for our research product candidates, and we expect to continue to use such third party manufacturers for such intermediates for any future product candidates we develop independently, including EDP-788. Any disruption in production or inability of our manufacturers in China to produce adequate quantities to meet our needs, whether as a result of a natural disaster or other causes, could impair our ability to operate our business on a day-to-day basis and to continue our research and development of our future product candidates. Furthermore, since these manufacturers are located in China, we are exposed to the possibility of product supply disruption and increased costs in the event of changes in the policies of the Chinese government, political unrest or unstable economic conditions in China. Any of these matters could materially and adversely affect our business and results of operations. Any recall of the manufacturing lots or similar action regarding our API used in clinical trials could delay the trials or detract from the integrity of the trial data and its potential use in future regulatory filings. In addition, manufacturing interruptions or failure to comply with regulatory requirements by any of these manufacturers could significantly delay clinical development of potential products and reduce third-party or clinical researcher interest and support of proposed trials. These interruptions or failures could also impede commercialization of our future product candidates and impair our competitive position. Further, we may be exposed to fluctuations in the value of the local currency in China. Future appreciation of the local currency could increase our costs. In addition, our labor costs could continue to rise as wage rates increase due to increased demand for skilled laborers and the availability of skilled labor declines in China.

We will rely on third parties to monitor, support, conduct and/or oversee clinical trials of our future product candidates that we develop independently and, in some cases, to maintain regulatory files for those product candidates. If we are not able to maintain or secure agreements with such third parties on acceptable terms, if these third parties do not perform their services as required, or if these third parties fail to timely transfer any regulatory information held by them to us, we may not be able to obtain regulatory approval for, or commercialize, our product candidates.

We will rely on academic institutions, CROs, hospitals, clinics and other third-party collaborators who are outside our control to monitor, support, conduct and/or oversee preclinical and clinical studies of our future product candidates. We will also rely on third parties to perform clinical trials on our future product candidates when they reach that stage. As a result, we have less control over the timing and cost of these studies and the ability to recruit trial subjects than if we conducted these trials wholly by ourselves. If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated, we

may be unable to enroll patients on a timely basis or otherwise conduct our trials in the manner we anticipate. In addition, there is no guarantee that these third parties will devote adequate time and resources to our studies or perform as required by a contract or in accordance with regulatory requirements, including maintenance of clinical trial information regarding our future product candidates. If these third parties fail to meet expected deadlines, fail to timely transfer to us any regulatory information, fail to adhere to protocols or fail to act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, then clinical trials of our future product candidates may be extended, delayed or terminated, or our data may be rejected by the FDA or regulatory agencies.

To the extent we elect to enter into additional licensing or collaboration agreements to partner our future product candidates, our dependence on such relationships may adversely affect our business.

Our commercialization strategy for some of our future product candidates may depend on our ability to enter into collaboration agreements with other companies to obtain assistance and funding for the development and potential commercialization of these product candidates, similar to what we have done with AbbVie and Novartis. Supporting diligence activities conducted by potential collaborators and negotiating the financial and other terms of a collaboration agreement are long and complex processes with uncertain results. Even if we are successful in entering into one or more additional collaboration agreements, collaborations can involve greater uncertainty for us, as we may have limited or no control over certain aspects of our collaborative programs. We may determine that continuing a collaboration under the terms provided is not in our best interest, and we may terminate the collaboration. Our collaborators could delay or terminate their agreements with us, and our product candidates subject to collaborative arrangements may never be successfully commercialized.

Further, our collaborators may develop alternative products or pursue alternative technologies either on their own or in collaboration with others, including our competitors, and the priorities or focus of our collaborators may shift such that our programs receive less attention or resources than we would like, or they may be terminated altogether. Any such actions by our collaborators may adversely affect our business prospects and ability to earn revenue. In addition, we could have disputes with our collaborators, such as the interpretation of terms in our agreements. Any such disagreements could lead to delays in the development or commercialization of any potential products or could result in time-consuming and expensive litigation or arbitration, which may not be resolved in our favor.

Even with respect to programs that we intend to commercialize ourselves, we may enter into agreements with collaborators to share in the burden of conducting clinical trials, manufacturing and marketing our product candidates or products. In addition, our ability to apply our proprietary technologies to develop proprietary compounds will depend on our ability to establish and maintain licensing arrangements or other collaborative arrangements with the holders of proprietary rights to such compounds. We may not be able to establish such arrangements on favorable terms or at all, and our collaborative arrangements may not be successful.

Risks Related to Our Intellectual Property Rights

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our product candidates.

Our commercial success will depend, in large part, on our ability to obtain and maintain patent and other intellectual property protection with respect to our product candidates. We cannot be certain that patents will be issued or granted with respect to our patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect our products, or otherwise provide us with any competitive advantage. The patent position of biotechnology and pharmaceutical companies is generally uncertain because it involves complex legal and factual considerations. The standards applied by the United States Patent and Trademark Office and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and pharmaceutical patents. Consequently, patents may not issue from our pending patent applications. As such,

we do not know the degree of future protection that we will have on our proprietary products and technology, if any, and a failure to obtain adequate intellectual property protection with respect to our product candidates and proprietary technology could have a material adverse impact on our business.

In addition, certain of our activities have been funded, and may in the future be funded, by the United States federal government. For example, the preclinical and early clinical development of EDP-788, our lead candidate for the treatment of MRSA, is currently funded under a contract with the NIAID, an entity of the United States federal government. When new technologies are developed with United States federal government funding, the government obtains certain rights in any resulting patents, including a nonexclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose our confidential information to third parties and to exercise "march-in" rights to use or allow third parties to use our patented technology. The government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the United States government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations or to give preference to United States industry. In addition, United States government-funded inventions must be reported to the government and United States government funding must be disclosed in any resulting patent applications. In addition, our rights in such inventions are subject to certain requirements to manufacture products in the United States.

Issued patents covering one or more of our product candidates could be found invalid or unenforceable if challenged in court.

Despite measures we take to obtain patent and other intellectual property protection with respect to our product candidates and proprietary technology, any of our intellectual property rights could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States and in some other jurisdictions, 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, for example, 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 United States Patent and Trademark Office, or the applicable foreign counterpart, or made a misleading statement, during prosecution. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a product candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Any loss of patent protection could have a material adverse impact on one or more of our product candidates and our business.

Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages, cease the sale of certain products or enter into a license agreement and pay royalties (which may not be possible on commercially reasonable terms or at all). Any efforts to enforce our intellectual property rights are also likely to be costly and may divert the efforts of our scientific and management personnel.

Claims that our product candidates or the sale or use of our future products infringe the patent or other intellectual property rights of third parties could result in costly litigation or could require substantial time and money to resolve, even if litigation is avoided.

Our commercial success depends upon our ability to develop, manufacture, market and sell our product candidates and use our proprietary technology without infringing the intellectual property rights of others. We cannot guarantee that our product candidates or any uses of our product candidates do not and will not in the future infringe third-party patents or other intellectual property rights. Third parties might allege that we or our

collaborators are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research or to the composition, use or manufacture of the compounds we have developed or are developing with our collaborators. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our product candidates. For example, applications filed before November 29, 2000 and certain applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Other patent applications in the United States and several other jurisdictions are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Furthermore, publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we or our collaborators were the first to invent, or the first to file patent applications on, our product candidates or for their uses, or that our product candidates will not infringe patents that are currently issued or that are issued in the future. In the event that a third party has also filed a patent application covering one of our product candidates or a similar invention, we may have to participate in an adversarial proceeding, known as an interference, declared by the U.S. Patent and Trademark Office or its foreign counterpart to determine priority of invention. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we or any future collaborators were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced, by court order or otherwise, to cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement. For example, we have received, and may in the future receive, offers to license and demands to license from third parties claiming that we are infringing their intellectual property or owe license fees and, even if such claims are without merit, there can be no assurance that we will successfully avoid or settle such claims.

In addition, we are aware of patents needed to use the replicon assay, which is an *in vitro* test for determining potency of an active compound in reducing HCV replication and is commonly used by us and others engaged in HCV research. We have a license to the relevant patents for one of our HCV programs and expect to seek confirmation of its application to one or more of our other HCV programs. Although the patent owner has granted licenses under the relevant patents to others, if we require such a license, we cannot provide any assurances that we will be able to obtain one on terms that are acceptable to us, or at all. If we do not obtain such a license and if a legal action based on such patents were to be brought against us, we cannot provide any assurances that we would prevail or that we have sufficient resources to defend such claims and the additional risks described above could materialize. If AbbVie and Novartis license or otherwise acquire rights to intellectual property controlled by a third party in various circumstances, for example, where a product could not be legally developed or commercialized in a country without the third-party intellectual property right or, in the case of the Novartis agreement, where it is decided that it would be useful to acquire such third-party right to develop or commercialize the product, they are entitled under our collaboration agreements to decrease payments payable to us on a product-by-product basis and, in certain cases, on a country-by-country basis. Any of the foregoing events could harm our business significantly.

Defending against claims of patent infringement, misappropriation of trade secrets or other violation of intellectual property rights could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business. Claims that our product

candidates or the sale or use of our future products infringe, misappropriate or otherwise violate third-party intellectual property rights could therefore have a material adverse impact on our business.

Unfavorable outcomes in intellectual property litigation could limit our research and development activities and/or our ability to commercialize certain products.

If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology, or barred from developing and commercializing certain products. Prohibitions against using certain technologies, or prohibitions against commercializing certain products, could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, if we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. There is inevitable uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed. If litigation leads to an outcome unfavorable to us, we may be required to obtain a license from the intellectual property owner in order to continue our research and development programs or to market any resulting product. It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. Alternatively, we may be required to modify or redesign our products in order to avoid infringing or otherwise violating third-party intellectual property rights. This may not be technically or commercially feasible, may render our products less competitive, or may delay or prevent the entry of our products to the market. Any of the foregoing could limit our research and development activities, our ability to commercialize one or more product candidates, or both.

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

In addition, any future intellectual property litigation, interference or other administrative proceedings will result in additional expense and distraction of our personnel. An adverse outcome in such litigation or proceedings may expose us or any future strategic partners to loss of our proprietary position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all, each of which could have a material adverse effect on our business.

Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common stock to decline.

During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our products, programs or intellectual property could be diminished. Accordingly, the market price of our common stock may decline. Such announcements could also harm our reputation or the market for our future products, which could have a material adverse effect on our business.

Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of trade secrets and other proprietary information.

In addition to patents, we rely on trade secrets, technical know-how and proprietary information concerning our business strategy and product candidates in order to protect our competitive position in the field of HCV and anti-infectives. In the course of our research and development activities and our business activities, we often rely on confidentiality agreements to protect our proprietary information. Such confidentiality agreements are used, for example, when we talk to vendors of laboratory or clinical development services or potential strategic partners. In addition, each of our employees is required to sign a confidentiality agreement and invention assignment agreement upon joining our company. We take steps to protect our proprietary information, and our confidentiality agreements and invention assignment agreements are carefully drafted to protect our proprietary interests. Nevertheless, there

can be no guarantee that an employee or an outside party will not make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, business partners or outside scientific collaborators might intentionally or inadvertently disclose our trade secret information to competitors or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States sometimes are less willing than United States courts to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

Our collaborators may have rights to publish data and other information to which we have rights. In addition, we sometimes engage individuals or entities to conduct research relevant to our business. The ability of these individuals or entities to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our confidential information. If we do not apply for patent protection prior to such publication, or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized, which could adversely affect our business.

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

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

- others may be able to make compounds that are similar to our product candidates but that are not covered by the claims of the patents that we or our collaborators own or have exclusively licensed;
- we or our collaborators or any future collaborators might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patent applications not issuing or being invalidated after issuing;
- we or our collaborators or any future collaborators might not have been the first to file patent applications covering certain of our inventions, which could result in the patent applications not issuing or being invalidated after issuing;
- the ownership of the intellectual property arising out of our collaborations is subject to complex legal and factual issues, and in certain circumstances our collaborators may own or jointly own important intellectual property relating to our product candidates. Although we have rights to such intellectual property under our collaboration agreements, such rights could potentially be lost or diminished if the applicable collaboration agreement is terminated, which could affect our ability to commercialize our product candidates;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;

- we may obtain patents for certain compounds many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related product, the commercial value of our patents may be limited;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may fail to develop additional proprietary technologies that are patentable;
- the laws of certain foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States, or we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and
- the patents of others may have an adverse effect on our business, for example by preventing us from marketing one or more of our product candidates for one or more indications.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with many other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining, maintaining and enforcing patents in the biopharmaceutical industry involves both technological complexity and legal complexity. Therefore, obtaining, maintaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain. In addition, recent legislative and judicial developments in the United States and elsewhere have in some cases narrowed the protection afforded to patent owners, made patents more difficult to obtain, or increased the uncertainty regarding the ability to obtain, maintain and enforce patents. For example, Congress recently passed patent reform legislation, and may pass patent reform legislation in the future. The United States Supreme Court has ruled on several patent cases in recent years, and in certain circumstances has narrowed the scope of patent protection available or otherwise weakened the rights of patent owners. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions and actions by the United States Congress, the federal courts, the United States Patent and Trademark Office, and their respective foreign counterparts, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to maintain and enforce our existing patents and patents that we might obtain in the future.

Risks Related to Industry

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.

As has been widely reported, global credit and financial markets have been experiencing extreme disruptions over the past several years, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by the recent economic downturn and volatile business environment and continued unpredictable and unstable market conditions, particularly for securities of biotechnology companies such as our common stock. There is a possibility that our stock price may decline, due in part to the volatility of the stock market and any general economic downturn. If the current equity and credit markets become more volatile, deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to secure, more costly and/or more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon our business and clinical development plans. In addition, there is a risk that one or more of our current

service providers, manufacturers and other partners may not survive these difficult economic times, which could directly affect our ability to attain our operating goals on schedule and on budget.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates, and we will face an even greater risk if we commercialize any product candidates. For example, we may be sued if any of our product candidates, including any that are developed in combination therapies, allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. There is also risk that third parties we have agreed to indemnify could incur liability. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates or any resulting products;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize our product candidates; and
- a decline in our stock price.

Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. We currently carry product liability insurance covering our clinical studies in the amount of $5.0 million in the aggregate. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

Our relationships with customers and third-party payors in the United States and elsewhere will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the United States and elsewhere play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal, state and foreign healthcare laws and regulations include the following:

- the federal healthcare anti-kickback statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in

kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid;

- the federal False Claims Act imposes criminal and civil penalties, including civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program and also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;
- the federal transparency requirements under the Patient Protection and Affordable Care Act of 2010 requires manufacturers of drugs, devices, biologics and medical supplies to report to the Department of Health and Human Services information related to physician payments and other transfers of value and physician ownership and investment interests;
- analogous state laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures; and
- analogous anti-kickback, fraud and abuse and healthcare laws and regulations in foreign countries.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations, which could have a material adverse effect on our business. If any of the physicians or other providers or entities with whom we expect to do business, including our collaborators, are found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which could also materially affect our business.

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

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials or our or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

We maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials. This insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of hazardous or radioactive materials.

Risks Related to Our Common Stock and this Offering

After this offering, our executive officers, directors and principal stockholders will maintain the ability to control all matters submitted to stockholders for approval.

Upon the closing of this offering, our executive officers and directors and stockholders who owned more than 5% of our outstanding common stock before this offering will, in the aggregate, beneficially own shares representing approximately % of our outstanding capital stock. As a result, if these stockholders were to choose to act together, they would be able to control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. The interests of this group of stockholders may not always coincide with our corporate interests or the interests of other stockholders, and they may act in a way in which you may not agree with or in a way that may not be in the best interests of other stockholders. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

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

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

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

would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and

- require the approval of the holders of at least 66 2/3% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibit a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our corporate charter or our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated employment agreements with our named executive officers that will become effective upon the closing of this offering may require us to pay severance benefits to any of those persons who are terminated in connection with a change of control of us, which could harm our financial condition or results.

Our named executive officers are parties to amended and restated employment agreements that will become effective upon the closing of this offering. The agreements provide for aggregate cash payments of up to approximately $ million for severance and other benefits and acceleration of vesting of stock options with an intrinsic value of approximately $ million, each calculated as of January 31, 2013, in the event of a termination of employment in connection with a change of control of our company. The intrinsic value of stock options subject to acceleration of vesting excludes the intrinsic value of additional stock options for the purchase of 720,000 shares of common stock at an exercise price equal to the price to the public in this offering, which we expect to issue to our executive officers upon the pricing of this offering. The accelerated vesting of options could result in dilution to our stockholders and harm the market price of our common stock. The payment of these severance benefits could harm our financial condition and results. In addition, these potential severance payments may discourage or prevent third parties from seeking a business combination with us.

If you purchase shares of common stock in this offering, you will experience immediate and substantial dilution in the net tangible book value of your shares.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering. To the extent outstanding stock options are exercised, you will incur further dilution. Based on an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to this offering and the assumed initial public offering price. In addition, purchasers of common stock in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our stock, but will own only approximately % of our common stock outstanding after this offering. For a further description of the dilution that you will experience immediately after this offering, see “Dilution.”

We do not know whether a market will develop for our common stock or what the market price of our common stock will be and as a result it may be difficult for you to sell your shares of our common stock.

Prior to this offering, there has been no public market for our common stock. Although we are applying to have our common stock listed on The NASDAQ Global Market, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our common stock does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares or you may not be able to sell your shares at all. The initial public offering price for our common stock will be determined through negotiations with the underwriters and the negotiated price may not be indicative of the market price for our common stock after this offering. The initial public offering price may vary

from the market price of our common stock after the offering. As a result of these and other factors, you may not be able to sell your shares of our common stock at or above the initial public offering price or at all. Further, an inactive market may also impair our ability to raise capital by selling additional shares of our common stock and may impair our ability to enter into strategic partnerships or acquire companies or products by using our shares of common stock as consideration.

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

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. We will be subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended, known as the Exchange Act, portions of the Sarbanes-Oxley Act of 2002, as well as rules subsequently adopted by the Securities and Exchange Commission, or SEC, and The NASDAQ Stock Market, or NASDAQ. These rules and regulations will require, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition and establish and maintain effective disclosure and financial controls and corporate governance practices. We expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly, particularly after we are no longer an "emerging growth company" as defined in the recently enacted Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance. In addition, we estimate that incremental annual compliance costs associated with these reporting obligations will initially approximate $1.0 million and that the total expenses we expect to incur in connection with this offering will approximate $ million.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to "emerging growth companies" will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an "emerging growth company," we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an "emerging growth company" we are required to report only two years of financial results and selected financial data compared to three and five years, respectively, for comparable data reported by other public companies. We may take advantage of these exemptions until we are no longer an "emerging growth company." We could be an "emerging growth company" for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds $700 million as of any March 31 (the end of our second fiscal quarter) before that time, in which case we would no longer be an "emerging growth company" as of the following September 30 (our fiscal year end). We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, "emerging growth companies" can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption to delay the adoption of new or revised accounting standards and, therefore, will be subject to adopting new or revised accounting standards at the same time as other public companies that are not "emerging growth companies."

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We will be required to disclose changes made in our internal controls and procedures on a quarterly basis and our management will be required to assess the effectiveness of these controls annually. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. We could be an "emerging growth company" for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

Our stock price is likely to be volatile, and thus our stockholders could incur substantial losses.

Our stock price following this offering is likely to be volatile. The stock market in general and the market for biopharmaceutical companies, and for those developing potential therapies for HCV in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above the initial public offering price, if at all. The market price for our common stock may be influenced by many factors, including:

- actions by any of our collaborators regarding our product candidates they are developing, including announcements regarding clinical or regulatory developments or our collaboration;
- results from or delays of clinical trials of our product candidates, as well as results of regulatory reviews relating to the approval of our product candidates;
- new products, product candidates or new uses for existing products or technologies introduced or announced by our competitors and the timing of these introductions or announcements;
- our or our collaborators' decision to initiate a clinical trial, not to initiate a clinical trial or to terminate an existing clinical trial;
- the results of our efforts to discover or develop additional product candidates;
- our dependence on third parties, including our collaborators, CROs, clinical trial sponsors and clinical investigators;
- regulatory or legal developments in the United States or other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key scientific or management personnel;
- our ability to commercialize our future product candidates we develop independently, if approved;
- the level of expenses related to any of our product candidates or clinical development programs;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;

- sales of common stock by us or our stockholders in the future, as well as the overall trading volume of our common stock;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies; and
- the other factors described in this "Risk Factors" section.

We have broad discretion in the use of the net proceeds from this offering and may not use the proceeds effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common stock to decline and delay the development of our product candidates. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

We do not anticipate paying any cash dividends on our capital stock in the foreseeable future.

We do not currently intend to pay any cash dividends on our common stock in the foreseeable future. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

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

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding shares of common stock based on the number of shares outstanding as of December 31, 2012. This includes the shares that we are selling in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates. Of the remaining shares, shares are currently restricted as a result of securities laws or lock-up agreements but will be able to be sold after the offering as described in the "Shares Eligible for Future Sale" section of this prospectus. We also intend to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the "Underwriting" section of this prospectus.

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

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no or too few securities or industry analysts commence coverage of our company, the trading price for our stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the continued commitment of our collaborators, AbbVie and Novartis, with respect to the development of product candidates incorporating ABT-450 and EDP-239, respectively;
- the completion, success and timing of preclinical studies and clinical trials conducted by AbbVie, Novartis or us;
- our and our collaborators’ abilities to obtain and maintain regulatory approval of therapies involving our product candidates;
- the receipt and timing of any milestone payments or royalties from AbbVie, Novartis or any other collaborator;
- our ability to obtain and maintain collaborators for our development programs or to obtain additional funding;
- the success of competing HCV or MRSA drugs that are now or later become available or other developments or projections relating to our competitors and our industry;
- changes in our or our collaborators’ plans to develop and commercialize our product candidates;
- the rate and degree of market acceptance of any of our product candidates and any combination therapies developed by AbbVie, Novartis or us;
- the size and growth of the potential markets for our product candidates and our collaborators’ and our abilities to serve those markets, including our belief that substantial opportunities exist for improved treatments in HCV and bacterial infections;
- our ability to obtain and maintain intellectual property protection for our product candidates and operate our business without infringing on the intellectual property rights of others;
- the loss of any of our key scientific or management personnel;
- regulatory developments in the United States and foreign countries affecting disease indications for our product candidates or anti-infective drugs generally;
- the performance of third-party manufacturers of our product candidates, including our collaborators;
- the accuracy of our estimates regarding our expenses, future revenue, capital requirements and needs for additional financing;
- our expectations regarding the time during which we will be an “emerging growth company” under the JOBS Act;
- our financial performance; and
- our use of the proceeds from this offering.

These forward-looking statements are based on our management’s current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management’s beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and

involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Risk Factors” and discussed elsewhere in this prospectus. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See “Where You Can Find More Information.”

MARKET, INDUSTRY AND OTHER DATA

This prospectus also contains estimates, projections and other information concerning our industry, our business and the HCV and antibiotic markets, including data regarding the estimated size of the HCV and antibiotic markets, patient populations, projected diagnosis rates and the perceptions and preferences of patients and physicians regarding certain therapies, as well as data regarding market research and estimates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources that we believe to be reliable. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires. AbbVie has been responsible for all of the clinical development of ABT-450, and Novartis is responsible for all clinical development of EDP-239. All of the clinical trial results included herein relating to ABT-450 and EDP-239, if any, are based solely upon results published by AbbVie and Novartis, respectively.

USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of our common stock in this offering will be approximately $, assuming an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds from this offering will be approximately $.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds from this offering by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering as follows:

- $ million to initiate IND-enabling studies and clinical development through Phase 2a trials of a cyclophilin inhibitor candidate;
- $ million to initiate preclinical and clinical development through a Phase 1 trial of a nucleotide polymerase inhibitor candidate; and
- the remaining proceeds to fund new research and development activities, working capital and other general corporate purposes.

This expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the closing of this offering or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our and our collaborators' development efforts, the status of and results from preclinical studies and any ongoing clinical trials or clinical trials we and they may commence in the future, as well as any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment grade, interest bearing instruments and U.S. government securities.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends to holders of our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend upon then existing conditions, including our financial condition, operating results, contractual restrictions, restrictions imposed by applicable law, capital requirements, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and marketable securities and our capitalization as of December 31, 2012:

- on an actual basis;
- on a pro forma basis to give effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock into an aggregate of 50,241,277 shares of our common stock upon the closing of this offering; and
- on a pro forma as adjusted basis to give effect to (1) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock into an aggregate of 50,241,277 shares of our common stock upon the closing of this offering and (2) the issuance by us of shares of our common stock at an initial offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information together with our financial statements and related notes appearing elsewhere in this prospectus and the information set forth under the heading "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2012		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share data)		
Cash, cash equivalents and short- and long-term marketable securities	$ 52,914	$ 52,914	$
Redeemable convertible preferred stock (Series C, D, E, F, G-1 and G-2); $0.01 par value; 45,421,288 shares authorized; 43,115,343 shares issued and outstanding, actual; no shares issued or outstanding, pro forma and pro forma as adjusted	$160,237	$ —	
Convertible preferred stock (Series A and B); $0.01 par value; 566,450 shares authorized; 566,450 shares issued and outstanding, actual; no shares issued or outstanding, pro forma and pro forma as adjusted	327	—	
Stockholders' equity (deficit):			
Common stock; $0.01 par value; 70,000,000 shares authorized; 5,984,645 shares issued and 5,084,645 shares outstanding, actual; 56,225,922 shares issued and 55,325,922 shares outstanding, pro forma; shares issued and shares outstanding, pro forma as adjusted	60	562	
Additional paid-in capital	—	160,062	
Treasury stock, at par value; 900,000 shares, actual; 900,000 shares, pro forma and pro forma as adjusted	(9)	(9)	
Accumulated other comprehensive loss	(4)	(4)	
Accumulated deficit	(94,393)	(94,393)	
Total stockholders' equity (deficit)	(94,346)	66,218	
Total capitalization	$ 66,218	$ 66,218	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) total stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of adjusted shares shown as outstanding in the table above is based on 5,084,645 shares of common stock outstanding as of December 31, 2012 and excludes:

- 8,050,489 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2012 at a weighted average exercise price of $0.70 per share;
- 845,000 shares of common stock issuable upon the exercise of stock options that we expect to award under the 1995 Plan to our executive officers and directors upon the pricing of this offering, exercisable at a per share price equal to the initial public offering price of this offering;
- 1,513,760 additional shares of our common stock available for issuance under the 2012 Plan, which will become effective immediately prior to the closing of this offering (which includes 127,604 available shares from the 1995 Plan, assuming the options described above for a total of 845,000 shares are awarded as we expect); and
- 800,000 shares of our common stock reserved for future issuance under the Employee Stock Purchase Plan, which will become effective immediately prior to the closing of this offering.

DILUTION

If you invest in our common stock, your interest will be diluted immediately to the extent of the difference between the initial public offering price per share you will pay in this offering and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

Our historical net tangible book value as of December 31, 2012 was $63.2 million, or $12.42 per share of common stock. The historical net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding as of December 31, 2012.

Our pro forma net tangible book value as of December 31, 2012 was $63.2 million, or $1.14 per share of common stock. Pro forma net tangible book value represents total tangible assets less total liabilities. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of shares outstanding as of December 31, 2012, after giving effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock into an aggregate of 50,241,277 shares of common stock upon the closing of this offering.

After giving effect to adjustments relating to this offering, our pro forma as adjusted net tangible book value as of December 31, 2012 would have been $ million, or $ per share. The adjustments made to the pro forma net tangible book value per share to determine pro forma as adjusted net tangible book value per share are the following:

- an increase in total assets to reflect our net proceeds of the offering as described under “Use of Proceeds” (assuming that the initial public offering price will be $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us; and
- the addition of the number of shares offered by us pursuant to this prospectus to the number of pro forma shares of common stock outstanding.

The initial public offering price per share will significantly exceed the pro forma as adjusted net tangible book value per share. Accordingly, new investors who purchase shares of common stock in this offering will experience an immediate dilution of their investment of $ per share. The following table illustrates the increase in pro forma as adjusted net tangible book value of $ per share and the dilution (the difference between the initial public offering price per share and pro forma as adjusted net tangible book value per share) to new investors:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of December 31, 2012	$1.14	
Increase per share attributable to sale of shares of common stock in this offering		
Pro forma as adjusted net tangible book value per share after this offering		$
Dilution per share to new investors in this offering		$

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value will increase to $ per share, representing an immediate dilution of $ per share to new investors, assuming that the initial public offering price will be $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value by $ million, the pro forma as adjusted net tangible book value per share by $ per share, and the dilution in pro forma as adjusted net tangible book value per share to investors in this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If shares are issued in connection with the exercise of all outstanding options for common stock with exercise prices less than $, the midpoint of the estimated price range set forth on the cover page of this prospectus, you will experience further dilution of $ per share. As of December 31, 2012, we had outstanding options to purchase a total of shares of our common stock with exercise prices less than $ per share.

The following table summarizes, as of December 31, 2012, on a pro forma as adjusted basis as described above, the differences between the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by investors purchasing shares of common stock in this offering. The calculation below is based on an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(dollars in thousands, except per share amounts)				
Existing stockholders			$		$
Investors purchasing common stock in this offering					$
Total		100%	$	100%	

The total number of shares reflected in the discussion and tables above is based on 5,084,645 shares of common stock outstanding as of December 31, 2012. The tables above assume no exercise of options to purchase shares of common stock outstanding as of December 31, 2012. At December 31, 2012, there were 8,050,849 shares of common stock issuable upon exercise of outstanding options with a weighted average exercise price of $0.70 per share. The tables above also exclude (i) 845,000 shares of common stock issuable upon the exercise of stock options that we expect to award under the 1995 Plan to our executive officers and directors upon the pricing of this offering, exercisable at a per share exercise price equal to the initial public offering price of this offering; (ii) 1,513,760 additional shares of our common stock available for issuance under the 2012 Plan, which will become effective immediately prior to the closing of this offering (which includes 127,604 available shares from the 1995 Plan, assuming the options described above for a total of 845,000 shares are awarded as we expect); and (iii) 800,000 shares of our common stock reserved for future issuance under the Employee Stock Purchase Plan, which will become effective immediately prior to the closing of this offering.

If the underwriters exercise their over-allotment option in full, the number of shares held by new investors will increase to , or % of the total number of shares of common stock outstanding after this offering.

SELECTED FINANCIAL DATA

You should read the following selected financial data together with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus. We have derived the statement of operations data for the years ended September 30, 2010, 2011 and 2012 and the balance sheet data as of September 30, 2011 and 2012 from our audited financial statements included elsewhere in this prospectus. The statement of operations data for the three months ended December 31, 2011 and 2012 and the balance sheet data as of December 31, 2012 have been derived from our unaudited financial statements included elsewhere in this prospectus and have been prepared on the same basis as the audited financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of results as of and for these periods. Our historical results for any prior period are not necessarily indicative of any results to be expected for any future period, and results for the three months ended December 31, 2012 are not necessarily indicative of results to be expected for the full year ending September 30, 2013.

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
	(in thousands, except per share data)				
Statement of Operations Data:					
Revenue	$ 22,763	$ 41,882	$ 41,706	$ 741	$ 27,859
Operating expenses:					
Research and development	9,716	11,547	15,115	2,672	4,798
General and administrative	6,105	5,036	5,302	1,251	1,152
Total operating expenses	15,821	16,583	20,417	3,923	5,950
Income (loss) from operations	6,942	25,299	21,289	(3,182)	21,909
Other income (expense):					
Interest income	14	83	118	14	35
Interest expense	—	(3,161)	—	—	(7)
Change in fair value of warrant liability	482	(686)	(8)	9	20
Therapeutic tax credit	—	750	—	—	—
Gain on embedded derivative	—	670	—	—	—
Other income (expense), net	309	355	—	—	—
Total other income (expense), net	805	(1,989)	110	23	48
Income (loss) before income tax	7,747	23,310	21,399	(3,159)	21,957
Income tax benefit	157	—	—	—	—
Net income (loss)	7,904	23,310	21,399	(3,159)	21,957
Accretion of redeemable convertible preferred stock to redemption value	(5,452)	(5,454)	(5,367)	(1,374)	(1,282)
Net income attributable to participating securities	(2,236)	(16,291)	(14,663)	—	(18,807)
Net income (loss) attributable to common stockholders	$ 216	$ 1,565	$ 1,369	$(4,533)	$ 1,868
Net income (loss) per share attributable to common stockholders[1]:					
Basic	$ 0.04	$ 0.32	$ 0.29	$ (1.03)	$ 0.37
Diluted	$ 0.04	$ 0.31	$ 0.26	$ (1.03)	$ 0.34
Weighted average common shares outstanding[1]:					
Basic	4,873	4,824	4,693	4,396	4,991
Diluted	6,746	8,005	10,666	4,396	11,366
Pro forma net income per share attributable to common stockholders (unaudited)[2]:					
Basic			$ 0.39		$ 0.40
Diluted			$ 0.35		$ 0.36
Pro forma weighted average common shares outstanding (unaudited)[2]:					
Basic			54,934		55,232
Diluted			60,910		61,613

	As of September 30,		As of December 31,
	2011	2012	2012
		(in thousands)	
Balance Sheet Data:			
Cash, cash equivalents and short- and long-term marketable securities	$ 23,329	$ 45,418	$ 52,914
Working capital[3]	22,950	41,574	57,179
Total assets	26,096	52,162	72,483
Warrant liability	1,993	2,001	1,981
Redeemable convertible preferred stock	153,588	158,955	160,237
Convertible preferred stock	327	327	327
Total stockholders' deficit	(131,961)	(115,353)	(94,346)

(1) See Note 15 to our financial statements for further details on the calculation of basic and diluted net income per share attributable to common stockholders.

(2) See Note 15 to our financial statements for further details on the calculation of pro forma net income per share attributable to common stockholders.

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

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

You should read the following discussion and analysis of financial condition and results of operations together with the section entitled "Selected Financial Data" and our financial statements and related notes included elsewhere in this prospectus. This discussion and other parts of this prospectus contain forward-looking statements that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations, intentions and projections. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the "Risk Factors" section of this prospectus.

Overview

We are a research and development-focused biotechnology company that uses its robust chemistry-driven approach and drug discovery capabilities to create small molecule drugs in the infectious disease field. We are discovering and developing inhibitors designed for use against the hepatitis C virus, referred to as HCV. We believe that a successful approach to a complete cure for HCV in most patients will likely require treatment with a combination of drugs that attack different mechanisms necessary for replication and survival of HCV. Further, as there are many variants of HCV, we are developing inhibitors that may be used in multiple combination therapies, each designed and tested for effectiveness against one or more of those variants. Our development of inhibitors for validated HCV target mechanisms, as well as our collaborations with AbbVie (which name refers to Abbott Laboratories for all periods before January 1, 2013) and Novartis, should allow us to participate in multiple unique drug combinations as we seek the best combination therapies for HCV in its various forms. Total worldwide sales of HCV therapies were over $3.5 billion in 2011. We believe that annual worldwide sales of these therapies and future approved therapies could increase sales in this market to $10 to $20 billion within the next ten years. In addition to our HCV programs, we have used our internal research capabilities to discover a new class of antibiotics which we are developing for the treatment of multi-drug resistant bacteria, including methicillin-resistant *Staphylococcus aureus* bacteria, also referred to as MRSA. We have utilized our internal chemistry and drug discovery capabilities and our collaborations to generate all of our development-stage programs, and we have active research efforts to broaden our infectious disease drug pipeline.

Our HCV portfolio includes inhibitors of four fundamental, validated HCV targets:

- ***NS3 Protease Inhibitor: ABT-450***. Our lead product candidate, ABT-450, is a protease inhibitor being developed in several combination regimens in multiple Phase 2 and Phase 3 trials through our collaboration with AbbVie.
- ***NS5A Inhibitor: EDP-239***. Our lead NS5A product candidate, EDP-239, is being developed through our collaboration with Novartis.
- ***Cyclophilin Inhibitors***. Our independent research activities are focused on our lead cyclophilin inhibitor candidates, which are in preclinical development.
- ***Nucleotide Polymerase Inhibitor***. We also have a small-molecule drug discovery effort underway for nucleotide polymerase inhibitors.

In our HCV programs, AbbVie has funded all research and development of our protease inhibitors since we entered into the collaboration in November 2006, and is responsible for obtaining regulatory approvals and commercializing ABT-450 and any follow-on products worldwide. We received $57.2 million from AbbVie upon signing the collaboration agreement and its simultaneous purchase of preferred stock from us in 2006. We also received a $40.0 million milestone payment in December 2010 following AbbVie's successful completion of a Phase 2a clinical trial and a $15.0 million milestone payment in December 2012 following AbbVie's initiation of dosing in a Phase 3 clinical trial that includes ABT-450. Assuming AbbVie's successful development of the first protease inhibitor product, we will also be eligible to receive $195 million of additional pre-commercialization milestone payments, as well as $80 million of additional milestone payments for each follow-on protease inhibitor product, if any, developed by AbbVie and tiered royalties per product ranging from the low double digits up to twenty percent, or up to the high teens on a blended basis, on AbbVie's net sales, if any, allocable to our collaboration's protease inhibitors.

Under our collaboration with Novartis, Novartis is responsible for all further development of our NS5A inhibitors, as well as funding us for further research we conduct to discover additional NS5A compounds at least through February 2013. We received an upfront payment of $34.4 million in March 2012 and an $11.0 million milestone payment in January 2013 based on Novartis' initiation of dosing in a Phase 1 clinical trial that includes EDP–239. We are eligible to receive up to $395 million of additional milestone payments for the first NS5A inhibitor product for which the specified milestones are achieved.

We are currently funding all research and development for our cyclophilin inhibitor and nucleotide polymerase inhibitor programs. We expect to incur substantially greater expenses as we seek to advance these programs into clinical development.

In addition to our HCV programs, we have used our internal research capabilities to discover a new class of antibiotics called Bicyclolides, which we are developing to overcome bacteria with multi-drug resistance, known as "superbugs." Up to $14.3 million of the preclinical development of our lead antibiotic candidate, EDP-788, is funded under a September 2011 contract with the National Institute of Allergy and Infectious Diseases, a division of the National Institutes of Health, an agency of the United States Department of Health and Human Services, or NIAID, and there is potential for further NIAID funding of early clinical development.

Since commencing our operations in 1995, we have devoted substantially all of our resources to the discovery and development of novel inhibitors for the treatment of infectious diseases. We have funded our operations primarily through the sale of convertible preferred stock and payments received under our collaborations and a government contract. As of December 31, 2012, we had $52.9 million in cash and investments. We are eligible to receive over the next several years an aggregate of $430 million (exclusive of an $11.0 million milestone payment we received in January 2013 from Novartis) based on potential future pre-commercialization milestones under our AbbVie and Novartis collaborations, assuming successful clinical trial results for the respective collaboration programs and our collaborators' continued development of our product candidates through successful regulatory and reimbursement approvals in the United States and other major markets. In addition, we are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on worldwide net sales of any products containing protease inhibitors or NS5A inhibitors developed pursuant to the collaborations, as well as up to $160 million of commercialization sales milestones under our Novartis collaboration.

Our revenue from our collaboration agreements has resulted in our reporting net income in each of our past three fiscal years and in the first quarter of our fiscal 2013. However, we had an accumulated deficit of $94.4 million as of December 31, 2012 and we have generated no royalties or other revenue from product sales. We expect that our revenue in the near term will continue to be substantially dependent on our collaborations with AbbVie and Novartis and their continued advancement of the related development programs. Given the schedule of potential milestone payments and the uncertain nature and timing of clinical development, we cannot predict when or whether we will receive further milestone payments under these collaborations or whether we will continue to report either revenue or net income in future years.

Financial Operations Overview

Revenue

Since our inception, our revenue has been derived from two primary sources: collaboration agreements with pharmaceutical companies and one government research and development contract. We have not generated any revenue from product sales. We have entered into three significant collaboration agreements. In November 2006, we entered into a collaboration agreement with AbbVie and in February 2012 we entered into a collaboration agreement with Novartis. Our third collaboration, which we entered into in 2004 for the development of an antibiotic candidate in Japan, concluded in 2010 when our collaborator decided not to pursue further development of the licensed product candidate due to its limited potency against *Haemophilus influenzae* in clinical trials of community-acquired pneumonia. In September 2011, we entered into a contract with NIAID, which will fund us for the preclinical development of our lead product candidate in our new class of Bicyclolide antibiotics.

The following table is a summary of revenue recognized from our collaboration agreements and government contract for the years ended September 30, 2010, 2011 and 2012 and the three months ended December 31, 2011 and 2012:

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
			(in thousands)		
AbbVie agreement:					
Upfront license payment and research funding	$ 6,518	$ 1,882	$ —	$ —	$ —
Milestone payments	—	40,000	—	—	15,000
Novartis agreement:					
Upfront license payment and research funding	—	—	35,567	—	412
Milestone payments	—	—	—	—	11,000
Concluded collaboration agreement:					
Upfront license payment and research funding	8,245	—	—	—	—
Milestone payments	8,000	—	—	—	—
NIAID contract	—	—	6,139	741	1,447
Total revenue	$22,763	$41,882	$41,706	$ 741	$ 27,859

Under the terms of the AbbVie agreement, as amended, we received an upfront license payment of $44.7 million and a commitment for research funding through December 15, 2010, and we granted AbbVie an option to enter into a six-month evaluation period. We received a total of $8.1 million of research funding and expense reimbursement from AbbVie through June 15, 2011, the conclusion of the evaluation period. In December 2010, we received a $40.0 million milestone payment from AbbVie related to AbbVie's successful completion of a Phase 2a clinical study of an ABT-450-containing regimen. We recognized revenue from these payments, as well as from a $1.6 million premium above fair value paid for Series G-1 redeemable convertible preferred stock that AbbVie purchased concurrently with the execution of the original agreement, over the period from the date of the original agreement through the end of the evaluation period using the proportional performance model. Under this revenue recognition model, the revenue we recognized was limited to the amount of nonrefundable payments received or receivable to date. Related to these payments by AbbVie, we recognized revenue of $6.5 million and $41.9 million during the years ended September 30, 2010 and 2011, respectively. Since all of our research obligations under the agreement were concluded by June 30, 2011, any future milestone payments received will be recognized as revenue when each milestone is achieved by AbbVie. During the three months ended December 31, 2012, we earned and recognized as revenue a $15.0 million milestone payment based on AbbVie's initiation of dosing in a Phase 3 clinical trial that includes ABT-450. Under the terms of the AbbVie agreement, we are eligible to receive aggregate future milestone payments of $195 million (exclusive of the $15.0 million milestone payment discussed above) related to the successful development of the first HCV treatment regimen by AbbVie incorporating our collaboration's protease inhibitor. We are also eligible to receive royalties on AbbVie's net sales, if any, allocable to any one of our collaboration's protease inhibitors.

Under the terms of the Novartis agreement, we received an upfront payment of $34.4 million and a commitment to fund research at an agreed amount for one year. We recognized the upfront license payment upon receipt as we determined that the license to which the payment related and the research services were separable elements under the agreement that could be accounted for as each was delivered or provided. During the year ended September 30, 2012, revenue recognized under this agreement was $35.6 million, which consisted of the upfront license payment and research funding earned during that period. Our agreement with Novartis provides that we will receive up to $1.8 million in research funding during the first year of the agreement, which began in February 2012. Additionally, our collaboration with Novartis provides for aggregate milestone payments of up to $406 million if certain goals related to drug development and net product sales are achieved by Novartis. In January 2013, we received an $11.0 million milestone payment based on Novartis' November 2012 initiation of dosing in a Phase 1 clinical trial that includes EDP-239. During the three months ended December 31, 2012, we recognized $11.4 million of revenue under the Novartis agreement, of which $10.9 million was attributable to license fees and $0.5 million was attributable to the performance of research services. An additional milestone payment of $15 million will be due upon Novartis' initiation of a subsequent Phase 2 trial using a combination

containing an NS5A inhibitor. We are also eligible to receive royalties on Novartis' net sales, if any, allocable to our collaboration's NS5A inhibitors.

The conclusion in 2010 of our collaboration for development of an antibiotic in Japan resulted in the full recognition of revenue associated with fees and milestone payments totaling $16.2 million received in prior years. Due to a technology option within the license agreement for which we had not been able to establish objective evidence of fair value, we had recorded all payments received from our collaborator as deferred revenue until the option was exercised or the agreement concluded. Upon the conclusion of the collaboration, we recognized the $16.2 million of previously deferred revenue in fiscal 2010 as we then had no further obligations under this agreement.

Under the terms of the NIAID contract, NIAID will pay us research and development funding payments of up to $14.3 million over an initial period of 30 months. The award also contains six option periods, which in aggregate could extend the contract at the option of NIAID up to an additional 30 months and provide us additional funding of up to $28.4 million. We recognize revenue under this contract as the research and development services are performed. We recognized revenue of $6.1 million, $0.7 million and $1.4 million under this agreement during the year ended September 30, 2012 and the three months ended December 31, 2011 and 2012, respectively.

As our internal product candidates are currently in preclinical development, we have not generated any revenue from product sales and do not expect to generate any revenue from product sales for at least the next several years. We expect that our revenue for the next several years will be derived primarily from payments under our current collaboration agreements with AbbVie and Novartis, payments under our NIAID contract, and any additional collaborations or government contracts that we may enter into in the future. We cannot provide assurance as to the timing of future milestone or royalty payments or that we will receive any of these payments at all.

Operating Expenses

The following table summarizes our operating expenses for the years ended September 30, 2010, 2011 and 2012 and for the three months ended December 31, 2011 and 2012:

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
			(in thousands)		
Research and development	$ 9,716	$11,547	$15,115	$2,672	$ 4,798
General and administrative	6,105	5,036	5,302	1,251	1,152
Total operating expenses	$15,821	$16,583	$20,417	$3,923	$ 5,950

Research and Development Expenses

Research and development expenses consist of costs incurred to conduct basic research, such as the discovery and development of novel small molecules as therapeutics. We expense all costs of research and development as incurred. These expenses consist primarily of:

- personnel costs, including salaries, related benefits and stock-based compensation for employees engaged in scientific research and development functions;
- third-party contract costs relating to research, formulation, manufacturing, preclinical study and clinical trial activities;
- third-party license fees;
- laboratory consumables; and
- allocated facility-related costs.

Project-specific expenses reflect costs directly attributable to our clinical development candidates and preclinical candidates nominated and selected for further development. Remaining research and development

expenses are reflected in research and drug discovery, which represents early-stage drug discovery programs. At any given time, we typically have several active early stage research and drug discovery projects. Our internal resources, employees and infrastructure are not directly tied to any individual research or drug discovery project and are typically deployed across multiple projects. As such, we do not maintain information regarding costs incurred for our early-stage research and drug discovery programs on a project-specific basis.

We expect that our research and development expenses will increase in the future as we advance our two independent HCV programs and our antibiotic program for MRSA into clinical development.

Our research and drug discovery programs are at an early stage; therefore, the successful development of our product candidates is highly uncertain and may not result in approved products. Completion dates and completion costs can vary significantly for each product candidate and are difficult to predict. Given the uncertainty associated with clinical trial enrollments and the risks inherent in the development process, we are unable to determine the duration and completion costs of the current or future clinical trials of our product candidates or if, or to what extent, we will generate revenue from the commercialization and sale of any of our product candidates. We anticipate that we will make determinations as to which development programs to pursue and how much funding to direct to each program on an ongoing basis in response to the preclinical and clinical success of each product candidate, as well as ongoing assessments of the commercial potential of each product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs, consisting of salaries, related benefits and stock-based compensation, of our executive, finance, business and corporate development and other administrative functions. General and administrative expenses also include travel expenses, allocated facility-related costs not otherwise included in research and development expenses, and professional fees for auditing, tax and legal services, including legal expenses to pursue patent protection of our intellectual property.

We expect that general and administrative expenses will increase in the future as we expand our operating activities and incur additional costs associated with operating as a public company. These public company related increases will likely include costs of additional personnel; additional legal fees, accounting and audit fees and directors' and officers' liability insurance premiums; and costs related to investor relations.

Other Income (Expense)

Interest income. Interest income consists of interest earned on our cash and investment balances. Our interest income has not been significant due to nominal cash and investment balances and low interest earned on invested balances. We anticipate that our interest income will increase in the future due to our higher cash and investment balances now existing as a result of the $34.4 million upfront payment we received from Novartis in March 2012, a $15.0 million milestone payment we received from AbbVie in December 2012 and an $11.0 million milestone payment we received from Novartis in January 2013, as well as our receipt of the anticipated cash proceeds from this offering.

Interest expense. Interest expense consisted of cash interest paid on our bridge notes and non-cash interest expense related to the accretion of debt issuance costs and debt discounts associated with our issuance of bridge notes in the first quarter of fiscal 2011. We anticipate that we will have little or no interest expense in the future as our outstanding bridge notes were fully repaid in the first quarter of fiscal 2011 and we no longer have any debt outstanding.

Change in fair value of warrant liability. We have issued warrants for the purchase of our redeemable convertible preferred stock and nonconvertible preferred stock that we believe are financial instruments that may require a transfer of assets because of the redemption features of the underlying stock. Therefore, we have classified these warrants as liabilities that we remeasure to fair value at each reporting period and we record the changes in the fair value of the warrants as a component of other income (expense).

Therapeutic tax credit. We recorded other income for the year ended September 30, 2011 related to the Qualifying Therapeutic Discovery Project, or QTDP, reimbursement program of the United States government,

which provided for reimbursement in calendar year 2010 of certain costs paid or incurred during calendar years 2009 and 2010 that were directly related to the conduct of a QTDP. We do not anticipate any further income related to the QTDP program.

Gain on embedded derivative. In connection with the repayment of our bridge financing that we entered into and fully repaid in the first quarter of fiscal 2011, we settled an embedded derivative at no cost to us and recorded a gain on settlement consisting of the value of the embedded derivative.

Other income (expense), net. Other income (expense), net consisted primarily of miscellaneous service income unrelated to our core operations. We do not expect to generate this income in the future as we do not anticipate providing these services in the future.

Income Tax Benefit

Income tax benefit in fiscal 2010 consisted of a refund we received related to federal Alternative Minimum Tax paid in 2008. In the years ended September 30, 2010, 2011 and 2012 and the three months ended December 31, 2012, we recorded no income tax provision because, in each of those periods, we used net operating loss carryforwards, which had previously been recorded with a full valuation allowance, to fully offset our income before taxes generated in those periods. During the three months ended December 31, 2011, no benefit from income taxes was recorded for the loss before income taxes incurred in that period due to our uncertainty of realizing a benefit from that loss.

Critical Accounting Policies

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of our financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, costs and expenses, and related disclosures. We believe that the estimates and assumptions involved in the accounting policies described below may have the greatest potential impact on our financial statements and, therefore, consider these to be our critical accounting policies. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions. See also Note 2 of our financial statements included elsewhere in this prospectus for information about these critical accounting policies as well as a description of our other significant accounting policies.

JOBS Act

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an "emerging growth company." As an "emerging growth company," we are electing not to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision not to take advantage of the extended transition period is irrevocable. In addition, we are in the process of evaluating the benefits of relying on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if as an "emerging growth company" we choose to rely on such exemptions, we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our initial public offering or until we no longer meet the requirements of being an "emerging growth company," whichever is earlier.

Revenue Recognition

Our revenue is generated primarily through collaborative research and license agreements. The terms of these agreements contain multiple deliverables which may include (i) licenses, (ii) research and development activities, and (iii) participation in joint research and development steering committees. The terms of these agreements may include nonrefundable upfront license fees, payments for research and development activities, payments based upon the achievement of certain milestones, and royalty payments based on product sales derived from the collaboration. In all instances, revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, delivery has occurred or the services have been rendered, collectibility of the resulting receivable is reasonably assured, and we have fulfilled our performance obligations under the contract.

On October 1, 2011, we adopted Accounting Standards Update No. 2009-13, *Multiple-Deliverable Revenue Arrangements*, or ASU 2009-13. This guidance, which applies to multiple element arrangements entered into or materially modified on or after October 1, 2011, amends the criteria for separating and allocating consideration in a multiple element arrangement by modifying the fair value requirements for revenue recognition and eliminating the use of the residual value method. The selling prices of deliverables under the arrangement may be derived using third-party evidence, or TPE, or a best estimate of selling price, or BESP, if vendor-specific objective evidence of fair value, or VSOE, is not available. The objective of BESP is to determine the price at which we would transact a sale if the element within the license agreement was sold on a standalone basis. Establishing BESP involves management's judgment and considers multiple factors, including market conditions and company-specific factors including those factors contemplated in negotiating the agreements as well as internally developed models that include assumptions related to market opportunity, discounted cash flows, estimated development costs, probability of success, and the time needed to commercialize a product candidate pursuant to the license. In validating our BESP, we consider whether changes in key assumptions used to determine the BESP will have a significant effect on the allocation of the arrangement consideration between the multiple deliverables. Deliverables under the arrangement are separate units of accounting if (i) the delivered item has value to the customer on a standalone basis and (ii) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially within our control. The arrangement consideration that is fixed or determinable at the inception of the arrangement is allocated to the separate units of accounting based on their relative selling prices. The appropriate revenue recognition model is applied to each element and revenue is accordingly recognized as each element is delivered. We may exercise significant judgment in determining whether a deliverable is a separate unit of accounting. We elected to adopt ASU 2009-13 prospectively as of October 1, 2011.

In February 2012, we entered into a license and collaboration agreement with Novartis for the development, manufacture, and commercialization of our lead development candidate, EDP-239, from our NS5A inhibitor program for HCV. Under the terms of the Novartis agreement, Novartis agreed to pay us a nonrefundable upfront fee and reimbursement of manufacturing and quality assurance expenses related to EDP-239 totaling $34.4 million. In addition, Novartis agreed to fund up to $1.8 million of our NS5A research activities through February 2013. Under the agreement, we are eligible to receive aggregate milestone payments of up to $406 million for the first NS5A inhibitor product for which applicable milestones relating to clinical trials, regulatory approvals, and net sales are achieved. We are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on net product sales by Novartis, if any, allocable to our collaboration's NS5A inhibitors.

We determined that the deliverables under the Novartis agreement include the exclusive, royalty-bearing, sublicensable license to EDP-239 and the research services. We concluded that the EDP-239 license had standalone value to Novartis and was separable from the research services because the license is sublicensable, there are no restrictions as to Novartis' use of the license, and Novartis has the requisite scientific expertise in the HCV NS5A field. We also concluded that participation on a joint steering committee, as provided for by the agreement, is protective in nature as we have no decision making authority, there are no penalties or recourse if we choose not to participate, and the purpose of the steering committee is to keep us apprised of the status of the development and commercialization efforts. Therefore, no arrangement consideration was allocated to the joint steering committee participation. We were not able to establish VSOE or TPE for either the license or the

research services and instead allocated the arrangement consideration between the license and research services based on their relative selling prices using BESP. We developed our estimate of BESP of the license using a discounted cash flow analysis, taking into consideration assumptions including the development and commercialization timeline, discount rate, probability of success, and probable treatment combination and associated peak sales figures which generate royalty amounts. The funding rate for the research services is consistent with the rate received in our prior collaboration arrangement with AbbVie and is consistent with its fully burdened cost of service. Therefore, our determination of BESP for the research services is consistent with the reimbursement rate stated in the contract.

In determining our best estimate of selling price, we considered discounted cash flow models. Our key assumptions in these models included the following market conditions and entity-specific factors: (a) the specific rights provided under the license to develop and commercialize EDP-239 worldwide, (b) the stage of development of EDP-239 and estimated remaining development and commercialization timelines, (c) the probability of successfully developing and commercializing EDP-239, (d) the probable treatment combination, (e) the market size for EDP-239 including the associated sales figures which generate royalty revenue, (f) the expected product life of EDP-239 assuming commercialization, and (g) the competitive environment. We assumed that royalties from sales of EDP-239 would be based on a drug compound that will be part of a triple combination drug therapy. The time to commercialization was based on our estimates, which projected the first sales of EDP-239 in 2018. We utilized a discount rate of 15% in our analysis, representing the weighted average cost of capital derived from returns on equity for comparable companies.

These assumptions involve judgment and inherent uncertainty; however, significant changes in key assumptions used to determine the BESP would not have a significant effect on the revenue recognized.

Stock-Based Compensation

The methodology we have used to date in measuring stock-based compensation expense is described below. Following the completion of this offering, stock option pricing and values will be determined based on the quoted market price of our common stock.

We measure stock options granted to employees and directors at fair value on the date of grant and recognize the corresponding compensation expense of those awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. Generally, we issue stock options with only service-based vesting conditions and record the expense for these options using the straight-line method. We have historically granted stock options with exercise prices equivalent to the fair value of our common stock as of the date of grant.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. We have historically been a private company and lack company-specific historical and implied volatility information. Therefore, we estimate our expected volatility based on the historical volatility of our publicly traded peer companies and expect to continue to do so until such time as we have adequate historical data regarding the volatility of our traded stock price. The expected term of our options has been determined utilizing the “simplified” method for awards that qualify as “plain-vanilla” options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that we have never paid cash dividends and do not expect to pay any cash dividends in the foreseeable future. The assumptions we used to determine the fair value of stock options granted in each period were as follows, presented on a weighted average basis:

	Year Ended September 30,			Three Months Ended December 31, 2012
	2010	2011	2012	
Risk-free interest rate	2.57%	2.73%	0.93%	1.00%
Expected term (in years)	6.25	6.25	6.00	6.00
Expected volatility	66%	87%	78%	76%
Expected dividends	0%	0%	0%	0%

These assumptions represent our best estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different. We recognize compensation expense for only the portion of awards that are expected to vest. In developing a forfeiture rate estimate, we have considered our historical experience to estimate pre-vesting forfeitures. If our actual forfeiture rate is materially different from the estimate, our stock-based compensation expense could be different from what we have recorded in the current period.

Valuations of Common Stock

The fair value of our common stock is determined by our board of directors, with input from management, and takes into account our most recently available valuation of common stock and our assessment of additional objective and subjective factors we believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. Because there has been no public market for our common stock and in accordance with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, our board of directors considered numerous objective and subjective factors to determine its best estimate of the fair value of our common stock as of each grant date, including the following:

- the progress of our research and development programs;
- achievement of enterprise milestones, including our entering into collaboration and licensing agreements;
- contemporaneous third-party valuation of our common stock;
- peer group trading multiples;
- our historical and forecasted performance and operating results;
- our need for future financing to fund operations;
- the rights and preferences of our redeemable convertible preferred stock and our convertible preferred stock relative to our common stock;
- the likelihood of achieving a discrete liquidity event, such as a sale of our company or an initial public offering, or IPO, given prevailing market conditions; and
- external market and economic conditions impacting our industry sector.

We believe our estimates of the fair value of our common stock were reasonable.

Our common stock valuation as of December 31, 2010 was prepared utilizing the option-pricing method, or OPM. The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceed the value of the liquidation preference at the time of a liquidity event, such as a strategic sale, merger or IPO, assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by the holders of preferred stock. The common stock is modeled as a call option on the underlying equity value at a predetermined exercise price. In the model, the exercise price is based on a comparison with the total equity value rather than, as in the case of a regular call option, a comparison with a per share stock price. Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock is liquidated. The option-pricing method uses the Black-Scholes option-pricing model to price the call options. This model defines the securities' fair values as functions of the current fair value of a company and uses assumptions such as the anticipated timing of a potential liquidity event and the estimated volatility of the equity securities. We allocated the equity value using the OPM assuming 1.05 years to liquidity. The estimated time to liquidity was based on a 60% probability of liquidity in 0.75 years and a 40% probability of liquidity in 1.50 years. The anticipated timing and probability of a liquidity event was based on then-current plans and estimates of our board of directors and

management regarding a liquidity event. We assumed volatility of 87% based on historical trading volatility for our peer companies. The aggregate value of the common stock derived from the OPM was then divided by the number of shares of common stock outstanding to arrive at the per share value.

The valuation technique used to estimate enterprise value in order to derive the value of the common stock was the guideline public company method under the market approach. The guideline public company method includes comparisons of our company to publicly traded companies in our industry group based on two categories. The first category consists of publicly-traded companies which are, in certain respects, comparable to our company in terms of stage of clinical trials and indications addressed. The second category consists of life sciences companies which completed IPOs in 2010. The companies used for comparison under the guideline public company method were selected based on a number of factors, including, but not limited to, the similarity of their industry, business model, financial risk and stage of development to those of ours.

To derive the value of the common stock, the proceeds to the common stockholders were calculated based on the preferences and priorities of the preferred and common stock, including the participation features of certain series of the preferred shares. A discount for lack of marketability of 25% was applied to reflect the increased risk arising from the inability to readily sell the shares.

Our common stock valuations as of May 31, 2012, September 30, 2012, October 17, 2012 and December 10, 2012 were prepared utilizing a hybrid of the OPM and the probability-weighted expected return method, or PWERM. Under the PWERM methodology, the fair market value of common stock is estimated based upon an analysis of future values for our company assuming various outcomes. The common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available to us as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. A discount for lack of marketability, to account for the illiquidity of the common stock, is applied to the indicated common stock value to determine the fair value of the common stock.

Three types of future event scenarios were considered: an IPO in the near term, a sale in the near term, and a longer-term liquidity event. The IPO and sale scenarios were valued using the PWERM and the longer-term liquidity event was valued using the OPM. As of May 31, 2012, management and our board of directors determined that the total probability for the IPO scenario was 80%, for the near-term sale scenario 10%, and for the longer-term liquidity event 10%. As of September 30, 2012 and October 17, 2012, management and our board of directors determined that the total probability for the IPO scenario was 90%, for the near-term sale scenario 5%, and for the longer-term liquidity event 5%. As of December 10, 2012, management and our board of directors determined the total probability for the IPO scenario was 85%, for the near-term sale scenario 5% and for the longer-term liquidity event 10%. Management and our board of directors made these allocations based on an analysis of current market conditions at the time, including current IPO valuations of similarly situated companies, and their expectations as to the timing and likely prospects of these future-event scenarios.

The scenarios referred to above utilized two valuation approaches to estimate enterprise value in order to derive the value of the common stock. We estimated enterprise value using the guideline public company method and guideline transaction method under the market approach and using the discounted future cash flow method under the income approach. Under the guideline public company method, we considered an average of pre-money values for selected IPOs completed by life sciences companies from 2010 through the respective valuation date for the May 31, 2012, September 30, 2012 and October 17, 2012 valuations and from January 2012 to December 2012 for the December 10, 2012 valuation. In addition, we considered a median multiple of invested capital as indicated by the IPOs. Under the guideline transaction method, we considered the equity values indicated by four acquisitions completed in 2010 and 2011 for the May 31, 2012 valuation and by six acquisitions completed in 2011 and 2012 for the September 30, 2012, October 17, 2012 and December 10, 2012 valuations. The companies used for comparison were selected based on a number of factors, including, but not limited to, the similarity of their industry, business model, financial risk and stage of development to those of ours. To derive our enterprise value under the market approach at each valuation date, we calculated a simple average of the enterprise values resulting from the guideline public company method and the guideline transaction method. The discounted future cash flow method, used under

the income approach, involves applying appropriate discount rates to estimated cash flows that were based on forecasts of revenue, costs and capital requirements. Our assumptions underlying the estimates were consistent with the plans and estimates that we use to manage the business. The risks associated with achieving our forecasts were assessed in selecting the appropriate discount rates and selecting probability weights for forecasted cash flows. To derive our ultimate enterprise value at each valuation date, we calculated a simple average of the enterprise value resulting from the market approach and the enterprise value resulting from the income approach.

The longer-term liquidity event scenario referred to above utilized the OPM to allocate equity value to the preferred and common stock. We allocated the equity value using the OPM assuming 2.6 years to liquidity as of May 31, 2012, 2.3 years to liquidity as of September 30, 2012, 2.2 years to liquidity as of October 17, 2012 and 2.1 years to liquidity as of December 10, 2012. The anticipated timing and probability of a liquidity event was based on then-current plans and estimates of our board of directors and management assuming an IPO or sale were not completed in the near term. We assumed volatility of 74% as of May 31, 2012, 75% as of September 30, 2012 and October 17, 2012, and 77% as of December 10, 2012, based on historical trading volatility for our peer companies.

To derive the value of the common stock for each scenario, the proceeds to the common stockholders were calculated based on the preferences and priorities of the preferred and common stock. In our common stock valuations as of May 31, 2012, September 30, 2012, October 17, 2012 and December 10, 2012, we applied risk-adjusted discount rates of 12.8%, 12.8%, 13.1% and 12.7%, respectively, and in each case we applied a discount for lack of marketability of 10% to the common stock to account for the lack of access to an active public market and the increased probability that we would achieve a public offering and listing on a national exchange.

Option Grants

The following table summarizes by grant date the number of shares subject to options granted between October 1, 2010 and December 31, 2012, the per share exercise price of the options, the fair value of common stock underlying the options on date of grant, and the per share estimated fair value of the options:

Grant Date	Number of Shares Subject to Options Granted	Per Share Exercise Price of Options[1]	Fair Value of Common Stock on Date of Option Grant	Per Share Estimated Fair Value of Options[2]
April 15, 2011	636,000	$ 0.59	$ 0.59	$ 0.46
June 17, 2011	63,313	$ 0.59	$ 0.59	$ 0.44
September 23, 2011	125,000	$ 0.59	$ 0.59	$ 0.43
June 20, 2012	513,500	$ 2.73	$ 2.73	$ 1.81
November 14, 2012	105,000	$ 3.12	$ 3.12	$ 2.01
December 26, 2012	518,000	$ 3.29	$ 3.29	$ 2.14

(1) The Per Share Exercise Price of Options represents the determination by our board of directors of the fair market value of our common stock on the date of grant, as determined taking into account our most recently available valuation of common stock as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant.

(2) The Per Share Estimated Fair Value of Options reflects the weighted average fair value of options granted on each grant date as estimated at the date of grant using the Black-Scholes option-pricing model. This model estimates the fair value using as inputs the exercise price of the option and assumptions of the risk-free interest rate, expected term of the option, expected share price volatility of the underlying common stock and expected dividends on the underlying common stock.

We determined that the fair value of our common stock increased from $0.28 per share on October 1, 2010 to $3.29 at December 31, 2012. The following discussion describes the reasons for the increases in the fair value of our common stock over this period and as compared to the midpoint of the estimated price range set forth on the cover page of this prospectus of $ per share.

Year Ended September 30, 2011. During the year ended September 30, 2011, or fiscal 2011, we continued to operate our business in the ordinary course. In April 2011, we obtained a third-party valuation of our common stock as of December 31, 2010 as one of the factors considered by our board of directors in its determination of

the fair value of our common stock. This valuation reflected our receipt in December 2010 of $40.0 million as our first milestone payment from our collaboration with AbbVie, based on the successful completion of a Phase 2a clinical trial of ABT-450 in combination with interferon treatment. Based on this valuation and other factors considered by our board of directors, we determined that the fair value of our common stock increased to $0.59 per share as of December 31, 2010. From December 31, 2010 through September 23, 2011, we determined that there had been no further increase in the fair value of our common stock because there had been no material change in our business or in the general market for biotechnology companies, including the market for HCV companies. We still had no completed clinical study to show that our lead compound could be effective without interferon, and we had made little progress in obtaining any other collaboration for our NS5A inhibitor program or any other program. During the year ended September 30, 2011, we had no plans for an initial public offering in the near term because we did not believe that the public markets presented a favorable environment at that time for a biotechnology company such as ours.

Nine Months Ended June 30, 2012. During the first eight months of fiscal 2012, which was the period ended May 31, 2012, there were several significant developments in our lead programs, our business development efforts, the prospects for interferon-free treatment regimens for HCV and a substantial increase in the value of companies developing new HCV therapies, as well as improved market interest in initial public offerings of biotechnology companies. In this period, the first successful clinical trials of ABT-450 were completed in orally administered, interferon-free regimens, namely the Pilot and Co-Pilot studies, the results of which were published in early April 2012, showing a very significant sustained virologic response, or SVR, in over 90% of the study patients. A more advanced Phase 2b clinical trial, known as the Aviator study, also began in the first quarter of fiscal 2012 to investigate multiple combination therapies involving ABT-450 without interferon.

In addition, in the first quarter of fiscal 2012, we filed an Investigational New Drug Application, or IND, for our second HCV program, developing NS5A inhibitors, and received no FDA objection to our proceeding with clinical testing. We then completed the successful negotiation and signing in February 2012 of our collaboration with Novartis for the development of these inhibitors. This collaboration resulted in an upfront payment to us of $34.4 million and a $1.8 million commitment for future research funding, as well as potential future milestone and royalty payments. Due primarily to the Novartis collaboration, we generated revenue of $39.8 million during the nine months ended June 30, 2012. On September 30, 2011, we also were awarded our contract from NIAID to fund the preclinical development of our lead antibiotic product candidate.

In addition to the developments in our own business, in November 2011, a publicly held biotechnology company announced the first results of its Phase 2b trial of its orally administered compound in an interferon-free regimen for HCV, which resulted in the November 2011 sale of that company at a price approximately 114% above the company's market value before the first announcement of the results of its successful clinical trial. In January 2012, a second publicly held biotechnology company with a lead HCV program announced its sale at a price representing a premium of approximately 163% above the market capitalization of the company. Following these transactions and other developments in the market for HCV companies, the market value of our most comparable publicly-held peer companies with HCV programs that were still independent increased substantially, in one case increasing 135%, and in a second case 168%, in the four months following September 30, 2011.

In early calendar 2012, we evaluated the public market environment and determined that the market conditions were favorable for HCV-focused biotechnology companies, which caused us to consider an initial public offering. From March 31, 2012 to May 31, 2012, we began to engage investment bankers, lawyers and accountants to start the process of assisting us to prepare for an initial public offering and held our initial IPO organizational meeting in May 2012. In this period, we obtained a third-party valuation of our common stock as one of the factors considered by our board of directors in its determination of the fair value of our common stock as of May 31, 2012. We adjusted our valuation model to account for the increased probability of an IPO scenario, in light of continued favorable market conditions and our progress achieved towards a potential initial public offering of our common stock. Based on the revised model and the changes in our business and in the market values of companies developing novel therapies for HCV, as well as the impact of an increasing enterprise value on the relative value of our common stock as compared to our convertible preferred stock and redeemable

convertible preferred stock, we determined that the fair value of our common stock had increased to $2.73 per share as of May 31, 2012 and remained unchanged through June 30, 2012.

Three Months Ended September 30, 2012. During the fourth quarter of fiscal 2012, there was no material change in our business. With respect to our product collaborations, as of September 30, 2012, we believed there was a high probability of AbbVie initiating an interferon-free Phase 3 clinical trial of a combination including ABT-450, which would trigger a $15.0 million milestone payment from AbbVie in the near term. Accordingly, we factored the probable receipt of the milestone payment into our valuation model as of that date. During the quarter, we obtained a third-party valuation of our common stock as one of the factors considered by our board of directors in its determination of the fair value of our common stock as of September 30, 2012. We also continued to carry out activities related to preparation for the IPO and, on August 30, 2012, submitted a confidential registration statement to the SEC for an initial public offering of our common stock. We adjusted our valuation model to account for the increased probability of an IPO scenario, in light of continued favorable market conditions and our submission of a registration statement to the SEC. Based on the revised model and the changes in the market values of companies developing novel therapies for HCV, as well as the impact of an increasing enterprise value on the relative value of our common stock as compared to our convertible preferred stock and redeemable convertible preferred stock, we determined that the fair value of our common stock had increased to $3.09 per share as of September 30, 2012.

Three Months Ended December 31, 2012. During the first three months of fiscal 2013, which was the quarter ended December 31, 2012, there were significant developments in our product collaborations with both AbbVie and Novartis as well as changes in the public market environment for companies in our industry.

In October 2012, AbbVie completed and announced further preliminary results of its Phase 2b clinical trial, known as Aviator, testing various combination treatment regimens that included ABT-450. The results of one three-DAA combination showed 99% efficacy in genotype 1-infected HCV patients and 93% efficacy in previous null responders. In conjunction with those results, AbbVie announced that it would proceed to Phase 3 testing of two of those combination regimens and that its goal is to be the first to market with a therapy for genotype 1, treatment-naive HCV patients. In the first half of November 2012, Novartis initiated dosing in a Phase 1 clinical trial involving EDP-239, which entitled us to receive an $11.0 million milestone payment. These business developments had no significant impact on our valuation of our common stock as of October 17, 2012 as their impacts were already assumed in our September 30, 2012 valuation. In addition to the developments in our product collaborations, three IPOs in our industry were completed in the first half of October 2012. In October, we obtained a third-party valuation of our common stock as one of the factors considered by our board of directors in its determination of the fair value of our common stock as of October 17, 2012. Based on the changes in our business and increased market multiples indicated by the recent IPOs in our industry, as well as the impact of an increasing enterprise value on the relative value of our common stock as compared to our convertible preferred stock and redeemable convertible preferred stock, we determined that the fair value of our common stock had increased to $3.12 per share as of October 17, 2012 and remained unchanged through November 14, 2012.

From mid-November to the end of December, there were further significant developments in our product collaboration with AbbVie and in the public market environment that impacted the fair value of our common stock. In mid-November 2012, AbbVie announced the full scope of its initial Phase 3 registration package for an ABT-450-containing treatment regimen for genotype 1-infected patients, including six Phase 3 trials designed for a total of 2,200 patients using a combination of three DAAs. In late November 2012, AbbVie also initiated dosing in one of those Phase 3 clinical trials. As a result of these significant developments, we updated our cash flow projections for future years in our common stock valuation model as of December 10, 2012, which had the impact of accelerating expected cash flows. During this period, we evaluated the public market environment and determined that the market conditions were not favorable for HCV-focused biotechnology companies as no public offering of a company in our industry was completed subsequent to October 2012, which delayed our prospects of completing an IPO until at least late January 2013. Given this, we adjusted our valuation model to account for the decreased probability of an IPO and an increased probability of a longer-term liquidity event. In December, we obtained a third-party valuation of our common stock as one of the factors considered by our

board of directors in its determination of the fair value of our common stock as of December 10, 2012. Based on the revised model and changes in our business, as well as the impact of an increasing enterprise value on the relative value of our common stock as compared to our convertible preferred stock and redeemable convertible preferred stock, we determined that the fair value of our common stock had increased to $3.29 per share as of December 10, 2012 and remained unchanged through December 31, 2012.

On , 2013, we and our underwriters determined the estimated price range for this offering, as set forth on the cover page of this prospectus. The midpoint of the price range is $ per share. In comparison, our estimate of the fair value of our common stock was $3.29 as of December 31, 2012. We note that, as is typical in IPOs, the estimated price range for this offering was not derived using a formal determination of fair value, but was determined by discussions between us and the underwriters. Among the factors that were considered in setting this price range were our prospects and the history of and prospects for our industry; the general condition of the securities markets and the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies; an analysis of valuation ranges in IPOs for generally comparable companies in our industry during the past year; and the recent performance of IPOs of generally comparable companies.

Based on an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, the aggregate intrinsic value of stock options outstanding as of December 31, 2012 was $ million, of which $ million related to vested options and $ million to unvested options.

Valuation of Warrants to Purchase Series 1 Preferred Stock

We classify warrants to purchase 1,999,989 shares of our Series 1 nonconvertible preferred stock as liabilities on our balance sheets as these warrants are free-standing financial instruments that may require us to transfer assets upon exercise. The warrants were initially recorded at fair value and are subsequently remeasured to fair value at each balance sheet date. Changes in fair value of the warrants are recognized as a component of other income (expense) in our statement of operations. We will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the warrants.

These warrants issued in October 2010 in connection with a bridge note financing entitled the note holders to purchase shares of Series 1 nonconvertible preferred at an exercise price of $0.01 per share. Upon issuance of the warrants, the number of Series 1 nonconvertible preferred shares issuable upon exercise of these warrants was not fixed. The number of Series 1 nonconvertible preferred shares was one share for each dollar of the original principal amount of the term note plus, if the milestone payment from the AbbVie agreement was not received on or before March 31, 2011, an additional share for each dollar of the original principal amount of the note. Additionally, if a liquidation event occurred, thereby requiring repayment of the term notes, these warrants would automatically expire and would therefore have no value. Upon our repayment of the term notes in December 2010, the number of shares issuable upon exercise of the Series 1 nonconvertible preferred stock warrants became fixed at one share for each warrant, and the possibility that the term notes could be redeemed and the warrants would have no value was eliminated.

We estimate the fair value of the warrants at the respective balance sheet dates using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model incorporates a number of assumptions and judgments to estimate the fair value of these warrants including the fair value per share of the underlying Series 1 nonconvertible preferred stock, the remaining contractual term of the warrants, risk-free interest rate, expected dividend yield, and expected volatility of the price of the underlying stock. Because the exercise price of the warrants is only $0.01 per share, the remaining contractual term, risk-free interest rate, expected dividend yield and expected volatility had no material impact on the value of the warrants using the Black-Scholes option-pricing model. The input that most significantly impacted the value of these warrants was the fair value of the underlying Series 1 nonconvertible preferred stock. We determined the fair value of the Series 1 nonconvertible preferred stock to equal its stated liquidation preference of $1.00 per share. Since the Series 1 nonconvertible preferred stock ranks senior to all other classes of stock and its liquidation preference is small relative to our equity value, the probability of a 100% payout on the Series 1 nonconvertible preferred stock was considered to be high. We believe our estimate of fair value of Series 1 nonconvertible preferred stock was reasonable.

In addition to using the Black-Scholes option-pricing model to value the warrants at each reporting date, we also made a judgment at the date of issuance of the warrants (October 2010) regarding the number of shares of Series 1 nonconvertible preferred stock that would be issued upon exercise of the warrants and whether the warrants would have value at all. We used a decision tree to estimate the probabilities of how many shares the warrants would ultimately be exercised into under each of the two scenarios described above as well as a third scenario under which the note would be redeemed and the warrants would have no value. We valued the warrants using the Black-Scholes option-pricing model under the first two scenarios, and we attributed a value of $0 to the warrants under the third scenario. We then applied probabilities to the three values to determine the total fair value of the warrants. In December 2010, when the contingency was resolved and the number of shares of Series 1 nonconvertible preferred stock the warrants could be exercised into became fixed at one share per warrant, or 1,999,989 shares in aggregate, we were able to determine the value of the warrants using the Black-Scholes option-pricing model and the fixed number of shares of Series 1 nonconvertible preferred stock the warrants were exercisable into.

The fair value of these outstanding warrants to purchase our Series 1 nonconvertible preferred stock as recorded in our balance sheet was $2.0 million at September 30, 2011 and 2012 and December 31, 2012.

Income Taxes

Income taxes are provided for tax effects of transactions reported in the financial statements and consist of income taxes currently due plus deferred income taxes related to timing differences between the basis of certain assets and liabilities for financial statement purposes and for income tax reporting purposes. Deferred taxes are determined based on the difference between the financial statement value and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Based on our analysis of both positive and negative factors, we have determined that it is more likely than not that we will not be able to realize our deferred tax assets, and therefore we have recorded a full valuation allowance against our deferred tax assets. Our analysis included an assessment of our past profitability and our future projections of forecasted revenue and expense levels. More specifically, we considered the following factors in determining that it is more likely than not that we will not be able to realize our deferred tax assets:

- We have incurred cumulative net losses since our inception, and as of December 31, 2012 we had an accumulated deficit of $94.4 million. We expect that we may incur substantial operating losses in the future. Our net income in the three months ended December 31, 2012 resulted primarily from milestone payments we became entitled to receive from AbbVie and Novartis of $15.0 million and $11.0 million, respectively. Our net income in the fiscal year ended September 30, 2012 resulted primarily from an upfront payment of $34.4 million from our collaborator Novartis. Our net income in the fiscal year ended September 30, 2011 resulted primarily from a milestone payment from our collaborator AbbVie, which was our first significant milestone payment since our operations commenced. Our net income in the year ended September 30, 2010 resulted from the termination of a previous collaboration agreement, which allowed us to recognize $16.2 million of deferred revenue in fiscal 2010 that related to cash received prior to fiscal 2007;
- As of September 30, 2010, we had only $0.5 million of cash on hand, had a working capital deficit of $3.4 million, were unable to raise additional proceeds from new investors and were required to enter into a bridge note financing agreement with existing investors in order to continue to fund operations. These circumstances raised substantial doubt about our ability to continue as a going concern;
- As of January 18, 2012, based on our net capital deficiency and preferred stock redemption obligations, our independent registered public accounting firm had included an explanatory paragraph in its report on our financial statements as of and for the year ended September 30, 2011, which indicated that those circumstances then raised substantial doubt about our ability to continue as a going concern;
- We are a clinical-stage biopharmaceutical company and we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties associated with late stage clinical development, regulatory approval and commercialization of therapeutic products;

- To date, we have not commercialized any products or generated any revenue from product sales, directly or through any collaborator;
- Our financial prospects and ability to generate revenue for the next several years are substantially dependent upon the development and marketing efforts of AbbVie and Novartis for our drug product candidates, and we have limited control over the resources, time and effort that our collaborators may devote to our drug product candidates;
- Because the outcome of planned and anticipated clinical trials of our product candidates by our collaborators is highly uncertain, we cannot reasonably estimate the timing or amounts, if any, of future milestone payments we will receive from these collaborators;
- Our own independent HCV development programs and antibiotic program are in preclinical development and we will be required to invest significant capital and incur significant additional research and development expenses to develop and commercialize these compounds;
- Since our inception, we have not paid a material amount of U.S. federal income taxes; and
- We do not have any taxable income in prior carryback periods or any taxable temporary differences which could represent a source of taxable income upon future reversal.

We account for uncertainty in income taxes recognized in the financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. 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.

Results of Operations

Comparison of Three Months Ended December 31, 2011 and 2012

	Three Months Ended December 31,	
	2011	2012
	(in thousands)	
Revenue	$ 741	$27,859
Research and development expenses	2,672	4,798
General and administrative expenses	1,251	1,152
Other income (expense):		
Interest income	14	35
Interest expense	—	(7)
Change in fair value of warrant liability	9	20

Revenue. We recognized revenue of $0.7 million in the three months ended December 31, 2011, as compared to $27.9 million in the three months ended December 31, 2012. In the three months ended December 31, 2011, all recognized revenue was earned from the EDP-788 program related to the contract with NIAID. During the three months ended December 31, 2012, NIAID contract revenue was $1.4 million. In addition, during the three months ended December 31, 2012, we earned and recognized as revenue a $15.0 million milestone payment under our collaboration with AbbVie based on AbbVie's initiation of dosing in a Phase 3 clinical trial that includes ABT-450. In that period, we also recognized revenue of $11.4 million under our collaboration with Novartis, due principally to an $11.0 million milestone payment we became entitled to receive in November 2012 based on Novartis' initiation of dosing in a Phase 1 clinical trial that includes EDP-239. Because we account for the Novartis agreement as a multiple-element revenue arrangement, the value of each payment received or receivable from Novartis is allocated between the two deliverables in the arrangement, based on their relative selling prices at inception of the arrangement. As a result, of the total $11.4 million of revenue recognized related to Novartis in the period, $10.9 million was attributed to license fees and $0.5 million was attributed to our performance of research services.

Research and development expenses.

	Three Months Ended December 31,	
	2011	2012
	(in thousands)	
Development programs:		
NS5A inhibitor	$ 1,317	$ 438
Antibiotic	506	1,067
Research and drug discovery	849	3,293
Total research and development expenses	$ 2,672	$ 4,798

Research and development expenses were $2.7 million in the three months ended December 31, 2011, as compared to $4.8 million for the same period in 2012. The $2.1 million increase period over period was due primarily to an increase of $0.6 million in preclinical expenses for our antibiotic program, specifically the development of EDP-788, and an increase of $2.4 million in expenses for our early stage drug discovery programs. These increases were partially offset by a decrease of $0.9 million in expenses for our NS5A inhibitor program. We incurred no costs in either period related to our protease inhibitor program, which is being developed by AbbVie at its expense. We incurred increased preclinical expense for the development of EDP-788 in the 2012 quarter because the expenses incurred during the three months ended December 31, 2011 were primarily limited to the purchase of materials as we prepared to commence the development program under the contract with NIAID, which had been entered into in September 2011. We incurred increased research expenses in the 2012 quarter in our early stage drug discovery programs due to an increase in the number of preclinical studies and the related costs. Our research costs related to our NS5A inhibitor program decreased as a result of our signing a collaboration agreement with Novartis in February 2012, at which time Novartis became responsible for further clinical trial costs. Prior to entering into the collaboration agreement with Novartis, we had been incurring costs for preclinical and clinical development of that program. We continue to incur research expense for NS5A to identify additional compounds, which research is being funded by Novartis through at least February 2013. We incurred no research costs related to our protease inhibitor program in either three-month period due to the conclusion of our research program with AbbVie in June 2011.

From inception of each development program through December 31, 2012, we incurred cumulative expenses of $18.7 million for our protease inhibitor program, $11.9 million for our NS5A inhibitor program, and $5.2 million for our EDP-788 antibiotic program.

General and administrative expenses. General and administrative expenses decreased by $0.1 million from $1.3 million in the three months ended December 31, 2011 to $1.2 million for the same period in 2012. The decrease was related to lower legal and patent fees in the 2012 period as a result of the timing of services provided and number of patent application filings, offset by higher stock-based compensation expense, as a result of additional stock option grants to employees and a higher value of our common stock, and higher accounting and audit fees.

Other income (expense). Changes in components of other income (expense) were as follows:

Interest income. Interest income remained relatively flat for the three months ended December 31, 2011 as compared to the three months ended December 31, 2012.

Change in fair value of warrant liability. We account for our outstanding warrants for our Series E redeemable convertible preferred stock and our Series 1 nonconvertible preferred stock as liabilities held at fair value, with changes in fair value recorded as a component of other income (expense). During the three months ended December 31, 2011, we recorded a small amount of income due primarily to a decrease in the fair value of our warrant liability as a result of the remeasurement of our Series E warrants at the reporting date utilizing the Black-Scholes option-pricing model. In the same period of 2012, we recorded a small amount of income due to the expiration on December 31, 2012 of the last of our warrants for the purchase of Series E redeemable convertible preferred stock.

Comparison of Years Ended September 30, 2010, 2011 and 2012

	Year Ended September 30,		
	2010	2011	2012
	(in thousands)		
Revenue	$22,763	$41,882	$41,706
Research and development expenses	9,716	11,547	15,115
General and administrative expenses	6,105	5,036	5,302
Other income (expense):			
Interest income	14	83	118
Interest expense	—	(3,161)	—
Change in fair value of warrant liability	482	(686)	(8)
Therapeutic tax credit	—	750	—
Gain on embedded derivative	—	670	—
Other income (expense), net	309	355	—

Revenue. We recognized revenue of $41.9 million in the year ended September 30, 2011, as compared to $41.7 million in the year ended September 30, 2012. In fiscal 2011, we received a milestone payment of $40.0 million for AbbVie's successful completion of a Phase 2a clinical study, which we recognized as revenue during the year based on our completion of our deliverables under the AbbVie agreement. We also recorded $1.9 million of revenue related to research funding received from AbbVie during the year ended September 30, 2011. In fiscal 2012, we received an upfront payment of $34.4 million from Novartis, which we recognized as revenue during the year ended September 30, 2012, and also recognized revenue of $1.1 million related to research funding from Novartis. Government contract revenue was $6.1 million in the year ended September 30, 2012 for the EDP-788 program related to the contract with NIAID. We did not have any government contract revenue in fiscal 2011.

We recognized revenue of $22.8 million for the year ended September 30, 2010, as compared to $41.9 million for fiscal 2011. Revenue recognized during fiscal 2010 included $16.2 million from our concluded collaboration in Japan and $6.5 million from our collaboration with AbbVie. We had previously received payments of $16.2 million under our concluded collaboration, which had been deferred as revenue due to an option within the agreement for which we could not establish fair value. Upon conclusion of the agreement in fiscal 2010, we were able to recognize all previously deferred revenue as we had no further obligations under the agreement. Revenue during fiscal 2011 included a $40.0 million milestone payment received from AbbVie for completion of a Phase 2a clinical trial as well as $1.9 million of research funding reimbursement from AbbVie, which we were able to recognize in full under the proportional performance model because our research obligations under the AbbVie agreement were concluded in June 2011.

Research and development expenses.

	Year Ended September 30,		
	2010	2011	2012
	(in thousands)		
Development programs:			
Protease inhibitor	$ 3,543	$ 1,109	$ —
NS5A inhibitor	2,398	6,097	2,993
Antibiotic	—	—	4,127
Research and drug discovery	3,775	4,341	7,995
Total research and development expenses	$ 9,716	$11,547	$15,115

Research and development expenses were $11.5 million in the year ended September 30, 2011, as compared to $15.1 million for the same period in 2012. The increase year over year was due primarily to $4.1 million of preclinical expenses for our antibiotic program, specifically the development of EDP-788, for which we had no costs in 2011, and an increase in our early stage drug discovery programs of $3.7 million. These increases were partially offset by a decrease of $3.1 million in expenses for our NS5A inhibitor program and a decrease of $1.1 million in our expenses for our protease inhibitor program. We incurred preclinical expense for the development of EDP-788 as a result of the contract we entered into in September 2011 with NIAID, which is funding our research program for EDP-788. We incurred increased research expenses in our early stage drug discovery

programs due to an increase in both the number of preclinical studies and the related costs as well as a $0.9 million expense for the cost of a third-party license for intellectual property used in our research activities. Our research costs related to our NS5A inhibitor program decreased as a result of our signing a collaboration agreement with Novartis in February 2012, at which time Novartis became responsible for further clinical trial costs. Prior to entering into the collaboration agreement with Novartis, we had been incurring costs for preclinical and clinical development of EDP-239. We continue to incur research expense for NS5A research to identify additional compounds, for which we are receiving funding from Novartis through at least February 2013. Our research costs related to our protease inhibitor program decreased as a result of the conclusion of our research program with AbbVie in June 2011.

Research and development expenses were $9.7 million in fiscal 2010, as compared to $11.5 million in fiscal 2011. The increase year over year was primarily due to a $3.7 million increase in our preclinical and development expenses for our NS5A inhibitor program, specifically our EDP-239 compound, and a $0.6 million increase in research expense in our early stage drug discovery program, partially offset by a $2.4 million decrease in preclinical and development expenses in our protease inhibitor program. We incurred increased preclinical expense for the development of our NS5A inhibitor program as a result of increased costs associated with IND-enabling studies. We filed our IND for EDP-239 with the FDA in the first quarter of fiscal 2012. We incurred increased research expenses in our early stage drug discovery programs due to increased preclinical study activity for our compounds. Decreases in costs in our protease inhibitor program resulted from the conclusion of our research program with AbbVie.

From inception of each development program through September 30, 2012, we incurred cumulative expenses of $18.7 million for our protease inhibitor program, $11.5 million for our NS5A inhibitor program, and $4.1 million for our EDP-788 antibiotic program.

General and administrative expenses. General and administrative expenses increased by $0.3 million from $5.0 million in fiscal 2011 to $5.3 million in fiscal 2012. The increase was primarily due to increased stock-based compensation expense, as a result of additional stock option grants to employees and a higher value of our common stock, as well as higher accounting and audit fees, partially offset by lower facility costs as a result of our move to a new office location on October 1, 2011.

General and administrative expenses decreased by $1.1 million from $6.1 million in fiscal 2010 to $5.0 million in fiscal 2011, primarily due to legal fees incurred in 2010 related to a commercial dispute that was resolved during 2010.

Other income (expense). Changes in components of other income (expense) were as follows:

Interest income. The increase in interest income for the year ended September 30, 2012, as compared to the year ended September 30, 2011, was due to higher average cash and investment balances primarily due to the receipt of the $34.4 million upfront payment from Novartis in the second quarter of fiscal 2012.

The increase in interest income for the year ended September 30, 2011, as compared to the year ended September 30, 2010, was due to higher average cash and investment balances following the receipt of the $40.0 million milestone payment from AbbVie in the first quarter of fiscal 2011.

Interest expense. Interest expense of $3.2 million for the year ended September 30, 2011 related entirely to our bridge financing in October and November 2010, under which we borrowed $2.0 million from existing investors. In connection with the convertible note agreement for this financing, we issued warrants for the purchase of our Series 1 nonconvertible preferred stock, which were initially valued at $1.3 million and recorded as a debt discount. The convertible note agreement included call and put options that constituted an embedded derivative valued at $0.7 million, which was also recorded as a debt discount. We incurred issuance costs of $0.2 million, which were recorded as deferred financing costs. In December 2010, we repaid the $2.0 million of principal outstanding plus interest and an applicable premium of $1.0 million to the note holders upon receipt of a $40.0 million milestone payment from AbbVie. Upon repayment, we accreted the debt discounts and deferred financing costs to interest expense and recorded the premium as interest expense. We had no outstanding debt and therefore no interest expense for either of the years ended September 30, 2010 or 2012.

Change in fair value of warrant liability. We account for our outstanding warrants for our Series E redeemable convertible preferred stock and our Series 1 nonconvertible preferred stock as liabilities held at fair value, with changes in fair value recorded as a component of other income (expense).

During the year ended September 30, 2012, we recorded a small amount of expense related to the increase in the fair market value of our warrant liability for the year ended September 30, 2012 primarily as a result of the remeasurement of our Series E warrants at the reporting date utilizing the Black-Scholes option-pricing model.

We recorded expense related to the increase in the fair value of our warrant liability for the year ended September 30, 2011 of $0.7 million due primarily to the remeasurement of the fair value of warrants for Series 1 nonconvertible preferred stock, which increased in value primarily due to the resolution of certain contingencies of the warrants.

We recorded income of $0.5 million related to the decrease in the fair value of our warrant liability for the year ended September 30, 2010 as a result of the remeasurement of our Series E warrants at the reporting date utilizing the Black-Scholes option-pricing model.

Therapeutic tax credit. We recognized income from a therapeutic tax credit of $0.8 million for the year ended September 30, 2011 under the QTDP program, which provided for reimbursement in calendar year 2010 of certain costs we paid or incurred during calendar years 2009 and 2010 directly related to the conduct of a QTDP. We did not receive any such reimbursements during fiscal 2010 or 2012.

Gain on embedded derivative. We recorded a gain of $0.7 million on an embedded derivative for the year ended September 30, 2011 related to a derivative liability embedded in our convertible note agreement that was settled upon repayment of the notes in December 2010. We had no comparable item for either of the years ended September 30, 2010 or 2012.

Other income (expense), net. Other income in fiscal 2010 and 2011 consisted primarily of miscellaneous service income unrelated to our core operations. Commencing in fiscal 2012, we no longer provided these services.

Liquidity and Capital Resources

From our inception through December 31, 2012, we have obtained $276.6 million to fund our operations, primarily through contract payments under our collaborations, private placements of our equity, and government research and development contracts and grants. As of December 31, 2012, we had $52.9 million in cash, cash equivalents and short- and long-term marketable securities. In addition, subsequent to that date, we received an $11.0 million milestone payment under our collaboration agreement with Novartis.

The following table shows a summary of our cash flows for each of the years ended September 30, 2010, 2011 and 2012 and the three months ended December 31, 2011 and 2012.

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
	(in thousands)				
Cash provided by (used in):					
Operating activities	$(10,175)	$ 24,019	$ 22,623	$(3,188)	$ 9,045
Investing activities	$ 1,663	$(17,682)	$(18,040)	$ 6,951	$ 2,499
Financing activities	$ 8	$ 34	$ (909)	$ 51	$(1,320)

Net cash provided by (used in) operating activities

During the three months ended December 31, 2012, operating activities provided $9.0 million of cash. The cash flow provided by operating activities primarily resulted from our net income of $22.0 million and net non-cash charges of $0.5 million, together partially offset by net uses of cash of $13.4 million from changes in our operating assets and liabilities. Our net income in the period was primarily due to $27.9 million of revenue recognized, principally related to a $15.0 million milestone payment we earned and recognized under our collaboration agreement with AbbVie and an $11.0 million milestone payment we became entitled to receive

under our collaboration with Novartis, offset by our operating expenses. Our net non-cash charges in the period primarily consisted of $0.3 million of stock-based compensation expense and $0.2 million related to amortization of the premium on our marketable securities. Net uses of cash from changes in our operating assets and liabilities during the three months ended December 31, 2012 consisted primarily of a $13.3 million increase in accounts receivable and a $2.1 million decrease in accrued expenses, both offset by a $1.4 million decrease in unbilled receivables, a $0.4 million increase in accounts payable and a $0.1 million increase in deferred revenue. The use of cash from the $13.3 million increase in accounts receivable was primarily due to our recording of a receivable for an $11.0 million milestone payment that we became entitled to receive in November 2012 under our collaboration agreement with Novartis, which had not been collected by December 31, 2012. The $1.4 million decrease in unbilled receivables was due to the timing of our billings under the NIAID contract. The $1.7 million net use of cash from changes in accounts payable and accrued expenses was primarily due to the timing of payments made by us to vendors and to employees for annual bonuses.

During the three months ended December 31, 2011, operating activities used $3.2 million of cash. The cash flow used in operating activities primarily resulted from our net loss of $3.2 million and net non-cash charges of $0.1 million, together partially offset by net uses of cash of $0.2 million from changes in our operating assets and liabilities. Our net loss in the period was primarily due to our operating expenses exceeding our revenue recognized in the period because our only revenue in the period was $0.7 million recognized under the NIAID contract. Our net non-cash charges in the period primarily consisted of $0.1 million of amortization of the premium on our marketable securities and $0.1 million of stock-based compensation expense. Net uses of cash from changes in our operating assets and liabilities during the three months ended December 31, 2011 consisted primarily of a $0.7 million increase in unbilled receivables, partially offset by a $0.2 million decrease in accounts receivable and a $0.2 million increase in accrued expenses. The $0.7 million increase in unbilled receivables was due to the timing of our billings under the NIAID contract.

During the year ended September 30, 2012, operating activities provided $22.6 million of cash. The cash flow provided by operating activities primarily resulted from our net income of $21.4 million and net non-cash charges of $1.1 million, together partially offset by net uses of cash of $0.1 million from changes in our operating assets and liabilities. Our net income in the period was primarily due to $35.6 million of revenue recognized related to the upfront payment and research funding we received under our collaboration arrangement with Novartis as well as $6.1 million of revenue recognized from the NIAID contract, both offset by our operating expenses. Our net non-cash charges in the period primarily consisted of $0.6 million of amortization of the premium on our marketable securities and $0.4 million of stock-based compensation expense. Net uses of cash from changes in our operating assets and liabilities during the year ended September 30, 2012 consisted primarily of a $0.8 million and $1.9 million increase in our accounts receivable and unbilled receivables, respectively, principally related to our collaboration agreements with NIAID and Novartis as well as an increase of $0.2 million in our prepaid expenses and other current assets. These amounts were partially offset by a $2.5 million increase in accounts payable and accrued expenses and a $0.5 million increase in other long-term liabilities. Our accounts payable, accrued expense and other long-term liabilities balances were affected by the timing of payments made by us to our vendors and additionally reflected a $1.0 million payable for the cost of a third-party license used in our research activities.

During the year ended September 30, 2011, operating activities provided $24.0 million of cash. The cash flow provided by operating activities primarily resulted from our net income of $23.3 million and net non-cash charges of $3.1 million, together partially offset by net uses of cash of $2.4 million from changes in our operating assets and liabilities. Our net income was primarily due to $41.9 million of revenue recognized related to the milestone payment we received under our collaboration agreement with AbbVie during fiscal 2011, offset by our operating expenses. Our net non-cash charges in the year primarily consisted of $2.1 million of non-cash interest expense, a $0.7 million expense from the increase in the fair value of warrants and $0.5 million of depreciation and amortization expense, offset by a $0.7 million non-cash gain from settlement of an embedded derivative. Non-cash interest expense was primarily due to the accretion of debt discounts and deferred financing costs recorded upon repayment of our bridge financing notes in October and November 2010. Net uses of cash from changes in our operating assets and liabilities during the year ended September 30, 2011 consisted primarily of a $1.1 million decrease in accrued expenses, a $0.4 million decrease in deferred revenue, a $0.4 million decrease in

accrued rent and a $0.3 million increase in prepaid expenses and other assets. The aggregate $1.8 million net use of cash from changes in accrued expenses, accrued rent, and prepaid expenses and other assets was primarily due to the timing of payments made by us to vendors. The decrease of $0.4 million in deferred revenue was the result of revenue we had deferred as of the end of fiscal 2010 that we recognized upon the completion of our obligations under our collaboration agreement with AbbVie during fiscal 2011.

During the year ended September 30, 2010, operating activities used $10.2 million of cash. The cash flow used in operating activities primarily resulted from our net income of $7.9 million and net non-cash charges of $0.3 million, together fully offset by net uses of cash of $18.4 million from changes in our operating assets and liabilities. Our net income was primarily due to $6.5 million of revenue recognized related to our collaboration agreement with AbbVie as well as $16.2 million of revenue recognized from our concluded collaboration in Japan. Our net non-cash charges in the year primarily consisted of $0.6 million of depreciation and amortization expense and $0.3 million of stock-based compensation expense, partially offset by a $0.5 million gain from a decrease in the fair value of warrants. Net uses of cash from changes in our operating assets and liabilities during the year ended September 30, 2010 consisted primarily of a $20.0 million decrease in deferred revenue, partially offset by an increase of $1.8 million in accrued expenses. The $20.0 million decrease in deferred revenue was the result of $16.2 million of revenue we recognized upon the termination of our collaboration in Japan in March 2010 as well as $3.8 million of revenue previously deferred that was recognized in fiscal 2010 related to our collaboration agreement with AbbVie. The $1.8 million increase in accrued expenses was primarily due to the timing of payments made by us to vendors.

Net cash provided by (used in) investing activities

During the three months ended December 31, 2012, net cash provided by investing activities was $2.5 million. Net cash provided by investing activities during this period consisted primarily of cash received from the sales and maturities of marketable securities of $15.7 million, offset by purchases of marketable securities, which used cash of $13.1 million.

During the three months ended December 31, 2011, net cash provided by investing activities was $7.0 million. Net cash provided by investing activities during this period consisted primarily of cash received from the maturities of marketable securities of $8.8 million and an increase in cash of $1.1 million due to a release of a letter of credit in December 2011 related to the previous lease of our Watertown facility, both partially offset by purchases of marketable securities, which used cash of $2.9 million.

During the year ended September 30, 2012, net cash used in investing activities was $18.0 million. Net cash used in investing activities during this period consisted primarily of purchases of marketable securities, which used cash of $47.7 million, partially offset by cash received from the sale and maturities of marketable securities of $28.7 million and an increase in cash of $1.1 million due to a release of a letter of credit in December 2011 related to the previous lease of our Watertown facility.

During the year ended September 30, 2011, net cash used in investing activities was $17.7 million. Net cash used in investing activities in the year consisted primarily of purchases of marketable securities, which used cash of $33.6 million, and purchases of $0.4 million of laboratory equipment, partially offset by cash received from the sale of marketable securities of $16.8 million.

During the year ended September 30, 2010, net cash provided by investing activities was $1.7 million. Net cash provided by investing activities in the year consisted primarily of cash received from the sale of marketable securities of $2.3 million, partially offset by cash used for the purchase of marketable securities of $0.6 million.

Net cash provided by (used in) financing activities

Net cash used in financing activities during the three months ended December 31, 2012 consisted of payments of deferred offering costs in anticipation of our initial public offering, partially offset by proceeds received from the exercise of stock options.

Net cash provided by financing activities for the three months ended December 31, 2011 consisted of proceeds received from the exercise of stock options.

Net cash used in financing activities for fiscal 2012 consisted of payments of deferred offering costs in anticipation of our initial public offering, partially offset by proceeds received from the exercise of stock options.

Net cash provided by financing activities for fiscal 2010 and 2011 primarily related to the exercise of stock options. In addition, during the first quarter of fiscal 2011, we entered into a bridge note financing arrangement with existing investors, under which we borrowed $2.0 million. We repaid that amount in full within the same quarter.

As of December 31, 2012, we had $52.9 million in cash, cash equivalents and investments. We believe that our existing cash, cash equivalents and investments as of December 31, 2012, along with the estimated net proceeds from this offering, will be sufficient to meet our anticipated cash requirements for at least the next 24 months. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Our future capital requirements are difficult to forecast and will depend on many factors, including:

- whether our existing collaborations continue to generate substantial milestone payments, and ultimately royalties, to us;
- the number and characteristics of the future product candidates we pursue;
- the scope, progress, results and costs of researching and developing any of our future product candidates on our own, and conducting preclinical research and clinical trials;
- the timing of, and the costs involved in, obtaining regulatory approvals for any future product candidates we develop independently;
- the cost of commercialization activities, if any, of any future product candidates we develop independently that are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing our future product candidates and any products we successfully commercialize independently;
- our ability to maintain existing collaborations and to establish new collaborations, licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patents, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, ABT-450, EDP-239 and our future product candidates, if any.

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last two fiscal years. If our costs were to become subject to significant inflationary pressures, we could not offset such higher costs through revenue increases. Our inability to do so could harm our business, financial condition and results of operations.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financing activities. We do not have any interest in entities referred to as variable interest entities, which include special purpose entities and other structured finance entities.

Recently Issued Accounting Pronouncements

Accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our financial statements upon adoption.

Contractual Obligations and Commitments

We lease office space in Watertown, Massachusetts under a seven-year lease that commenced on October 1, 2011. In fiscal 2012, we entered into an intellectual property license agreement that will require us to make certain non-cancelable payments over the next three years. The following table summarizes our contractual obligations at September 30, 2012 and the effect such obligations are expected to have on our liquidity and cash flow in future periods:

	Payments Due By Fiscal Year				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 years
			(in thousands)		
Operating lease commitments	$5,762	$ 897	$1,867	$1,971	$ 1,027
Intellectual property license	1,050	600	450	—	—
Total[1]	$6,812	$ 1,497	$2,317	$1,971	$ 1,027

(1) As of September 30, 2012, we had outstanding warrants for the purchase of 1,999,989 shares of our Series 1 nonconvertible preferred stock that we classified as a long-term liability in our balance sheet, recorded at fair value of $2.0 million. If those warrants are exercised, the Series 1 nonconvertible preferred stock issued upon exercise would require the payment of $2.0 million upon a qualifying merger or sale of the company. The table above does not include this liability because we are unable to estimate the timing of this required payment, or if it will be required at all.

Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities of $52.9 million at December 31, 2012, which consisted of cash, government securities, corporate bonds and commercial paper. Interest income is sensitive to changes in the general level of interest rates; however, due to the nature of these investments, we do not believe that we have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. We had no debt outstanding as of December 31, 2012.

BUSINESS

Overview

We are a research and development-focused biotechnology company that uses its robust chemistry-driven approach and drug discovery capabilities to create small molecule drugs in the infectious disease field. We are discovering and developing inhibitors designed for use against the hepatitis C virus, referred to as HCV. We believe that a successful approach to a complete cure for HCV in most patients will likely require treatment with a combination of drugs that attack different mechanisms necessary for replication and survival of HCV. Further, as there are many variants of HCV, we are developing inhibitors that may be used in multiple combination therapies, each designed and tested for effectiveness against one or more of those variants. Our development of inhibitors for validated HCV target mechanisms, as well as our collaborations with AbbVie (which name refers to Abbott Laboratories for all periods before January 1, 2013) and Novartis, should allow us to participate in multiple unique drug combinations as we seek the best combination therapies for HCV in its various forms. Total worldwide sales of HCV therapies were over $3.5 billion in 2011, and we expect that sales will continue to grow with the introduction of new therapies. In addition to our HCV programs, we have used our internal research capabilities to discover a new class of antibiotics which we are developing for the treatment of multi-drug resistant bacteria, including MRSA. We have utilized our internal chemistry and drug discovery capabilities and our collaborations to generate all of our development-stage programs, and we have active research efforts to broaden our infectious disease drug pipeline.

Our HCV portfolio includes inhibitors of four fundamental, validated HCV targets:

- ***NS3 Protease Inhibitor: ABT-450***. Our lead product candidate, ABT-450, currently in Phase 3 trials, is an inhibitor of NS3 protease, which is a key protein in HCV viral replication. ABT-450 is being developed as part of our collaboration with AbbVie, which has yielded ABT-450 and our next-generation protease inhibitor. ABT-450 co-administered with ritonavir, which we refer to together as ABT-450/r, has been tested in several interferon-free Phase 2 studies in multiple combinations with AbbVie's non-nucleoside polymerase and NS5A inhibitors for the treatment of HCV. One Phase 2b study, known as the Aviator study, tested several combinations in genotype 1-infected patients receiving a 12-week course of treatment. In testing of a three-DAA combination, which included ABT-450/r, one of AbbVie's non-nucleoside polymerase inhibitors, one of AbbVie's NS5A inhibitors and ribavirin, 99% of previously untreated patients had no quantifiable virus in their blood 12 weeks after treatment, also known as SVR_{12}. In the same study, in patients in whom HCV was still detectable after previous treatment with a standard of care regimen with interferon, who are referred to as null responders, 93% demonstrated SVR_{12}. To our knowledge, these SVR percentages are superior to published SVR_4 to SVR_{24} results for any currently approved HCV therapies.

  In November 2012, AbbVie announced seven Phase 3 trials for an ABT-450-containing regimen for treating genotype 1-infected patients. Six of these are expected to be part of the initial registration package designed for a total of 2,200 patients using a combination of three DAAs, including ABT-450/r, one of AbbVie's non-nucleoside polymerase inhibitors and one of AbbVie's NS5A inhibitors, plus ribavirin. Three of these planned Phase 3 trials will use the three–DAA combination with and without ribavirin. AbbVie has publicly projected its development plan would support a target commercial launch of a combination HCV therapy in early 2015. We believe that we, together with AbbVie, will obtain exclusivity in ABT-450 in the United States and other major market jurisdictions based on pending composition and use patent claims for ABT-450, which we expect will continue at least into 2029, assuming all such patents issue.

- ***NS5A Inhibitor: EDP-239***. We have a robust drug discovery effort directed at the NS5A protein, which plays a key role in HCV viral replication. In February 2012, we entered into a collaboration with Novartis for the worldwide development, manufacture and commercialization of NS5A inhibitors, including our lead NS5A product candidate, EDP-239. In November 2012, Novartis initiated a Phase 1 clinical trial for EDP-239. We believe that we, together with Novartis, have exclusivity to EDP-239 in the United States based on issued composition and use claims, which we expect will continue at least into 2030. As of December 31, 2012, our patent estate relating to EDP-239 consisted of one issued

U.S. patent and two pending U.S. patent applications, and our total patent estate in the NS5A inhibitor arena consisted of five issued U.S. patents and 20 pending U.S. patent applications.

- ***Cyclophilin Inhibitors.*** Our research activities have also focused on a more recently validated target against HCV, cyclophilin, which is a protein in the human body that has been shown to be involved in HCV replication. By focusing on a human target rather than a viral target, we have selected a mechanism shown to be less susceptible to the HCV resistance that can occur due to viral mutation in response to therapy. Using our extensive chemistry expertise with small molecules, we have identified a series of active cyclophilin binders designed to disrupt the interactions of HCV with cyclophilin. We are advancing our lead cyclophilin inhibitors into preclinical drug metabolism, pharmacokinetic, and safety studies. We continue to build our cyclophilin inhibitor intellectual property position, with one issued U.S. patent relating to a range of cyclophilin inhibitors and seven pending U.S. patent applications as of December 31, 2012.
- ***Nucleotide Polymerase Inhibitor***. We have a small-molecule drug discovery effort underway for inhibitors of nucleotide polymerase in a clinically validated mechanism that is less susceptible to HCV resistance. Our researchers have identified a promising lead series with significant antiviral potency *in vitro*. We expect to select a candidate to advance into preclinical studies on our own in 2013. We continue to build our intellectual property position related to this target, with one allowed U.S. patent covering nucleotide inhibitors and three pending U.S. patent applications as of December 31, 2012.

In addition to our HCV programs, we have used our internal research capabilities to discover a new class of antibiotics, called Bicyclolides, to overcome bacteria with multi-drug resistance, known as “superbugs.” These new antibiotics include intravenous and oral treatments for hospital and community infections arising from MRSA. EDP-788 is our lead candidate for the treatment of MRSA. Our preclinical development of EDP-788 is funded under a contract with NIAID, with potential for further NIAID funding of early clinical development. We are conducting IND-enabling studies and plan to initiate clinical trials in the first half of 2014.

In connection with our collaboration efforts, AbbVie has funded all research and development of our protease inhibitors since we entered into the collaboration in November 2006, and is responsible for obtaining regulatory approvals and commercializing ABT-450 and any next-generation products worldwide. In 2006, we received $57.2 million from AbbVie in connection with our entry into the collaboration agreement and AbbVie’s simultaneous purchase of preferred stock from us. We also received a $40.0 million milestone payment in December 2010 following AbbVie’s successful completion of a Phase 2a clinical trial and a $15.0 million milestone payment in December 2012 based on AbbVie’s initiation of dosing in a Phase 3 clinical trial that includes ABT-450. Assuming AbbVie’s successful development of the first protease inhibitor product, we will also be eligible to receive $195 million of additional pre-commercialization milestone payments, as well as $80 million of additional milestone payments for each follow-on protease inhibitor product, if any, developed by AbbVie and tiered royalties per product ranging from the low double digits up to twenty percent, or up to the high teens on a blended basis, on AbbVie’s net sales, if any, allocable to our collaboration’s protease inhibitors.

Under our collaboration with Novartis, we received a $34.4 million upfront payment in March 2012, and an $11.0 million milestone payment in January 2013 based on Novartis’ initiation of dosing in a Phase 1 clinical trial that includes EDP-239. In addition, we are eligible to receive up to $395 million of additional milestone payments for the first NS5A inhibitor product for which the specified milestones are achieved. We are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on Novartis’ net sales, if any, allocable to each of our collaboration’s NS5A inhibitors. Novartis will fund all costs associated with further development, regulatory approvals and commercialization of any NS5A inhibitor product candidates in this collaboration and we retain co-detail rights in the United States.

From our inception through December 31, 2012, we have generated $188.9 million from our collaborations (including those with AbbVie and Novartis) in the form of upfront, milestone and funded research payments as well as equity investments. The total of these amounts is more than double the amount of our funding from venture

capital equity investments, the last of which occurred in 2006. As of December 31, 2012, we had $52.9 million in cash and investments. We are eligible to receive over the next several years an aggregate of $430 million (exclusive of the $11.0 million milestone payment from Novartis discussed above that we received after December 31, 2012) based on potential future pre-commercialization milestones under our AbbVie and Novartis collaborations, assuming successful clinical trial results for the initial product candidate in each of the respective collaboration programs and our collaborators' continued development of those product candidates through successful regulatory and reimbursement approvals in the United States and other major markets. In addition, we are eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on worldwide net sales of any protease inhibitors or NS5A inhibitors under our collaborations with AbbVie and Novartis, as well as up to $160 million of sales milestone payments under our Novartis collaboration. We will also be eligible to receive up to $80 million in pre-commercialization milestone payments for each additional protease inhibitor product, if any, that AbbVie develops under our collaboration.

Our Strategy

Our primary objective is to become a leader in the infectious disease field, with a focus on HCV and multi-drug resistant bacterial infections. Our strategy includes the following key elements:

- *Develop compounds against four fundamental, validated HCV targets to give us multiple opportunities to participate in one or more of the potentially successful combination therapies for HCV.* We believe that a successful approach to a complete cure for HCV in most patients will likely require treatment with a combination of drugs that attack different mechanisms necessary for replication and survival of HCV. As there are many variants of HCV, we are developing inhibitors that may be used in multiple combination therapies, each to be designed and tested for effectiveness against one or more of those variants. Our HCV portfolio includes inhibitors of four fundamental, validated HCV targets that we believe will provide the necessary therapeutic compounds for combination therapy, with the goal of placing one or more of our compounds into the combination or combinations that will ultimately be approved and accepted as preferred treatments for one or more genotypes of HCV.
- *Collaborate with large pharmaceutical partners to accelerate the development and commercialization of our lead HCV compounds*. Our strategic partnerships allow us to join forces with collaborators with substantially greater resources and late-stage development and commercialization expertise as we seek the right combination for a cure for one or more genotypes of HCV. In the various combinations in which AbbVie is testing ABT-450 in clinical trials, AbbVie is combining ABT-450 with its own non-nucleoside inhibitors and its NS5A inhibitor. At the same time, our own lead NS5A product candidate, EDP-239, can become part of combination therapies developed by Novartis. The result is that our product candidates will be part of multiple regimens using different combinations of mechanisms, increasing our chances of participating in more than one commercially successful combination therapy for HCV in its various forms.
- *Develop independently our own next generation HCV compounds and combination therapies with lower susceptibility to viral resistance*. We are independently developing a lead cyclophilin inhibitor and will be selecting a nucleotide polymerase inhibitor for development, both of which we are seeking to design with lower susceptibility to the viral resistance that is being generated by first-generation (currently marketed) and second-generation HCV products. We are considering potential development of a combination of these inhibitors.
- *Continue to leverage and fortify our intellectual property portfolio.* We believe we have a strong intellectual property position relating to the development and commercialization of HCV-targeted therapeutics and antibiotics for the treatment of resistant pathogens. As of December 31, 2012, we had a total of approximately 64 issued U.S. patents and over 50 pending U.S. patent applications. We have also applied for, and in some cases obtained, patents in various foreign jurisdictions. In addition to fortifying our existing intellectual property position, we intend to file new patent applications and take other steps to strengthen, leverage, and expand our intellectual property position.

- *Invest in research and early-stage development of product candidates.* We intend to continue to invest significant resources in research programs and early-stage development of product candidates in an effort to identify and advance additional compounds that have the potential to address significant unmet medical needs in the infectious disease field. We will continue to seek further innovations for the treatment of HCV and other viral infections, as well as antibiotics for the treatment of resistant bacteria, such as MRSA.

Our Research and Development Pipeline

The following table summarizes our product development pipeline in HCV antivirals as well as MRSA antibiotics:

Product candidate	Preclinical	Phase 1	Phase 2	Phase 3	Status	Global commercial rights
HCV: Protease inhibitor: ABT-450-containing regimens	ABT-450/r + NS5A + NNuc + RBV				• AbbVie initiated the first of six Phase 3 registration trials announced in November 2012 • A ribavirin-free regimen is also included in three of the above Phase 3 trials	AbbVie
	ABT-450/r + NS5A + NNuc				• Phase 2 trials ongoing	
	ABT-450/r + NS5A + RBV				• Phase 2 trials ongoing	
	ABT-450/r + NS5A					
Next-generation protease inhibitor					• Phase 1 trial initiated in November 2012	AbbVie (Enanta U.S. co-development / co-promote / profit-share option)
NS5A inhibitor: EDP-239					• Phase 1 trial initiated in November 2012	Novartis (Enanta U.S. co-promote option)
Cyclophilin inhibitor					• Preclinical candidate selection expected in 2013	Enanta
Nucleotide polymerase inhibitor					• Preclinical candidate selection expected in 2013	Enanta
MRSA: Bicyclolide antibiotic: EDP-788					• IND-enabling studies ongoing • Expect to file IND and initiate Phase 1 trial in 1H 2014	Enanta

Note: "/r" refers to ritonavir; "NS5A" refers to AbbVie's NS5A inhibitor ABT-267; "NNuc" refers to AbbVie's non-nucleoside polymerase inhibitor ABT-333; "RBV" refers to ribavirin.

As detailed above, our only product candidate that has advanced beyond Phase 2 clinical trials is ABT-450. Phase 3 trials of ABT-450 in combination therapy started in October 2012. Phase 3 clinical trials are often lengthy and usually involve from many hundred to thousands of patients. We estimate that it will likely be at least two years before a New Drug Application, or NDA, for one of our or our collaborators' combination therapies could be approved by the FDA.

Our HCV Programs

Background and Overview of HCV Market

HCV is a virus that is a common cause of viral hepatitis, an inflammation of the liver. HCV is typically contracted by contact with the blood or other body fluids of another individual infected with HCV. HCV is a leading cause of chronic liver disease, including cirrhosis, organ failure and cancer, and the leading cause of death from liver disease in the United States. HCV disease progression occurs over a period of 20 to 30 years, with the majority of HCV-infected individuals generally exhibiting no symptoms of the disease. Therefore, until a major symptom is diagnosed, many individuals are unaware they are infected and live undiagnosed without seeking treatment. For that

reason, new guidelines proposed by the United States Centers for Disease Control and Prevention, or CDC, and currently under review would recommend screening for all Americans born between the years 1945 and 1965 so that HCV-infected individuals would be aware of their condition and could consider treatment options.

An estimated 150 million people worldwide are chronically infected with HCV and have an increased risk of eventually developing liver cirrhosis or liver cancer. More than 350,000 people die every year from HCV-related liver diseases. As of July 2008, the CDC estimated that approximately 3.2 million people in the United States are chronically infected with HCV, with an estimated 17,000 new infections each year. We believe that the chronically infected population remains largely untreated, even with the introduction of new regimens containing a protease inhibitor in 2011. Currently approved therapies for HCV, which include interferon, ribavirin and the new protease inhibitors, had aggregate worldwide sales of over $3.5 billion in 2011. We believe that annual worldwide sales of these therapies and future approved therapies could increase sales in this market to $10 to $20 billion within the next ten years.

HCV is a small, single-stranded RNA virus. The specific genetic makeup, or genotype, of the virus can vary and at least six genotypes have been characterized in HCV-infected patients, with over 50 sub-types identified. Genotypes are designated with numbers (genotypes 1-6) and subtypes with letters (*e.g.* genotype 1a). HCV genotypes 1, 2, 3, and 4 are found worldwide, but their prevalence varies among geographic regions. Genotype 1, including its subtypes 1a and 1b, is the most common genotype globally, accounting for approximately 74% of all HCV infections. It is estimated that patients with genotype 2 or 3 represent approximately 12% of the worldwide chronically infected HCV population, with approximately 6% comprised of genotypes 4 through 6 and the remaining 8% of patients in other undesignated categories. The specific genotype and subtype of HCV in a patient appears to play a significant role in the degree of efficacy of standard of care therapy. Genotype 1 is the most difficult genotype to treat and the most common in North America and Europe. In addition, variations in the human interleukin 28B, or IL28B, gene have also been shown to impact the effectiveness of the current HCV standard of care treatment in any given patient.

Since the discovery of the virus in the late 1980s, considerable progress has been made in the treatment of HCV-infected individuals. However, a protective vaccine is not yet available and current treatments remain ineffective in a large percentage of the HCV-treated population. The standard of care for HCV traditionally has consisted of weekly injections of interferon, a protein that interferes with viral replication, with twice-daily dosing of ribavirin for 24 to 48 weeks. Ribavirin is a broad-spectrum drug that prevents the replication of a number of DNA and RNA-based viruses. This regimen has been moderately effective in many patients, resulting in a cure in only about 50% of genotype 1-infected patients. Medical practice defines a “cure” as the point at which there is no quantifiable virus in a patient’s blood for a sustained period of time after cessation of therapy, which is often referred to as a sustained virologic response, or SVR.

Recently introduced treatment regimens with direct acting antivirals, or DAAs, protease inhibitors, namely telaprevir (Incivek™, Vertex Pharmaceuticals) and boceprevir (Victrelis™, Merck), have shown increased cure rates of approximately 70% in genotype 1-infected patients. Telaprevir and boceprevir have been approved for use in combination with interferon and ribavirin in patients infected with genotype 1 virus, and this combination therapy is emerging as a new standard of care for HCV patients. However, this new treatment regimen has several limitations that highlight the need for improved HCV therapies, including:

- *Sub-Optimal Cure Rates.* Current approved regimens containing a protease inhibitor lead to a cure rate of approximately 70% in previously untreated genotype 1 patients. The cure rate is on average even lower among patients who did not fully respond to prior treatments with interferon and ribavirin therapy. There is a need for a cure for the patients who have failed therapy, many of whom may have developed HCV variants that are resistant to the specific protease inhibitors used in these therapies.
- *Dependence on Interferon.* Current HCV therapy still includes injected interferon as part of the treatment regimens, which produces adverse events in over 50% of patients. Interferon often causes flu-like symptoms, fatigue, headaches and nausea during treatment, which affects patients’ quality of life and can lead to abandonment of therapy over the standard 24 to 48 weeks of therapy. We believe this has led to many patients waiting for the availability of new, interferon-free therapies before undergoing treatment.

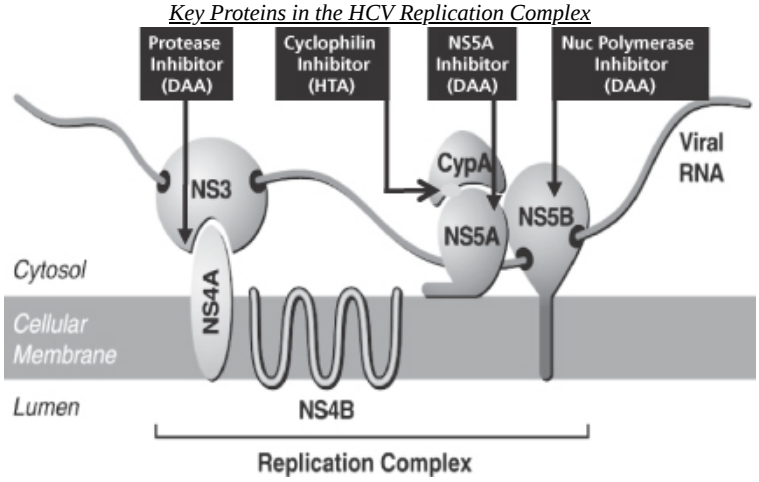
- *Side Effects Associated With Currently Approved Protease Inhibitors.* Other serious side effects of the new regimens containing a protease inhibitor include rash, anemia, itching (known as pruritus), and gastrointestinal effects. Rash is observed in approximately half of patients treated with telaprevir and telaprevir-containing therapy and requires strict adherence to a rash management plan in close collaboration with an experienced dermatologist. Boceprevir administration can worsen the anemia that is observed with interferon and ribavirin therapy alone.
- *Lengthy Treatment Regimen*. The new regimens containing a protease inhibitor that include telaprevir and boceprevir require a total of 24 to 48 weeks of treatment with interferon and ribavirin. We believe that patients and physicians would favor a regimen with a significantly shorter period of treatment.
- *Inconvenient Treatment Regimen.* The pharmaceutical properties of telaprevir and boceprevir require that they be dosed approximately every 8 hours, thus resulting in a complex treatment regimen that also includes weekly injections of interferon. We believe this demanding dosing requirement can often lead to poor compliance with the treatment regimen and can accelerate the development of HCV resistance.
- *Treatments Limited to Genotype 1 Patients*. The new regimens containing a protease inhibitor are approved only for the treatment of HCV genotype 1 patients. There is need for treatment for the other genotypes, which represent an estimated 26% of HCV incidence worldwide.

In summary, while providing a step forward, this new treatment regimen has sub-optimal cure rates, requires lengthy treatment with interferon, carries other undesirable side effect profiles, requires inconvenient dosing regimens, is ineffective in many patient populations and often results in HCV resistance. Accordingly, we believe there remains a significant unmet medical need in the HCV field, with an urgent need for improved HCV treatments.

Scientific Background

Many of the new approaches under development targeting HCV focus directly on the viral life cycle and proteins that are critical to HCV replication. Replication of the HCV genome occurs on intracellular membranes and requires the participation of multiple viral proteins, some of which have enzymatic activities. Agents, often referred to as inhibitors, that target viral proteins directly are generally referred to as direct acting antivirals, or DAAs. Current DAA development efforts typically focus on the NS3 protease, the NS5A protein, and the NS5B polymerase. In addition to targets in HCV itself, there are human host proteins that are critical to viral replication. Inhibitors that interfere with host targets resulting in antiviral activity are referred to as host-targeted antivirals, or HTAs. One of the most promising HTA approaches to HCV treatment focuses on the human host protein known as cyclophilin A, or cyclophilin.

Key Proteins in the HCV Replication Complex



NS3 Protease. As HCV replicates, it generates long strands of protein that must be processed into many individual active functional proteins that are referred to as non-structural proteins with the designated abbreviation NS, including NS3 and NS5A. The NS3 protease is responsible for most of this protein processing of the newly translated HCV protein, and plays an essential role in the viral life cycle. Inhibition of the protease prevents these new critical proteins from forming and therefore prevents replication and survival of the virus. NS3 protease inhibition is the mechanism of action for the two most recently approved HCV drugs, telaprevir and boceprevir, both of which are DAAs.

NS5A. The NS5A protein has key roles in both the RNA replication of HCV and modulation of the physiology of its host cell in the body. Research has shown that targeting NS5A gives rise to profound antiviral activity, and as a result, this protein has emerged as an additional important DAA target for anti-HCV drug development.

NS5B Polymerase. HCV is a single-stranded RNA virus, and NS5B is an HCV RNA polymerase responsible for synthesis of new HCV RNA, allowing the HCV genome to be copied and the virus to survive and replicate. Two separate classes of DAA inhibitors of NS5B polymerase are in development as treatments for HCV. Nucleoside/nucleotide inhibitors of NS5B directly inhibit the active site of that enzyme and prevent further elongation of the RNA, and thus are equally active against all HCV genotypes. A second class, known as non-nucleoside inhibitors, affects replication of the RNA by altering the shape of the enzyme at remote sites on the enzyme surface so that any given inhibitor is usually only active against certain HCV genotypes.

Cyclophilin. Viral function requires an interaction of the viral protein NS5A with the human host protein known as cyclophilin. Inhibitors that interfere with this NS5A-cyclophilin interaction would essentially provide a treatment that protects the human host cells from infection by the virus. Several studies using the immunosuppressive drug cyclosporine A, a known cyclophilin inhibitor, support the clinical validation of cyclophilin as an HTA for treatment of HCV infection. However, the immunosuppressive activity of cyclosporine A and associated side effects limit its clinical use and thus efforts are now focused on new agents devoid of immunosuppressive activity. Alisporivir, a nonimmunosuppressive cyclosporine A derivative under development by Novartis, has demonstrated effectiveness against many HCV genotypes, a high barrier to HCV resistance and no cross-resistance with several DAAs.

The ultimate goal in HCV treatment is complete cure with total eradication of the virus, measured by SVR. We believe that combination therapy will improve overall cure rates and will reduce the probability of resistance arising to any single antiviral agent. In particular, a combination of target mechanisms that includes those with a high barrier to resistance (cyclophilin, polymerase) may prove to be the most effective combination against multiple genotypes of HCV. Unlike treatment for certain viruses, such as HIV, complete clearance of the HCV virus is possible with effective therapy. This exciting prospect suggests that the ultimate goal of a complete cure with total eradication of the virus is within reach.

Our Approach to the Treatment of HCV

We are pursuing four fundamental, validated targets within the HCV field that represent a broad approach to the disease and specifically address the urgent unmet medical needs in current HCV therapies. Our approach incorporates the main targets for future HCV therapy. Our DAA approach directly targets three critical proteins of HCV, incorporating inhibitors of NS3 protease, NS5A protein, and NS5B polymerase. Inhibitors in our HTA approach protect the human host protein cyclophilin from being co-opted into the viral replication machinery of HCV. We believe a combination of inhibitors from our programs may provide a truly effective all-oral interferon-free or interferon/ribavirin-free therapeutic approach to HCV, with complete eradication of virus, low resistance rates, convenient dosing and acceptable side effect profiles.

ABT-450, a Protease Inhibitor for HCV Infection

Our protease inhibitor, ABT-450, discovered through our collaboration with AbbVie and currently in Phase 3 clinical trials, is a potent DAA that has demonstrated *in vitro* potency against known resistant HCV mutants. In Phase 1 studies, ABT-450 co-administered with ritonavir, a commonly used boosting agent to increase the blood concentrations of many protease inhibitors, was shown to be safe and well tolerated. Co-administration of ABT-450 with ritonavir, which we refer to together as ABT-450/r, has enabled once-daily

dosing of ABT-450. Phase 2 studies have demonstrated the efficacy of ABT-450/r in patients with chronic HCV, and other interferon-free Phase 2 studies of ABT-450-containing regimens continue. In addition, AbbVie has initiated Phase 3 trials of ABT-450/r in combination with AbbVie's non-nucleoside polymerase and NS5A inhibitors, with and without ribavirin. While AbbVie and other companies are developing interferon-free and interferon/ribavirin-free HCV therapies in clinical trials, the efficacy of this approach has not yet been proven conclusively, nor has it resulted yet in any product approved by the FDA.

We believe that a treatment regimen containing ABT-450/r may have significant advantages over currently approved HCV treatment regimens containing protease inhibitors because of the following key attributes:

- *Improved Antiviral Activity.* Compared to the current market leader, telaprevir, ABT-450 has demonstrated superior antiviral activity against HCV in patients.
- *No Interferon*. Current HCV therapy still includes injected interferon. Interferon is often associated with flu-like symptoms, fatigue, headaches and nausea during treatment. ABT-450/r is being developed in a number of interferon-free regimens.
- *Tolerability.* As noted above, serious side effects of current regimens containing protease inhibitors include rash, anemia, pruritus, or itchy skin, and gastrointestinal effects. In contrast, most side effects in clinical trials including ABT-450/r to date were mild to moderate.
- *Shorter Treatment Regimen*. ABT-450/r is being tested in various treatment combinations that are only 12 weeks in duration, as compared to the 24 to 48 weeks of treatment required with current interferon-containing regimens.
- *More Convenient Treatment Regimen*. ABT-450/r is being developed for oral, once-daily dosing. All of the combinations including ABT-450/r that AbbVie is testing include only orally administered drugs dosed either once or twice daily. By comparison, current treatment regimens require dosing of a protease inhibitor approximately every 8 hours as well as weekly interferon injections.

Under the AbbVie collaboration, we have granted AbbVie an exclusive worldwide royalty-bearing license, including a right to grant sublicenses, to our intellectual property position for NS3 protease inhibitors. We also granted AbbVie access to our drug discovery capabilities in the NS3 protease inhibitor field. AbbVie is responsible for and funds all costs associated with the development, manufacturing and commercialization of ABT-450 and other compounds under this collaboration agreement. We will be eligible to receive milestone payments and royalties with respect to these compounds if such products are successfully commercialized by AbbVie.

In November 2012, AbbVie announced seven Phase 3 trials for an ABT-450-containing regimen for treating genotype 1-infected patients. Six of these are expected to be part of the initial registration package designed for a total of 2,200 patients using a combination of three DAAs, including ABT-450/r, one of AbbVie's non-nucleoside polymerase inhibitors and one of AbbVie's NS5A inhibitors, plus ribavirin. Three of these planned Phase 3 trials will use the same three-DAA combination, with and without ribavirin. In addition, AbbVie has announced that it is conducting additional exploratory clinical studies to determine if a combination of ABT-450/r and ABT-267 dosed once daily can provide high cure rates in specific HCV populations.

In connection with a recent review of its Phase 3 program, AbbVie has announced that it expects regulatory filings in 2014 for an ABT-450-containing treatment regimen for genotype 1 HCV patients. AbbVie has also announced that its development plan would support a target commercial launch of such a combination therapy in early 2015. AbbVie projects that there will be a potential worldwide market opportunity of $12-14 billion for HCV therapies by 2016 based upon an assumed treatment rate of 300,000 to 350,000 patients per year across all genotypes of HCV in the U.S., Japan, Canada and four major European countries, or the G7 countries. In addition, AbbVie had previously projected that peak sales for the combination therapies AbbVie is developing could reach $2 billion or more worldwide. AbbVie's projections are subject to risks and uncertainties. The actual market opportunity may vary and there is no guarantee what portion, if any, of the resulting market opportunity will be captured by an ABT-450-containing regimen, assuming that AbbVie obtains approval of such a regimen. One or more Phase 3 trials

containing ABT-450/r could take longer than anticipated to complete or could have unexpected results, the FDA could find that the results of these trials are not adequate to support marketing approval, the FDA could require additional clinical trials as a condition for approval, or other HCV products could come to market sooner or achieve greater market acceptance than any for which AbbVie ultimately obtains approval.

Clinical Development

Phase 1. An Investigational New Drug Application, or IND, was filed for ABT-450 in December 2008 and clinical testing began in early 2009. ABT-450 was evaluated in a Phase 1a single ascending dose trial in doses ranging from 25 mg to 900 mg, with and without ritonavir. Data from this trial showed that ritonavir co-administration significantly boosted the ABT-450 plasma concentrations. ABT-450 is being developed with low dose ritonavir to enhance exposure and allow once-daily dosing of ABT-450. A 14-day multiple dose study showed that ABT-450/r was well tolerated and demonstrated pharmacokinetics consistent with once-daily dosing.

Phase 2. In the first quarter of 2010, we and AbbVie announced the advancement of ABT-450/r into Phase 2 clinical trials. The objective of the initial Phase 2 study was to assess the safety, tolerability, pharmacokinetics and antiviral activity of multiple dose strengths of ABT-450/r in treatment-naïve adults (*i.e.*, those who have not previously received treatment for HCV) infected with HCV genotype 1. Initial antiviral activity was evaluated via a 3-day, ABT-450/r monotherapy period, followed by ABT-450/r with interferon and ribavirin for 12 weeks, and then treatment with interferon and ribavirin alone for up to an additional 36 weeks. After the initial three days of monotherapy with ABT-450/r, profound decreases in HCV RNA were noted in all dose groups, with a mean RNA reduction of about 4.0 logs, which is a 10,000-fold reduction, compared to placebo with a 0.36 log reduction, which is a 2.3-fold reduction. In this combination, ABT-450/r was safe and well tolerated during 12 weeks of treatment.

These initial studies with ABT-450/r paved the way for additional Phase 2a and 2b combination studies that use interferon-free regimens. The Pilot and Co-Pilot trials, which were initiated in late 2010 and early 2011, respectively, include combination trials of ABT-450/r with one or the other of two of AbbVie's non-nucleoside polymerase inhibitors. The Aviator study, which was initiated in 2011, is a trial of ABT-450/r and various combinations of two or three of the following: one of AbbVie's non-nucleoside polymerase inhibitors, one of its NS5A inhibitors and ribavirin. The Navigator study, also initiated in 2011, is a trial with ABT-450/r and AbbVie's NS5A inhibitor, with and without ribavirin. In addition, AbbVie started a Phase 2b Pearl I study of a combination of ABT-450/r with only ABT-267 in August 2012.

All of the Phase 2 combination regimens being tested by AbbVie are interferon-free, with a significantly shorter duration (12 weeks) and a simpler treatment paradigm compared to the currently approved protease inhibitor regimens, which include weekly injections of interferon and daily oral doses of ribavirin for 24 to 48 weeks. The status of selected Phase 2 studies is summarized below:

Summary of Partial Results of Selected Interferon-free Phase 2 Combination Trials Using ABT-450/r

Study Name	Combination Composition[1] Protease: ABT-450/r	NS5A: ABT-267	Non-Nuc: ABT-333	Ribavirin (RBV)	Subject Population & Regimen[2]	Key Efficacy Data[3]	Adverse Events
Co-Pilot[4]	+		+	+	Arm 1: 19 Naïve patients • GT1a (89.5%); GT1b (10.5%) • IL28B non-CC (47.2%) • ABT-450/r 250/100 mg QD + ABT-333 400mg BID + RBV • 12-week treatment Arm 2: 14 Naïve patients • GT1a (78.6%); GT1b (21.4%) • IL28B non-CC (64.3%) • ABT-450/r 150/100mg QD + ABT-333 400mg BID + RBV • 12-week treatment Arm 3: 17 Non-responders • GT1a (94.1%); GT1b (5.9%) • IL28B non-CC (100%) • ABT-450/r 150/100mg QD + ABT-333 400mg BID + RBV • 12-week treatment	Arm 1: RVR = 100% eRVR = 100% SVR_4 = 95% SVR_{12} = 95% Arm 2: RVR = 93% eRVR = 93% SVR_4 = 93% SVR_{12} = 93% Arms 1 & 2: 100% (18 of 18) of IL28B "non-CC" patients achieved SVR_{24} Arm 3: RVR = 88% eRVR = 65% SVR_4 = 47% SVR_{12} = 47%	Most AEs were mild or moderate. Most common AEs were fatigue (42%), nausea (22%) and headache (20%). One AE lead to premature discontinuation: isolated ALT and AST elevation at week 2, asymptomatic with no associated bilirubin increase; ALT and AST levels improved promptly after study drug discontinuation. Four patients experienced severe AEs (fatigue, hyperbilirubinemia, pain, and vomiting); none of these four resulted in study drug interruption or discontinuation.
Aviator[5][6]	+	±	±	±	Naïve patients and null responders; 14 arms; n = 571, GT1 3 DAAs are ABT-450/r 100/100mg to 200/100 QD + ABT-267 25mg QD + ABT-333 400mg BID; RBV 1000-1200mg BID Naïve patient arm taking 3 DAAs for 12 weeks (n=79) • GT1a (67.5%); IL28B non-CC (70.9%) • ABT-450/r dose= 150/100mg QD Naïve patient arms taking 3 DAAs + RBV for 12 weeks (n=79) • GT1a (68.4%); IL28B non-CC (72.2%) • ABT-450/r dose= 100/100 or 150/100mg QD Null responder patient arms taking 3 DAAs + RBV for 12 weeks (n=45) • GT1a (62.2%); IL28B non-CC (95.6%) • ABT-450/r dose= 100/100 or 150/100mg QD	SVR_{12}= 92.0% (OD[7]) SVR_{12}= 87.3% (ITT[8]) SVR_{12}= 98.7% (OD) SVR_{12}= 97.5% (ITT) SVR_{12}= 93.3% (OD) SVR_{12}= 93.3% (ITT)	In Progress Overall Initial Adverse Events and Premature Discontinuations (8- and 12-week arms, n=448): All DAA combinations studied were well tolerated through 8-12 weeks of treatment – Fatigue, headache, insomnia, and nausea were the most common adverse events observed – Transient asymptomatic elevation of indirect bilirubin was seen, consistent with the known effect of ABT-450 on the bilirubin transporter OATP1B1 – <1% of patients discontinued due to adverse events

Abbreviations:

QD refers to daily dosing; BID refers to twice daily dosing
ALT and AST are liver enzymes used to signal possible toxicity to the liver

Notes:

(1) ABT-450/r is a protease inhibitor from the Enanta/AbbVie collaboration that is dosed with the boosting agent, ritonavir (r). ABT-333 and ABT-072 are non-nucleoside polymerase inhibitors from AbbVie, and ABT-267 is an NS5A inhibitor from AbbVie.

(2) Patients who were treatment "Naïve" had not previously been treated with HCV therapies. Patients who were treatment "Non-Responders" were non-responders to previous interferon and ribavirin treatment. "Null responders" were patients who did not achieve a 2-log, or 100 fold, drop at treatment week 12. Patients were further categorized by which genotype of HCV virus was present (either GT1a or 1b) and by their interleukin-28B (IL28B) genotype. Patients infected with GT1a virus are generally more difficult to treat than GT1b patients. Genetic variation in the IL28B gene has been associated with the response to interferon and ribavirin therapy in hepatitis C virus (HCV) genotype 1-infected patients. Patients with the IL28B non-CC subgenotypes (either CT or TT) are generally more difficult to treat than those with the IL28B CC genotype.

(3) RVR (Rapid Virological Response): HCV virus RNA below Lower Limit of Quantitation (LLOQ) at treatment week 4
eRVR (Extended Rapid Virological Response): HCV virus RNA below LLOQ from week 4 through week 12 of treatment
SVR_4 (Sustained Virological Response 4): Continued HCV virus RNA below LLOQ 4 weeks after end of treatment (EOT)
SVR_{12} (Sustained Virological Response 12): Continued HCV virus RNA below LLOQ 12 weeks after EOT
SVR_{24} (Sustained Virological Response 24): Continued HCV virus RNA below LLOQ 24 weeks after EOT
SVR_{36} (Sustained Virological Response 36): Continued HCV virus RNA below LLOQ 36 weeks after EOT

(4) Co-Pilot data were reported at the European Association for the Study of the Liver (EASL) meeting, April 18-22, 2012 in Barcelona, Spain.

(5) ABT-450/r dosed with two or three of the following: AbbVie's NS5A inhibitor ABT-267, AbbVie's non-nucleoside polymerase inhibitor ABT-333, or ribavirin.

(6) Aviator data are observed data reported at the American Association for the Study of Liver Diseases (AASLD) meeting, November 9-13, 2012 in Boston, Massachusetts, USA.

(7) OD: Observed Data excludes patients with values missing for reasons other than virologic failure or discontinuation due to AEs.

(8) ITT: Intent-to-treat population includes all patients who received at least one dose of study drug, whether or not they completed the study's treatment regimen.

AbbVie Co-Pilot Study. The Co-Pilot study, which began in May 2011, consisted of HCV genotype 1, non-cirrhotic patients enrolled in an open-label trial of a 12-week interferon-free regimen consisting of ABT-450/r once daily plus ABT-333 (AbbVie's non-nucleoside polymerase inhibitor) 400 mg twice daily plus weight-based ribavirin twice daily (1000-1200 mg total daily dose). Two different doses of ABT-450/r were evaluated (250/100 mg; 150/100 mg) in treatment-naïve patients, 85% of whom were infected with the harder-to-treat genotype 1a virus (compared to genotype 1b); treatment-experienced patients were also assessed, 94% of whom were genotype 1a.

The Co-Pilot study demonstrated a sustained virologic response 12 weeks after conclusion of treatment, or SVR_{12}, in 93-95% of treatment-naïve HCV genotype 1-infected patients and in 47% of previous non-responders. Virologic responses appeared to be independent of ABT-450/r dose and IL28B genotype in treatment-naïve patients. In the Co-Pilot study, most AEs were mild or moderate, and the most common were fatigue (42%), nausea (22%), and headache (20%). One patient with an AE discontinued the study in the second week of treatment due to asymptomatic, reversible ALT and AST liver enzyme elevation, with no associated bilirubin increase, and ALT and AST levels improved promptly after study drug discontinuation. Four patients experienced AEs assessed as severe (fatigue, pain, hyperbilirubinemia, and vomiting), though none of the severe AEs resulted in study drug interruption or discontinuation.

Aviator Study. The Aviator study, which began in October 2011, consisted of HCV genotype 1 non-cirrhotic patients enrolled in an open-label trial of a 12-week interferon-free regimen consisting of three DAAs, with and without ribavirin. One combination in the study consisted of ABT-450/r 100/100 to 200/100 mg once daily, plus ABT-267 (AbbVie's NS5A inhibitor) 25 mg once daily, plus ABT-333 (AbbVie's non-nucleoside polymerase inhibitor) twice daily (400 mg total daily dose), plus weight-based ribavirin twice daily (1000-1200 mg total daily dose). As reported in an initial data abstract from the ongoing study, ABT-450/r was evaluated in treatment-naïve patients and treatment-experienced patients who were null responders. Results from this ongoing trial demonstrated SVR_{12} in 99% of treatment-naïve HCV genotype 1-infected patients and in 93% of previous null responders (as compared with 47% SVR_{12} seen in the Co-Pilot study as detailed above). The most common AEs were fatigue (28% and 27%) and headache (28% and 31%) for treatment-naïve and previous null responders, respectively.

Other Studies. Phase 2 studies of additional interferon-free ABT-450/r combinations are underway. The Navigator study, which began in September 2011, combines ABT-450/r with AbbVie's NS5A inhibitor ABT-267, with and without ribavirin. AbbVie also started a Phase 2b Pearl I study of a combination of ABT-450/r with only ABT-267 in August 2012.

Initial results from the Co-Pilot and Aviator Phase 2 studies provide compelling support for the potential development of an interferon-free combination containing ABT-450 for treatment of HCV.

Phase 3. In November 2012, AbbVie announced seven Phase 3 trials for an ABT-450-containing regimen for treating genotype 1-infected patients. Six of these are expected to be part of the initial registration package designed for a total of 2,200 patients using a combination of three DAAs, including ABT-450/r, one of AbbVie's non-nucleoside polymerase inhibitors and one of AbbVie's NS5A inhibitors, plus ribavirin. Three of these planned Phase 3 trials will use the same three-DAA combination, with and without ribavirin. In addition, AbbVie has announced that it is conducting additional exploratory clinical studies to determine if a combination of ABT-450/r and ABT-267 dosed once daily can provide high cure rates in specific HCV populations.

The study criteria for these seven Phase 3 trials are summarized below:

Summary of Phase 3 Trials of ABT-450/r-Containing Combinations in Genotype 1-infected Patients

Study Name	Combination Regimen[1]	Subject Population[2]	Treatment Duration (Control)
SAPPHIRE I	450/r/267 + 333 + RBV	Naïve genotype 1a and 1b patients (n=600)	12 weeks (placebo-controlled)
SAPPHIRE II	450/r/267 + 333 + RBV	Experienced genotype 1a and 1b patients (n=400)	12 weeks (placebo-controlled)
PEARL II	450/r/267 + 333 with/without RBV	Experienced genotype 1b patients (n=200)	12 weeks
PEARL III	450/r/267 + 333 with/without RBV	Naïve genotype 1b patients (n=400)	12 weeks
PEARL IV	450/r/267 + 333 with/without RBV	Naïve genotype 1a patients (n=300)	12 weeks
TURQUOISE I[3]	450/r/267 + 333 + RBV	Naïve and experienced genotype 1a and 1b patients, co-infected with HIV (n=300)	Ranging 12 and 24 weeks
TURQUOISE II	450/r/267 + 333 + RBV	Compensated cirrhotic naïve and experienced genotype 1a and 1b patients (n=300)	Ranging 12 and 24 weeks

Notes:

(1) 450/r/267 is a co-formulation of ABT-450, a protease inhibitor from the Enanta/AbbVie collaboration that is dosed with the boosting agent, ritonavir (r), and ABT-267, an NS5A inhibitor from AbbVie. 333 is ABT-333, a non-nucleoside polymerase inhibitor from AbbVie. RBV refers to ribavirin.

(2) Patients who are treatment "naïve" have not previously been treated with HCV therapies. Patients who are treatment "experienced" have been treated previously with interferon and ribavirin. Patients infected with genotype 1a virus are generally more difficult to treat than genotype 1b patients.

(3) AbbVie has announced that the Turquoise I study will not be part of the initial registration package.

Next-Generation HCV Protease Inhibitor

AbbVie is also developing a next-generation protease inhibitor discovered within the Enanta-AbbVie collaboration. AbbVie has announced that this protease inhibitor has demonstrated activity in preclinical *in vitro*

testing against a broad range of HCV genotypes, including variants that have shown strong resistance to first generation protease inhibitors. AbbVie has also announced that this next-generation protease inhibitor was designed to enable once-daily dosing without ritonavir and to be co-formulated with AbbVie's next-generation NS5A inhibitor. AbbVie initiated a Phase 1 clinical trial of this next-generation protease inhibitor in November 2012.

EDP-239, an NS5A Inhibitor for HCV Infection

EDP-239, another DAA, is the lead NS5A inhibitor discovered by Enanta. The EDP-239 compound has demonstrated potent activity against major genotypes in the replicon assay, which is a common *in vitro* test for determining potency of an active compound in reducing HCV replication.

Replicon Activity of NS5A Inhibitors

Company	Product Candidate	GT-1a EC50* (pM)	GT-1b EC50* (pM)	Notes
Enanta	EDP-239	31	7	1
Achillion	ACH-3102	26	5	2
Bristol-Myers Squibb	BMS-790052	50	9	3
Gilead	GS-5885	41	5	4
GlaxoSmithKline	GSK2336805	44	8	5
Idenix	IDX-719	6.2	2.4	6
Presidio	PPI-461	210	10	7

*GT refers to genotype of HCV. EC50 refers to the concentration of drug that inhibits viral replication by 50%. A lower EC50 number corresponds to a more potent drug against the tested virus. The EC50 number varies, however, based on the assay used. Each of the product candidates listed above was tested using a different assay. While the EC50 numbers are not directly comparable, they do provide general guidance as to the high potencies seen in the NS5A inhibitor class.

Notes:

Published values: [1]EASL 2011 poster 1213; [2]EASL 2012; [3]Nature 2010, 465, 96-100; [4]J. Hepatol 2011, 54 (1), S481-S482; [5]AASLD 2011; [6]18th International Symposium on Hepatitis C Virus and Related Viruses 2011; [7]AASLD 2010.

In addition, EDP-239 has additive to synergistic antiviral activity when used in combination with other anti-HCV therapeutics (DAA and HTA) in reducing HCV replication. Preclinical studies support excellent permeability and absorption potentials in humans. The compound has preferential penetration to the liver, which is the target site of infection, across all preclinical models tested. Human pharmacokinetic and pharmacodynamic modeling suggests a low, once-daily clinical dose for future testing. In addition, EDP-239 has very little drug-drug interaction potential and thus may be ideally suited for use in HCV combination therapies. EDP-239 has a robust preclinical safety profile, including excellent safety in preclinical cardiovascular studies. The IND for EDP-239 has been filed and we have received a "study may proceed" notification from the FDA. Novartis is responsible for initiating Phase 1 trials.

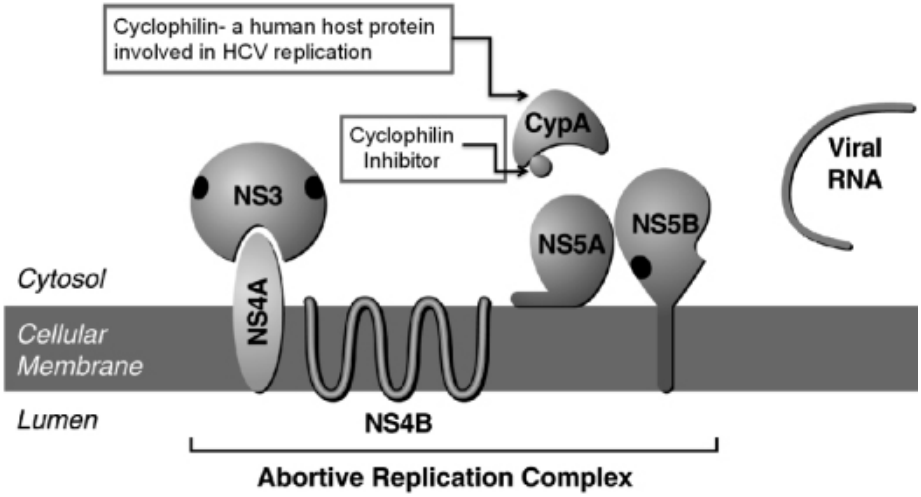
We discovered EDP-239 internally at Enanta and entered into a collaboration with Novartis in February 2012, granting Novartis exclusive, worldwide rights to develop, manufacture and commercialize EDP-239. Novartis will fund all costs associated with the development, manufacture and commercialization of EDP-239 and related NS5A products, as well as fund our drug discovery efforts on additional selected compounds targeting NS5A at least until February 2013. Under the agreement, we received an upfront payment of $34.4 million, and in January 2013 we received an $11.0 million milestone payment based on Novartis' initiation of dosing in a Phase 1 clinical trial that includes EDP-239. We are eligible to receive up to $395 million of additional payments if Novartis achieves specified clinical, regulatory, and commercial milestones. We are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on worldwide net sales of products, and retain co-detail rights, which would allow us to staff up to a specified percentage of the sales force for a designated product in the United States.

In addition to EDP-239, we have a number of additional NS5A inhibitors in the discovery stage that we believe have strong intellectual property protection and represent a diversity of chemical structures. Enanta and Novartis are now in a research collaboration to discover follow-on NS5A inhibitors with structural diversity and enhanced activity against HCV mutants that have developed resistance to other NS5A inhibitors.

Cyclophilin (Cyp) Inhibitors for HCV Infection

In anticipation of resistance arising to DAA HCV therapy that targets viral proteins, we have been developing an alternative HTA approach that targets the human host protein, cyclophilin, which is essential for replication of HCV.

Interruption of Viral Replication of HCV RNA by Cyclophilin Inhibitor



Abbreviation: CypA refers to cyclophilin A

We have demonstrated in replicon assays that multiple lead cyclophilin targeting inhibitors are potent inhibitors of HCV replication and are more potent than the clinical stage cyclophilin inhibitor alisporivir. Typically, cyclophilin inhibitors are based on the structures of cyclosporine A, which is known to be immunosuppressant with associated side effects that limit its clinical use. Based on our understanding of the structural elements of cyclosporine A that contribute to immunosuppressive activity, we have designed those elements out of our cyclophilin inhibitors and have confirmed a lack of *in vitro* immunosuppressive activity. We are advancing our lead candidates in preclinical studies and are continuing to generate and characterize a number of additional cyclophilin inhibitors in the discovery phase.

Nucleotide Polymerase Inhibitor Program for HCV Infection

We also have a program to develop inhibitors to HCV polymerase, which is another DAA mechanism considered to have a high barrier to resistance. Our researchers have identified a promising nucleotide lead series with significant antiviral potency *in vitro*. One of our lead compounds has demonstrated better *in vitro* potency than a reference clinical stage nucleotide inhibitor, GS-7977, under development by Gilead Sciences. We have an ongoing discovery effort in this inhibitor class and are considering a number of compounds for further development. We plan to select a candidate in 2013 that is suitable for advancement into preclinical studies.

Our MRSA Antibacterial Program

Background of MRSA Antibiotics

The past three decades have witnessed a dramatic change in the epidemiology of resistant Gram-positive bacterial infections all over the world. Families of common Gram-positive organisms include *Streptococcus*, or *Strep*, *Staphylococcus*, or *Staph*, and *Enterococcus*. Among the conditions associated with these pathogens are skin infections, bacteremia and endocarditis. One of these pathogens, known as methicillin-resistant *Staph aureus*, or MRSA, was principally identified when resistance was observed to methicillin, an early antibiotic used for *Staph aureus* and other bacterial infections. Increasingly, strains of MRSA have been identified that are also resistant to many other antibiotics.

The recognition and spread of MRSA, as well as *Enterococci* resistant to the antibiotic vancomycin, referred to as VRE, in the community and in healthcare facilities represents a major healthcare challenge. Widespread reports of emerging bacterial resistance to existing antibiotics emphasize the need for continued research and development of novel antimicrobials to address possible life-threatening infections caused by Gram-positive resistant pathogens. MRSA was responsible for approximately 94,000 reported infections that resulted in over 19,000 deaths in the United States in 2005, compared to approximately 16,000 deaths from AIDS.

In addition to the high potential for large hospital outbreaks, MRSA and Gram-positive resistance are moving out from hospitals into the community. During the past decade, rates of MRSA in the community have increased rapidly. Thus, an urgent need exists for the development of new antibiotics that will be effective against Gram-positive organisms that are resistant to current antibiotics in the macrolide class, such as clarithromycin (BiaxinTM), azithromycin (ZithromaxTM) and telithromycin (KetekTM), as well as VRE and *Enterococci* that are resistant to the oxazolidinone class of antibiotics, such as linezolid (Zyvox™). In addition, there exists a significant need for agents that would allow step-down dosing, wherein MRSA patients being treated in a hospital setting with intravenous treatment could be sent home on the same drug to be taken orally.

EDP-788 and Our Bicyclolide Antibiotics

Through our internal chemistry efforts, we have created a new family of macrolide antibiotics called Bicyclolides that overcomes resistance and possesses a significantly improved product profile compared to existing macrolides such as Zithromax™ and Biaxin™. The main focus of our antibiotic work is on new mechanisms targeting resistant Gram-positive pathogens, including MRSA and other *Staph aureus* bacteria resistant to currently marketed macrolides. Our initial therapeutic focus is on skin infections, namely Acute Bacterial Skin and Skin Structure Infections, or ABSSSI. Examples of ABSSSI are cellulitis/erysipelas, wound infection, major cutaneous abscess and burn infections. Major pathogens involved in skin infections are *Strep pyogenes* and *Staph aureus*.

Our lead Bicyclolide antibiotic product candidate is EDP-788, which we are developing for use as an intravenous drug in the hospital setting and for oral dosing in a home setting. EDP-788 is a prodrug, which means that it is inactive until it is converted in the body into an active compound. EDP-788 is a highly water-soluble molecule which, when administered, is cleanly and rapidly converted into the active compound.

The active compound generated from EDP-788 is EDP-322, a Bicyclolide we developed that demonstrates a broad spectrum of activity against many bacterial organisms, including MRSA. *In vitro*, EDP-322 had either comparable or superior activity to vancomycin (Vancocin™) or linezolid (Zyvox™) in MRSA clinical isolates. A prominent advantage of EDP-322 is activity against isolates with resistance, in comparison to vancomycin, linezolid and daptomycin (Cubicin™), the three therapies most often utilized as a “last stand” against resistant bacteria. EDP-322 has also shown good activity against linezolid-resistant *Enterococci*. Finally, EDP-322 demonstrates excellent efficacy in a number of preclinical *in vivo* infection models.

Preclinical safety studies performed with EDP-322 presented no significant concerns. EDP-322 was evaluated in normal healthy volunteers in two double-blind, randomized, placebo-controlled Phase 1 trials, evaluating pharmacokinetic and safety parameters. EDP-322 showed good pharmacokinetics and was well

tolerated in all dose groups, with no findings of clinical significance in vital signs, physical exams, electrocardiograms or clinical chemistry. Adverse events were limited to minor gastrointestinal effects attributed to inadequate water solubility of the drug, which we would not expect when dosing with the water-soluble EDP-788.

Owing to its high water solubility, EDP-788 has the significant benefit of allowing for an intravenous, or IV, formulation that has met the initial safety requirements for IV dosing. Preclinical testing has also demonstrated that oral dosing of the prodrug EDP-788 results in higher blood levels of the active compound EDP-322 than when EDP-322 is dosed orally itself. This makes EDP-788 ideally suited for stepdown dosing from IV administration in the hospital to oral administration in the home setting. Neither EDP-322, nor any other compound in the class of Bicyclolides, has yet been shown to be effective in pivotal clinical trials or resulted in any product approved by the FDA.

All current Bicyclolide development activities are focused on EDP-788 with additional IND-enabling studies in progress and the initiation of clinical trials planned for the first half of 2014. Our preclinical development of EDP-788 is funded under our contract with NIAID with potential for further NIAID funding of early clinical development.

Drug Discovery and Chemical Development

We have internally developed all of the initial compounds in our research programs, and have participated in the early development of these programs with our collaborators using our own internal research capabilities. Our scientists have expertise in the areas of medicinal chemistry, molecular virology and pharmacology, with highly developed sets of skills in compound generation, target selection, screening and pharmacology, preclinical development and lead optimization. We are utilizing these skills and capabilities in our discovery and development of antiviral and antibacterial product candidates.

We focus on infectious diseases representing large and growing market opportunities with significant unmet medical needs. Our selection of a particular therapeutic target within those infectious diseases takes into consideration the experience and expertise of our scientific team. The final selection is based on the possibility of being able to generate robust medicinal chemistry structure-activity relationships to assist lead optimization and secure relevant intellectual property rights. Once we have identified lead compounds, they are tested using *in vitro* and *in vivo* pharmacology studies and *in vivo* research models of antiviral or antibacterial efficacy.

Collaboration and License Agreements

AbbVie

We entered into a Collaborative Development and License Agreement with Abbott Laboratories in November 2006 to develop and commercialize HCV NS3 and NS3/4A protease inhibitors. The agreement, which was amended in January and December 2009, was assigned to AbbVie Inc. on January 1, 2013 in connection with Abbott's transfer of its research-based pharmaceuticals business to AbbVie. Under the agreement, we have granted AbbVie an exclusive, worldwide, royalty-bearing license, including a right to grant sublicenses, to specified intellectual property, including several issued U.S. patents, relating to protease inhibitors. We also granted AbbVie access to our drug discovery capabilities in the HCV NS3 and NS3/4A protease inhibitor field. AbbVie granted us a co-exclusive (together with AbbVie), royalty-free, fully paid license, without the right to grant sublicenses, to certain of AbbVie's intellectual property, AbbVie's interest in joint intellectual property and improvements discovered by AbbVie, for the purpose of allowing us to conduct certain development and commercialization activities in the United States relating to protease inhibitors. AbbVie is responsible for and funds all costs associated with the development, manufacturing and commercialization of ABT-450 and other compounds under this agreement. We are eligible to receive milestone payments and royalties with respect to these compounds. So long as a product candidate is being developed or commercialized under the agreement, we undertake not to conduct any activity, or grant licenses to a third party, relating to protease inhibitors.

A joint steering committee was established under the agreement with review and oversight responsibilities for all research, development and commercialization activities. The joint steering committee is comprised of three of our senior personnel and three senior personnel from AbbVie; however, AbbVie has final authority to make all decisions regarding development and commercialization activities.

The research program and the evaluation period, which was performed by both parties, ended in June 2011. The lead compound is ABT-450, and additional compounds are under development. The first clinical milestone for ABT-450 was achieved in 2010. To date, we have received upfront license payments, research funding, and milestone payments totaling $107.5 million (inclusive of a $15.0 million milestone payment received in December 2012) from AbbVie, and additionally we have received an equity investment of $12.5 million from AbbVie.

We are eligible to receive future milestone payments totaling up to $40 million (exclusive of $55.0 million of milestone payments already received) upon AbbVie's achievement of regulatory filing milestones for the first protease inhibitor product resulting from our collaboration, as well as additional milestone payments totaling up to $155 million upon AbbVie's achievement of commercial regulatory approval milestones for such product in selected world markets. We are also eligible to receive additional milestone payments totaling up to $80 million upon AbbVie's achievement of similar commercial regulatory approval milestones for each additional product containing a protease inhibitor.

We are eligible to receive tiered royalties ranging from the low double digits up to twenty percent, or up to the high teens on a blended basis, based on the annual net sales of each product developed under the agreement. However, if a product is determined to be a combination product under our agreement, the royalties will be adjusted on a country-by-country and product-by-product basis to reflect a good faith determination of the relative value of each pharmaceutically active ingredient, based on a fair market value calculation.

Royalties owed to us under the agreement can be reduced by AbbVie in certain circumstances, including (i) if AbbVie exercises its right to license or otherwise acquire rights to intellectual property controlled by a third party where a product could not be legally developed or commercialized in a country without the third-party intellectual property right, (ii) where a product developed under the collaboration agreement is sold in a country and not covered by a valid patent claim in such country, and (iii) where sales of a generic product are equal to at least a specified percentage of AbbVie's market share of a product in a country.

AbbVie's obligation to pay royalties on a product developed under the agreement expires on a country-by-country basis upon the later of (i) the last date upon which the manufacture, use or sale of a product would infringe one of the licensed patents, and (ii) ten years after the first commercial sale of the product in the applicable country.

Under the agreement, we hold an option to fund 40% of U.S. development costs and U.S. commercialization efforts (sales and promotion costs), in exchange for 40% of any U.S. profits, allocable to any product candidate that ultimately achieves regulatory approval and commercialization. We did not exercise our option right with respect to ABT-450, but we retain our option right for any next-generation products developed under the agreement, which must be exercised within a specified period after the successful completion of a Phase 2a trial of the next-generation product. If we exercise our co-development option right, we would be eligible for a different schedule of milestones and milestone payments than those described above, but would not be eligible to receive royalties on U.S. sales. If the first collaboration product that is approved is not ABT-450 and is instead a co-developed product, we would be eligible to receive future milestone payments totaling up to $120 million for clinical development and regulatory and reimbursement approval milestones. If any additional collaboration product containing a protease inhibitor is co-developed, we would be eligible to receive future milestone payments totaling up to $40 million for similar regulatory and reimbursement approval milestones.

Our intellectual property existing as of the effective date of the agreement remains our property. Any intellectual property jointly developed will be jointly owned. We will have unilateral right to enforce Enanta patent rights on any covered product following the first commercial sale of such product, as will AbbVie. In the event of infringement related to any Enanta patents, we will have the first right and option to initiate legal proceedings or take other actions. In the event of infringement related to any AbbVie patents, AbbVie will have the first right and option to initiate legal proceedings or take other actions. In the event of infringement of a joint patent right, we will discuss with AbbVie whether to initiate legal proceedings or take other actions. AbbVie will

have the obligation to defend at its sole expense any actions brought against either party alleging infringement of third-party rights by reason of the activities conducted under the agreement and we will have the right to obtain separate counsel at our own expense. Additionally, AbbVie, at its sole expense, will be responsible for all trademark prosecution.

Subject to the exceptions described above, a party's rights and obligations under the agreement continue until: (i) such time as AbbVie is no longer developing a product candidate or (ii) if, as of the time AbbVie is no longer developing any product candidates, AbbVie is commercializing any other protease inhibitor product, such time as all royalty terms for all covered products and all co-development terms for all co-developed products have ended. Accordingly, the final expiration date of the agreement is currently indeterminable.

Either party may terminate the agreement for cause in the event of a material breach, subject to prior notice and the opportunity to cure, or in the event of the other party's bankruptcy. Additionally, AbbVie may terminate the agreement for any reason upon specified prior notice.

If we terminate the agreement for cause or AbbVie terminates without cause, any licenses and other rights granted to AbbVie will terminate and AbbVie will be deemed to have granted us (i) a non-exclusive, perpetual, fully paid, worldwide, royalty-free license, with the right to sublicense, under AbbVie's intellectual property used in any product candidate and (ii) an exclusive (even as to AbbVie), perpetual, fully paid, worldwide, royalty-free license, with the right to sublicense, under AbbVie's interest in joint intellectual property rights to develop product candidates resulting from covered compounds and to commercialize any products derived from such compounds. Upon our request, AbbVie will also transfer to us all right, title and interest in any related product trademarks, regulatory filings and clinical trials.

If AbbVie terminates the agreement for our uncured breach, the milestone and royalty payments payable by AbbVie may be reduced, the licenses granted to AbbVie will remain in place, we will be deemed to have granted AbbVie an exclusive license under our interest in joint intellectual property, AbbVie will continue to have the right to commercialize any covered products, and all rights and licenses granted to us by AbbVie will terminate.

Novartis Institutes for BioMedical Research, Inc.

In February 2012, we entered into a Collaboration and License Agreement with Novartis granting Novartis exclusive, worldwide rights to develop, manufacture and commercialize EDP-239, our lead compound from our NS5A inhibitor program, and other NS5A inhibitor compounds. Under the agreement, we received an upfront payment of $34.4 million and an $11.0 million milestone payment in January 2013 based on Novartis' initiation of dosing in a Phase 1 clinical trial that includes EDP-239. We are eligible to receive up to $395 million of additional milestone payments for the first NS5A inhibitor for which Novartis achieves specified clinical, regulatory, and commercial milestones, including a payment of $15 million upon Novartis' initiation of the first Phase 2 trial using a combination containing any NS5A inhibitor from our collaboration.

We are also eligible to receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on net sales allocable to our collaboration's NS5A inhibitors, subject to reduction in certain circumstances, and we retain an option for co-detail rights in the United States, which would allow us to staff up to a specified percentage of the sales force for a designated product. Under our agreement we must exercise these co-detail rights for a collaboration product before its expected commercial launch and then negotiate and finalize a co-detailing agreement with Novartis on reasonable and customary terms. During the term of the collaboration agreement we agree not to research, develop, manufacture or commercialize competing products, either alone or with other parties.

Novartis will fund all costs associated with the development, manufacture and commercialization of EDP-239, EDP-239-containing combinations and any follow-on NS5A inhibitors, as well as fund our efforts to discover follow-on NS5A inhibitors until at least February 2013, which period we refer to as the research term. The research term can be extended by mutual agreement.

A joint steering committee was established under the agreement with review and oversight responsibilities for all research, development and commercialization activities. The joint steering committee is comprised of three of our senior personnel and three senior personnel from Novartis. However, Novartis has ultimate decision making authority with respect to the research, development and commercialization of collaboration products.

Our patents and know-how existing as of the effective date of the agreement remain our property. Any know-how or inventions jointly developed will be jointly owned, subject to the exclusive rights we grant to Novartis, and subject to such exclusive right may be licensed to any third party. Neither party will assign to any third party its interest in any jointly owned patent rights without the other party's prior written consent. Novartis will be responsible for filing, prosecuting and maintaining patents, at Novartis' expense, relating to our intellectual property which is subject to the license, and all joint intellectual property. Novartis will also have the first right to prosecute any third-party infringement.

Subject to certain exceptions, on a country-by-country and product-by-product basis, a party's rights and obligations under the agreement continue until the later of: (i) the expiration of the last to expire patent rights of a covered product in the applicable country or (ii) ten years from the first commercial sale of a covered product in the applicable country. As a result, the final expiration date of the Novartis license is indeterminable at this time. Upon expiration of the agreement with respect to a particular product and country, the licenses granted to Novartis in the agreement with respect to such product and country will remain in effect and convert to a non-exclusive, perpetual, unrestricted, fully-paid, royalty-free, worldwide license.

We may terminate the agreement (i) in the event of a material breach by Novartis, subject to prior notice and the opportunity to cure, (ii) in the event Novartis fails to use commercially reasonable efforts to develop and commercialize covered products in its territory or (iii) in the event Novartis is subject to an insolvency event. Novartis may terminate the agreement (i) in the event of a material breach by us, subject to prior notice and the opportunity to cure, (ii) in the event we are subject to an insolvency event or (iii) for any reason upon 120 days prior written notice. In the case of a termination for cause by us or a termination without cause by Novartis, any licenses and other rights granted by either party to the other will terminate and revert back to the granting party and we will regain control of the prosecution of the patents relating to our intellectual property. If such termination occurs prior to the second anniversary of the end of the research term, we retain exclusive worldwide rights, with the right to sublicense under all collaboration intellectual property owned in whole or in part by Novartis, to research, develop and commercialize compounds and products contemplated by the collaboration. If such termination occurs after the second anniversary of the end of the research term, then Novartis agrees to negotiate with us to grant us a worldwide, exclusive, field-limited, royalty-bearing license, with right to sublicense, under all collaboration intellectual property owned in whole or in part by Novartis.

Royalties and milestones owed to us under the agreement can be reduced by Novartis in certain circumstances, including (i) where a product could not be legally developed or commercialized in a country without obtaining third-party intellectual property rights, (ii) where it is decided that it would be useful to license or otherwise acquire a third-party intellectual property right to develop or commercialize the product, (iii) where the net sales of a product in a country in one year decrease by a specified percentage when compared to the preceding year because of generic product competition, and (iv) where a product is not covered by a valid patent claim in the country of sale.

NIAID Contract

In September 2011, we were awarded a contract from NIAID to fund preclinical and early clinical development of a new class of bridged bicyclic antibiotics known as Bicyclolides. The Bicyclolides are to be used as medical countermeasures against multiple biodefense bacteria found in anthrax, plague and tularemia.

The contract has an initial term of 30 months ending on March 30, 2014. NIAID has the option to extend the contract up to 6 times. If each option period is exercised, the contract would be extended until September 29, 2016. The initial award under the initial term was $14.3 million, with the possibility of up to a total of $42.7 million if each option period is exercised by NIAID.

Under the contract, all intellectual property rights held by us and any inventions, know-how or other intellectual property rights derived as a result of this contract will be our property, subject to certain rights of the United States federal government. See “Risk Factors – We could be unsuccessful in obtaining or maintaining adequate patent and other intellectual property protection for one or more of our product candidates.” We also retain the right to use any data developed under the contract to enter into commercial transactions that are unrelated to the biodefense field.

Competition

We are engaged in segments of the pharmaceutical industry that are highly competitive and rapidly changing. Many large pharmaceutical and biotechnology companies, academic institutions, governmental agencies and other public and private research organizations are commercializing or pursuing the development of products that target viral diseases, including the same diseases we are targeting.

We expect our licensed product candidates and our future product candidates to face intense and increasing competition as new products enter the HCV and antibacterial markets and advanced technologies become available, particularly in the case of HCV therapies in combinations with existing products and other new products. Two drug products, Incivek™ (telaprevir) of Vertex and Victrelis™ (boceprevir) of Merck, were approved in 2011 by the FDA for the treatment of HCV in combination with the previous standard of care consisting of interferon in combination with ribavirin. The evolving standard of care treatment regimens and the cure rates of patients using either one of these approved drugs and future approved combinations of DAAs other than ones we have developed and are developing may be such that our development and discovery efforts in the area of HCV may be rendered noncompetitive.

We believe that a significant number of product candidates that are currently under development may become commercially available in the future for the treatment of HCV. We are aware that many competitors other than our collaborators have product candidates in Phase 2 or later stage clinical trials, including Achillion, Boehringer Ingelheim, Bristol-Myers Squibb, Gilead, Hoffman-La Roche, Idenix, Johnson & Johnson, Medivir, Merck and Vertex. Our competitors’ products may be more effective, have fewer side effects, have lower costs or be better marketed and sold than any product candidate that includes ABT-450, EDP-239 or any of our future compounds or than any of our future product candidates. Additionally, products that our competitors successfully develop for the treatment of HCV may be marketed prior to any HCV product that our collaborators or we may successfully develop.

AbbVie has the right to market and sell products that compete with the product candidates that we have licensed to it and any competition by AbbVie could also have a material adverse effect on our future business.

Our lead antibiotic product candidate, EDP-788, is being developed as a broad-spectrum antibiotic with MRSA coverage for first line use in the hospital setting. In this treatment setting, if approved, EDP-788 would compete with a number of currently-marketed antibiotics, including Tygacil™ and Teflaro™, and antibiotics currently in Phase 3 development, including omadocycline/PTK-0796, a tetracycline under development by Paratek Pharmaceuticals, as well as delafloxicin being developed by Rib-X Pharmaceuticals. We expect that EDP-788 would also compete with currently marketed antibiotics used for serious, Gram-positive infections, including vancomycin, a generic drug that is manufactured by a variety of companies, Zyvox™, Cubicin™ and telavancin (Vibativ™). In addition, a number of Gram-positive anti-infective product candidates currently in Phase 3 development could also compete with EDP-788 if they are approved, including dalbavancin (under development by Durata Therapeutics, Inc.), oritavancin (under development by The Medicines Company), tedizolid (under development by Trius Therapeutics, Inc.) and Taksta (under development by Cempra, Inc.).

Competitive products may render our product candidates licensed to others, as well as any future product candidates we may develop ourselves for HCV or MRSA treatment, obsolete or noncompetitive. All of these product candidates will face competition based on their safety and effectiveness, the timing and scope of regulatory approvals, the availability and cost of supply, marketing and sales capabilities, reimbursement coverage, price, patent position and other factors. Our competitors may succeed in developing competing products before we do, obtaining regulatory approval for products or gaining acceptance for the same markets

that we are targeting. If we or our collaborators are not "first to market" with one of our product candidates for a given disease indication or a given product profile, our competitive position could be compromised because it may be more difficult for us to obtain marketing approval for that product candidate and/or successfully market that product candidate as a second competitor.

Many of our competitors have substantially greater commercial infrastructures and financial, technical and personnel resources than we have. We will not be able to compete successfully unless we are able to:

- design and develop products that are superior to other products in the market;
- attract qualified scientific, medical, sales and marketing and commercial personnel;
- obtain patent and/or other proprietary protection for our processes and product candidates;
- obtain required regulatory approvals; and
- collaborate with others in the development and commercialization of new products.

Established competitors may invest heavily to quickly discover and develop novel compounds that could make our product candidates obsolete. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. If we and our collaborators are not able to compete effectively against current and future competitors for our product candidates, our business will not grow and our financial condition will be adversely affected.

Intellectual Property

As part of our business strategy, we actively seek patent protection for our product candidates in the United States and certain major foreign jurisdictions and file additional patent applications, when appropriate, to cover improvements to our compounds. We also rely on trade secrets, internal know-how, technological innovations and agreements with third parties to develop, maintain and protect our competitive position. Our ability to be competitive will depend on the success of this strategy.

The tables below provide summary information about our patents in each of our major programs. While several of the issued patents and pending patent claims in the program areas contain claims to compounds, methods of use and processes for synthesis, in each program only a few of the issued patents and/or pending patent applications cover the lead product candidate in the program. See "Business—Overview" for additional details regarding the patents and patent applications relating to our lead product candidates.

HCV NS3 Protease Inhibitor Program. The patent portfolio directed to the HCV protease inhibitor program with AbbVie included the following as of December 31, 2012:

	Issued Patents	Pending Provisional Applications	Pending Non-Provisional Applications	Pending PCT-Applications
U.S.	30	—	21	—
Foreign	39	—	163	3

The issued United States patents and the applications, if granted, will expire between 2023 and 2031 before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers. AbbVie is a joint owner of a number of patent applications. AbbVie also has rights to some or all of these patents and patent applications pursuant to its collaboration agreement with us.

HCV NS5A Inhibitor Program. Our patent portfolio directed to our HCV NS5A inhibitor program with Novartis included the following, as of December 31, 2012:

	Issued Patents	Pending Provisional Applications	Pending Non-Provisional Applications	Pending PCT-Applications
U.S.	5	0	20	—
Foreign	—	—	74	6

The issued United States patents and the applications, if granted, will expire between 2030 and 2032 before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers. Novartis has rights to some or all of these patents and patent applications pursuant to its collaboration agreement with us.

Cyclophilin Inhibitor Program. Our ongoing research activities include identifying compounds that inhibit cyclophilin, a protein in the human body that has been shown to be involved in HCV replication. Our current portfolio directed to cyclophilin binders for the treatment of HCV includes the following, as of December 31, 2012:

	Issued Patents	Pending Provisional Applications	Pending Non-Provisional Applications	Pending PCT-Applications
U.S.	1	1	6	—
Foreign	—	—	17	—

The issued United States patent and patent applications, if granted, will expire between 2030 and 2031 before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

HCV Nucleotide Polymerase Inhibitor Program. Our patent portfolio directed to HCV nucleotide polymerase inhibitor program included the following, as of December 31, 2012:

	Issued Patents	Pending Provisional Applications	Pending Non-Provisional Applications	Pending PCT-Applications
U.S.	1	1	2	—
Foreign	—	—	—	2

The issued patents and pending applications, if granted, will expire between 2030 and 2032 before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

Antibacterial Program. Our patent portfolio directed to antibacterials included the following as of December 31, 2012:

	Issued Patents	Pending Provisional Applications	Pending Non-Provisional Applications	Pending PCT-Applications
U.S.	20	1	5	—
Foreign	47	—	19	—

These patents and patent applications, if granted, will expire between 2020 and 2032 before taking into account any extension that may be obtained through patent term extension or adjustment, or term reduction due to filing of terminal disclaimers.

We may obtain patents for certain compounds many years before we obtain marketing approval for products containing such compounds. Because patents have a limited life, which may begin to run prior to the commercial sale of the related product, the commercial value of the patent may be limited. However, we may be able to apply for patent term extensions in the United States and in a number of European countries, compensating in part for delays in obtaining marketing approval, but we cannot be certain we will obtain such extensions.

It is also very important that we do not infringe patents or other proprietary rights of others. If we do infringe such patents or other proprietary rights, we could be prevented from developing or selling products or from using the processes covered by those patents, could be required to pay substantial damages, or could be required to obtain a license from the third party to allow us to use their technology, which may not be available on commercially reasonable terms or at all. If we were not able to obtain a required license or develop alternative technologies, we may be unable to develop or commercialize some or all of our products, and our business could be adversely affected.

In addition, we jointly own patent applications, together with AbbVie, that claim ABT-450 as a chemical entity. We also own one issued patent that claims EDP-239 as a chemical entity. However, there is no guaranty

that such applications will issue. Further, the existence of issued patents does not guarantee our right to practice the patented technology or commercialize the patented product. Third parties may have or obtain rights to patents that could be used to prevent or attempt to prevent us from commercializing our product candidates. If these other parties are successful in obtaining valid and enforceable patents, and establishing our infringement of those patents, we could be prevented from commercializing our product candidates unless we were able to obtain a license under such patents, which may not be available on commercially reasonable terms or at all.

Much of our scientific capabilities depend upon the knowledge, experience and skills of key scientific and technical personnel. To protect our rights to our proprietary know-how and technology, we endeavor to require all employees, as well as our consultants and advisors when feasible, to enter into confidentiality agreements that require disclosure and assignment to us of ideas, developments, discoveries and inventions made by these employees, consultants and advisors in the course of their service to us.

We may be unable to obtain, maintain and protect the intellectual property rights necessary to conduct our business, and we may be subject to claims that we infringe or otherwise violate the intellectual property rights of others, which could materially harm our business. For more information, see “Risk Factors- Risks Related to Our Intellectual Property Rights.”

Government Regulation

Government authorities in the United States, at the federal, state and local level, and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of products such as those we are developing. Any pharmaceutical candidate that we develop must be approved by the FDA before it may be legally marketed in the United States and by the appropriate foreign regulatory agency before it may be legally marketed in foreign countries.

United States Drug Development Process

In the United States, the FDA regulates drugs under the Federal Food, Drug and Cosmetic Act, or FDCA, and implementing regulations. Drugs are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable United States requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. FDA sanctions could include refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

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

- Completion of preclinical laboratory tests, animal studies and formulation studies according to GLPs or other applicable regulations;
- Submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- Performance of adequate and well-controlled human clinical trials according to the FDA’s current Good Clinical Practices, or GCPs, to establish the safety and efficacy of the proposed drug for its intended use;
- Submission to the FDA of a New Drug Application, or an NDA, for a new drug product;
- Satisfactory completion of an FDA inspection of the manufacturing facility or facilities where the drug is to be produced to assess compliance with the FDA’s current Good Manufacturing Practice standards,

or cGMP, to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;

- Potential FDA audit of the nonclinical and clinical trial sites that generated the data in support of the NDA; and
- FDA review and approval of the NDA.

The lengthy process of seeking required approvals, which can often take anywhere from eight months from the time the NDA is filed if there is a priority review to twelve months for a standard review, and the continuing need for compliance with applicable statutes and regulations require the expenditure of substantial resources. There can be no certainty that approvals will be granted.

Before testing any compounds with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the product candidate. The conduct of the preclinical tests must comply with GLP and other federal regulations and requirements. The sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA places the clinical trial on a clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a drug at any time before or during clinical trials due to safety concerns or non-compliance. Accordingly, we cannot assure that submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that suspend or terminate such trial.

Clinical trials involve the administration of the product candidate to healthy volunteers or patients having the disease being studied under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety. Each protocol must be submitted to the FDA as part of the IND. Clinical trials must be conducted in accordance with the FDA's GCP requirements. Further, each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until it is completed.

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

- *Phase 1.* The drug is initially introduced into healthy humans and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted only in patients having the specific disease.
- *Phase 2.* The drug is evaluated in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance, optimal dosage and dosing schedule for patients having the specific disease.
- *Phase 3.* Clinical trials are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. These clinical trials, which usually involve more patients than earlier trials, are intended to establish the overall risk/benefit ratio of

the product and provide an adequate basis for product labeling. Generally, at least two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA.

Post-approval studies, or Phase 4 clinical trials, may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and may be required by the FDA as part of the approval process.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA by the investigators for serious and unexpected AEs or any finding from tests in laboratory animals that suggests a significant risk for human patients. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA, or the sponsor or its data safety monitoring board, may suspend a clinical trial at any time on various grounds, including a finding that the research patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and develop additional information about the chemistry and physical characteristics of the drug as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must include methods for testing the identity, strength, quality and purity of the final drug. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labeling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the product. The submission of an NDA is subject to the payment of substantial user fees by the applicant; a waiver of such fees may be obtained under certain limited circumstances.

In addition, under the Pediatric Research Equity Act, or PREA, an NDA or supplement to an NDA must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of pediatric data or full or partial waivers.

The FDA reviews all NDAs submitted before it accepts them for filing and may request additional information rather than accepting an NDA for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA has twelve months in which to complete its initial review of a standard NDA and respond to the applicant, and eight months for a priority NDA. The FDA does not always meet its PDUFA goal dates for standard and priority NDAs.

After the NDA submission is accepted for filing, the FDA reviews the NDA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality and purity. In addition to its own review, the FDA may refer applications for novel drug products or drug products that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. During the approval process, the FDA also will determine whether a Risk Evaluation and Mitigation Strategy, or REMS, is necessary to assure the safe use of the drug. If the FDA concludes that a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the NDA without a REMS, if required.

Before approving an NDA, the FDA will inspect the facilities at which the product is to be manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with cGMP. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable it will outline the deficiencies in the submission and often will request additional testing or information.

The NDA review and approval process is lengthy and difficult, and the FDA may refuse to approve an NDA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. Even if such data and information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. The FDA will issue a "complete response" letter if the agency decides not to approve the NDA. The complete response letter usually describes all of the specific deficiencies in the NDA identified by the FDA. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require Phase 4 testing, which involves clinical trials designed to further assess a product's safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Expedited Development and Review Programs

The FDA has a "Fast Track" program that is intended to expedite or facilitate the process for reviewing new drug products that meet certain criteria. Specifically, new drug products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening condition and demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. Unique to a Fast Track product, the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor meets certain requirements and the FDA agrees to accept sections on a rolling basis.

Any product submitted to the FDA for marketing approval, including those submitted to a Fast Track program, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or there is a significant improvement in the treatment, diagnosis or prevention of a disease compared with marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug product designated for priority review in an effort to facilitate the review. Additionally, a product may be eligible for accelerated approval. Drug products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval, which means that they may be approved on the basis of adequate and well-controlled clinical studies establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity. As a condition of approval, the FDA generally requires that a sponsor of a drug product receiving accelerated approval perform adequate and well-controlled post-marketing clinical studies to establish safety and efficacy for the approved indication. Failure to conduct such studies, or conducting such studies that do not establish the required safety and efficacy may result in revocation of the original approval. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch or subsequent marketing of the product. Fast Track designation, priority review and

accelerated approval do not change the standards for approval but may expedite the development or approval process.

Post-Approval Requirements

Any drug products for which we receive FDA approvals are subject to continuing regulation by the FDA. Certain requirements include, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information on an annual basis or more frequently for specific events, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with FDA promotion and advertising requirements. These promotion and advertising requirements include, among others, standards for direct-to-consumer advertising, prohibitions against promoting drugs for uses or in patient populations that are not described in the drug's approved labeling (known as "off-label use"), rules for conducting industry-sponsored scientific and educational activities and promotional activities involving the internet. Failure to comply with FDA requirements can have negative consequences, including the immediate discontinuation of noncomplying materials, adverse publicity, enforcement letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties. Although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such off-label uses.

We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our product candidates. Manufacturers of our product candidates are required to comply with applicable FDA manufacturing requirements contained in the FDA's cGMP regulations. These regulations require, among other things, quality control and quality assurance as well as the corresponding maintenance of comprehensive records and documentation. Drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are also required to register their establishments and list any products they make with the FDA and to comply with related requirements in certain states. These entities are further subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. Discovery of problems with a product after approval may result in serious and extensive restrictions on a product, manufacturer or holder of an approved NDA. These restrictions may include suspension of a product until the FDA is assured that quality standards can be met, continuing oversight of manufacturing by the FDA under a "consent decree," which frequently includes the imposition of costs and continuing inspections over a period of many years, as well as possible withdrawal of the product from the market. In addition, changes to the manufacturing process generally require prior FDA approval before being implemented. Other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval.

The FDA also may require post-marketing testing, known as Phase 4 testing, as well as risk minimization action plans and surveillance to monitor the effects of an approved product or place conditions on an approval that could otherwise restrict the distribution or use of the product.

U.S. Patent Term Restoration and Marketing Exclusivity

Drug Price Competition and Patent Term Restoration Act of 1984

Depending upon the timing, duration and specifics of the FDA approval of the use of our product candidates, some of our United States patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during federal regulatory review preceding the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted within 60 days of approval, prior to the expiration of the patent. The United States Patent and Trademark Office, in consultation with the FDA, reviews

and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA. However, there is no guarantee that any such application will be approved.

Federal Food, Drug and Cosmetic Act ("FDCA")

Market exclusivity provisions under the FDCA, which are independent of patent status and any patent related extensions, can also delay the submission or the approval of certain applications of other companies seeking to reference another company's NDA. If the new drug is a new chemical entity subject to an NDA, the FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or functional group of a molecule responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a so-called Section 505(b)(2) NDA, submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, such an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder. The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Other U.S. Healthcare Laws and Compliance Requirements

In the United States, our activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration), other divisions of the United States Department of Health and Human Services (*e.g.*, the Office of Inspector General), the United States Department of Justice and individual United States Attorney offices within the Department of Justice, state attorney generals and state and local governments. For example, sales, marketing and scientific/educational grant programs must comply with the anti-fraud and abuse provisions of the Social Security Act, the False Claims Act, the privacy and security provisions of the Health Insurance Portability and Accountability Act, or HIPAA, and similar state laws, each as amended. Pricing and rebate programs must comply with the Medicaid rebate requirements of the Omnibus Budget Reconciliation Act of 1990 and the Veterans Health Care Act of 1992, each as amended. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Under the Veterans Health Care Act, or VHCA, drug companies are required to offer certain pharmaceutical products at a reduced price to a number of federal agencies including the United States Department of Veterans Affairs and United States Department of Defense, the Public Health Service and certain private Public Health Service - designated entities in order to participate in other federal funding programs including Medicare and Medicaid. Recent legislative changes purport to require that discounted prices be offered for certain United States Department of Defense purchases for its TRICARE program via a rebate system. Participation under the VHCA requires submission of pricing data and calculation of discounts and rebates pursuant to complex statutory formulas, as well as the entry into government procurement contracts governed by the Federal Acquisition Regulations.

In order to distribute products commercially, we must comply with state laws that require the registration of manufacturers and wholesale distributors of pharmaceutical products in a state, including, in certain states, manufacturers and distributors who ship products into the state even if such manufacturers or distributors have no

place of business within the state. Some states also impose requirements on manufacturers and distributors to establish the pedigree of product in the chain of distribution, including some states that require manufacturers and others to adopt new technology capable of tracking and tracing product as it moves through the distribution chain. Several states have enacted legislation requiring pharmaceutical companies to establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities, and/or register their sales representatives, as well as to prohibit pharmacies and other healthcare entities from providing certain physician prescribing data to pharmaceutical companies for use in sales and marketing, and to prohibit certain other sales and marketing practices. All of our activities are potentially subject to federal and state consumer protection and unfair competition laws.

Europe/Rest Of World Government Regulation

In addition to regulations in the United States, we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales and distribution of our products.

Whether or not we obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the European Union, for example, a clinical trial application, or CTA, must be submitted to each country's national health authority and an independent ethics committee, much like the FDA and IRB, respectively. Once the CTA is approved in accordance with a country's requirements, clinical trials may proceed.

The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials are conducted in accordance with International Conference on Harmonisation (ICH) / WHO Good Clinical Practice standards and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

To obtain regulatory approval of an investigational drug under European Union regulatory systems, we must submit a marketing authorization application to the European Medicines Agency, or the EMA. The application used to file an NDA in the United States is similar to that required in the European Union, with the exception of, among other things, country-specific document requirements.

For other countries outside of the European Union, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical trials are conducted in accordance with GCPs and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we obtain regulatory approval. In the United States and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payors. Third-party payors include government health administrative authorities, managed care providers, private health insurers and other organizations. The process for determining whether a payor will provide coverage for a drug product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the drug product. Third-party payors may limit coverage to specific drug products on an approved list, or formulary, which might not include all of the FDA-approved drug products for a particular indication. Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical

necessity and cost-effectiveness of our products, in addition to the costs required to obtain the FDA approvals. Our product candidates may not be considered medically necessary or cost-effective. A payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

In 2003, the United States government enacted legislation providing a partial prescription drug benefit for Medicare recipients, which became effective at the beginning of 2006. Government payment for some of the costs of prescription drugs may increase demand for any products for which we receive marketing approval. However, to obtain payments under this program, we would be required to sell products to Medicare recipients through prescription drug plans operating pursuant to this legislation. These plans will likely negotiate discounted prices for our products. Federal, state and local governments in the United States continue to consider legislation to limit the growth of healthcare costs, including the cost of prescription drugs. Future legislation could limit payments for pharmaceuticals such as the product candidates that we are developing.

In March 2010, the President signed one of the most significant healthcare reform measures in decades. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively known as the Affordable Care Act, substantially changes the way healthcare will be financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. The comprehensive $940 billion dollar overhaul is expected to extend coverage to approximately 32 million previously uninsured Americans. The Affordable Care Act contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abuse, which will impact existing government healthcare programs and will result in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program. Additionally, the Affordable Care Act, as limited by the United States Supreme Court's decision in June 2012:

- increases the minimum level of Medicaid rebates payable by manufacturers of brand-name drugs from 15.1% to 23.1%;
- requires collection of rebates for drugs paid by Medicaid managed care organizations;
- requires manufacturers to participate in a coverage gap discount program, under which they must agree to offer 50 percent point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D, beginning January 2011; and
- imposes a non-deductible annual fee on pharmaceutical manufacturers or importers who sell "branded prescription drugs" to specified federal government programs.

There have been proposed in Congress a number of legislative initiatives regarding healthcare, including possible repeal of the Affordable Care Act. At this time, it remains unclear whether there will be any changes made to the Affordable Care Act, whether to certain provisions or its entirety. The full impact that the Affordable Care Act and other new laws will have on our business is uncertain. Nor is it clear whether other legislative changes will be adopted, if any, or how such changes would affect the demand for our product candidates once commercialized.

Different pricing and reimbursement schemes exist in other countries. In the European Community, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national healthcare systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on healthcare costs in general, particularly

prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any drug candidates for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Manufacturing

We do not have our own manufacturing capabilities, except with respect to limited amounts of active pharmaceutical ingredients needed for preclinical development. In the past we have relied on third-party manufacturers for supply of active pharmaceutical ingredients, and we expect that in the future we will rely on such manufacturers for supply of ingredients that will be used in clinical trials of our product candidates that we are developing ourselves. Manufacturing for each of our two lead product candidates, namely ABT-450 and EDP-239, is being conducted by our collaborator for the respective product candidate. We do not expect to establish our own manufacturing facilities and we will continue to rely on third-party manufacturers to produce commercial quantities of any product candidates that we commercialize ourselves. We believe that all of the materials required for the manufacture of those product candidates could be obtained from more than one source.

Sales and Marketing

We currently do not have any commercialization or sales and marketing capabilities, and currently have no fixed plans to invest in or build such capabilities internally. We have already partnered our two lead candidates with AbbVie and Novartis, respectively. We may also partner or collaborate with, or license commercial rights to, other larger pharmaceutical or biopharmaceutical companies to support the development of our cyclophilin and nucleotide polymerase inhibitor product candidates through late-stage clinical development and, if successful, commercialization. However, we still retain all commercial rights to our independent programs and we will continue to evaluate our alternatives for commercializing them once they are more advanced in their clinical development.

Facilities

We lease approximately 25,000 square feet of office space in Watertown, Massachusetts. This facility serves as our corporate headquarters and laboratory facility. We believe that our existing facilities are adequate to meet our current needs, and that suitable additional alternative spaces will be available in the future on commercially reasonable terms.

Employees

As of December 31, 2012, we had 39 full-time employees, 20 of whom hold Ph.D. degrees. None of our employees is subject to a collective bargaining agreement or represented by a trade or labor union. We consider our relations with our employees to be good.

Legal Proceedings

We are not currently a party to any material legal proceedings.

MANAGEMENT

The following table sets forth certain information about our executive officers and directors.

Name	Age	Position
Jay R. Luly, Ph.D.	56	President, Chief Executive Officer and Director
Yat Sun Or, Ph.D.	61	Senior Vice President, Research & Development and Chief Scientific Officer
Paul J. Mellett	57	Senior Vice President, Finance & Administration and Chief Financial Officer
Ernst-Günter Afting, M.D., Ph.D.(1)(3)	70	Director
Stephen Buckley, Jr.(1)(3)	63	Director
Marc E. Goldberg(1)(2)(3)	55	Director
David Poorvin, Ph.D.(1)(3)	66	Director
Helmut M. Schühsler, Ph.D.(2)(3)	53	Director
Terry Vance(2)(3)	56	Director
Gregory L. Verdine, Ph.D.(2)(3)	53	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

Jay R. Luly, Ph.D., has served as our President and Chief Executive Officer and as a member of our board of directors since July 2003. Prior to joining Enanta, Dr. Luly was an Entrepreneur in Residence at Oxford Bioscience Partners. Before joining Oxford in March 2002, Dr. Luly held the positions of Senior Vice President, Research and Development Operations and Senior Vice President, Discovery Strategy and Operations at Millennium Pharmaceuticals following Millennium's merger with LeukoSite, Inc., where he had served as Senior Vice President, Drug Discovery and Preclinical Development. Prior to joining LeukoSite, he held a number of senior drug discovery positions at Abbott Laboratories from 1983 to 1997. Dr. Luly received a B.S. from the University of Illinois, Urbana/Champaign and a Ph.D. in synthetic organic chemistry from the University of California, Berkeley. Dr. Luly currently serves as a member of the Board of Trustees for the Boston Biomedical Research Institute.

We believe that Dr. Luly is qualified to serve on our board of directors due to his service as our President and Chief Executive Officer and his extensive knowledge of our company and industry.

Yat Sun Or, Ph.D., has been our Senior Vice President, Research and Development and Chief Scientific Officer since November 1999. Prior to joining Enanta, Dr. Or held key leadership positions at Abbott Laboratories from 1985 to 1999, where he received two Chairman's Awards for his outstanding research, which led to the discovery and development of numerous immunosuppressant and antibacterial drugs. Prior to Abbott, Dr. Or was a member of the cardiovascular drug discovery team at Schering-Plough. Dr. Or received his Ph.D. in Organic Chemistry from the University of Chicago and completed Postdoctoral Fellowships at Ohio State University and Indiana University.

Paul J. Mellett has served as our Senior Vice President, Finance & Administration and Chief Financial Officer since September 2003. From April 2001 through August 2003, he held the position of Senior Vice President and Chief Financial Officer of Essential Therapeutics, Inc., a publicly-held biotechnology company that filed for reorganization under Chapter 11 of the U.S. bankruptcy code and was reorganized and taken private in October 2003. Previously, Mr. Mellett was the Chief Financial Officer and Vice President of Administration at GelTex Pharmaceuticals, Inc., a publicly held biotechnology company that was acquired by Genzyme Corporation in December 2000. From 1994 to 1997, Mr. Mellett served as Chief Financial Officer of Marshall Contractors, a construction management firm specializing in the pharmaceutical, biotechnology and semiconductor industries, which was acquired by Fluor Corporation in 1996. From 1977 to 1994, Mr. Mellett was employed with Deloitte & Touche LLP, a public accounting firm, and was promoted to Audit Partner in 1989. Mr. Mellett received a BS in Business Administration from Boston College in 1977.

Ernst-Günter Afting, M.D., Ph.D., has served as a member of our board of directors since 1995. Dr. Afting has been a member of the medical faculty at the University of Goettingen, Germany, since 1985. Dr. Afting was President and Chief Executive Officer of the GSF-National Research Center for Environment and Health GmbH, a government research center in Munich, Germany, from 1995 until he retired in 2006. Prior to joining GSF-National, he had served as President and Chief Executive Officer of Roussel UCLAF, a Paris-based pharmaceutical company, since 1993. From 1984 through 1993, Dr. Afting served as an executive in the Pharmaceutical Division of Hoechst Group, most recently as Chairman and Chief Executive Officer of the Divisional Pharmaceutical Board. Dr. Afting also served on the German National Advisory Committee on Health Research to the State Secretaries of Science, Technology and Health from 1996 to 2005 and on the Advisory Committee on Science and Technology for German Chancellor Helmut Kohl from 1996 to 1997. Since 2005, he is a member of the committee "New Technologies" to the secretary of economy of the state of Bavaria. Dr. Afting currently serves on the boards of Intercell AG, Olympus Europa GmbH and Sequenom, Inc. He received his Ph.D. in Chemistry and M.D. from the University of Freiburg/Breisgau, Germany.

We believe that Dr. Afting is qualified to serve on our board of directors due to his business and research experience, his service on governmental advisory committees and public company boards and his knowledge of our industry.

Stephen Buckley, Jr., was elected to our board of directors in 2012. Mr. Buckley was for 25 years a partner of Ernst & Young, where he led assurance and advisory teams serving public and private companies in life sciences and other technologies. Mr. Buckley led Ernst & Young's Life Sciences Industry Practice of New England from 1991 to 2006, and was Director of its New England Entrepreneurial Services Group from 1991 to 2001. He was previously a partner in the Boston, Massachusetts office of Arthur Young until its merger into Ernst & Young in 1989. Mr. Buckley is a member of the American Institute of CPAs. Mr. Buckley received an A.B. from Bowdoin College and a Masters of Science Accounting from Northeastern University.

We believe that Mr. Buckley is qualified to serve on our board of directors due to his experience working with public and private companies in our industry on corporate finance and accounting matters.

Marc E. Goldberg has served as a member of our board of directors since 2002. Mr. Goldberg is a Managing Director at BioVentures Investors, which he co-founded in 1997. Prior to founding BioVentures, Mr. Goldberg served as President and Chief Executive Officer of the Massachusetts Biotechnology Research Institute from 1991 to 1997. From 1987 to 1991, Mr. Goldberg was Vice President, Finance and Corporate Development, CFO, and Treasurer at Safer, Inc., a developer and manufacturer of biopesticides and related products. Prior to joining Safer, he served as Manager, Business Development, at Genetics Institute. Mr. Goldberg was also Founding President of the Massachusetts Biotechnology Council and served four terms as its President and as a Director from 1985 to 1997. He is currently a member of the Harvard Medical School Neuroscience Advisory Committee and he previously served as a member of the Beth Israel Deaconess Medical Center Research Advisory Committee of the board of directors. Mr. Goldberg received an A.B. from Harvard College, a J.D. from Harvard Law School and an M.B.A. from Harvard Business School.

We believe that Mr. Goldberg is qualified to serve on our board of directors due to his business and financial experience as an executive and a venture investor in our industry.

David Poorvin, Ph.D., has served as a member of our board of directors since 2004. Dr. Poorvin is currently a member of the Board of Directors of Avaxia Biologics, Inc. and is President of his own consulting firm. He recently served as the Chief Business Officer at Avaxia Biologics and as an Executive-in-Residence at Oxford Bioscience Partners. At the end of 2003, Dr. Poorvin retired from Schering-Plough Corporation as Vice President of Business Development operations. Prior to spending 14 years in business development, Dr. Poorvin held the position of Director of Clinical Research at Schering-Plough from 1981 to 1989 and at Pfizer Pharmaceuticals from 1977 to 1981. Dr. Poorvin started his career at Lederle Laboratories from 1973 to 1977, where he directed preclinical research in the cardiovascular area. He served as a member of the board of directors of Repros Therapeutics Inc. from 2004 to 2009 and of Nucryst Pharmaceuticals from 2006 to 2009. He received a B.A. from Hunter College of the City University of New York and a Ph.D. from Rutgers University.

We believe that Dr. Poorvin is qualified to serve on our board of directors due to his business development and research experience in our industry.

Helmut M. Schühsler, Ph.D., has served as a member of our board of directors since September 2011 and from December 1998 until April 2000. Dr. Schühsler is a Managing Partner of TVM Capital. He has been with TVM since 1990, overseeing more than 80 investments in the life sciences sector during his tenure. Prior to joining TVM Capital, Dr. Schühsler worked in venture capital for Horizonte Venture Management. Previously he was an assistant professor for corporate finance at the Institute for Advanced Studies in Vienna. Dr. Schühsler currently serves as a member of the board of Max-Planck Innovation GmbH and is a member of the Selection Committee for the Technology Pioneers program and the Steering Committee of the Entrepreneurship and Successful Growth Research Program of the World Economic Forum and the advisory board of Evolvence India Life Science Fund, Hyderabad, India. From 2007 to 2008, Dr. Schühsler served as Chairman of the European Private Equity and Venture Capital Association. He also served as Chairman of the board of directors of Sequenom, Inc. from 1996 to 2003. Dr. Schühsler received a Ph.D. in the Social and Economic Sciences from the University of Economics in Vienna.

We believe that Dr. Schühsler is qualified to serve on our board of directors due to his business and financial experience as an investor in and a director of several companies in our industry.

Terry Vance has served as a member of our board of directors since June 2011. Mr. Vance is currently a Venture Partner with Saints Capital, a direct secondary investment fund and the Managing Member of EGS Healthcare, a late-stage venture capital fund that he co-founded in 2000. Before starting EGS Healthcare, Mr. Vance was a founding partner in Eagle Advisors, which provided strategic advice to emerging biotechnology companies. Prior to Eagle, Mr. Vance was an investment banker, first with Salomon Brothers and then with Goldman Sachs, where he was a vice president in the Capital Markets Division. Mr. Vance received an AB from Princeton University and an MBA from Stanford University.

We believe that Mr. Vance is qualified to serve on our board of directors due to his business and financial experience as an investor and as an investment banker in our industry.

Gregory L. Verdine, Ph.D., is a co-founder of Enanta and has served as a member of our board of directors since 1996. Dr. Verdine has been a Professor of Chemistry and Chemical Biology at Harvard University since 1998. Dr. Verdine received a B.S. in Chemistry from St. Joseph's University and a Ph.D. in Chemistry from Columbia University. He was a National Institutes of Health Postdoctoral Fellow in Molecular Biology at the Massachusetts Institute of Technology and Harvard Medical School from 1986 to 1988.

We believe that Dr. Verdine is qualified to serve on our board of directors due to his research qualifications and experience and his knowledge of our company's technology and our industry.

Board Composition and Election of Directors

Our board of directors is currently authorized to have nine members. We expect that upon the closing of this offering, our board of directors will consist of eight directors. In accordance with the terms of our certificate of incorporation and bylaws that will become effective upon the closing of this offering, our board of directors will be divided into three classes, class I, class II and class III, with members of each class serving staggered three-year terms. Upon the closing of this offering, the members of the classes will be divided as follows:

- the class I directors will be Mr. Goldberg and Drs. Poorvin and Schühsler, and their term will expire at the annual meeting of stockholders to be held in the 2014 fiscal year;
- the class II directors will be Mr. Vance and Dr. Verdine, and their term will expire at the annual meeting of stockholders to be held in the 2015 fiscal year; and
- the class III directors will be Drs. Afting and Luly and Mr. Buckley, and their term will expire at the annual meeting of stockholders to be held in the 2016 fiscal year.

Upon the expiration of the term of a class of directors, directors in that class will be eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires. Our directors may be removed only for cause by the affirmative vote of the holders of 66 2/3% or more of our outstanding common stock.

Our board of directors has determined that all of our directors, other than Dr. Luly, are independent directors, as defined by the applicable NASDAQ Marketplace Rules. In making such determination, the board of

directors considered the relationships that each such non-employee director has with our company and all other facts and circumstances that the board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

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

Board Committees and Independence

Our board of directors has established an audit committee, a nominating and corporate governance committee and a compensation committee, each of which will operate, upon the closing of this offering, under a charter that has been approved by our board. The composition of each committee will be effective upon the closing of this offering.

Our board of directors has determined that all of the members of the audit committee, the compensation committee and the nominating and corporate governance committee are independent as defined under the NASDAQ Marketplace Rules, including, in the case of all the members of our audit committee, the independence requirements contemplated by Rule 10A-3 under the Securities Exchange Act of 1934.

Audit Committee

The members of our audit committee are Drs. Afting and Poorvin and Messrs. Buckley and Goldberg. Mr. Buckley chairs the audit committee. Upon the closing of this offering, our audit committee's responsibilities will include:

- appointing, approving the compensation of and assessing the independence of our registered public accounting firm;
- overseeing the work of our registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- overseeing our internal audit function;
- overseeing our risk assessment and risk management policies;
- establishing policies regarding hiring employees from the registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;
- meeting independently with our internal auditing staff, registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by Securities and Exchange Commission, or SEC, rules.

All audit and non-audit services, other than *de minimis* non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our audit committee.

Our board of directors has determined that Mr. Buckley is an "audit committee financial expert" as defined in applicable SEC rules.

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are Drs. Afting, Poorvin, Schühsler and Verdine and Messrs. Buckley, Goldberg and Vance. Mr. Vance chairs the nominating and corporate governance committee. Upon the closing of this offering, our nominating and corporate governance committee's responsibilities will include:

- identifying individuals qualified to become members of our board of directors;
- recommending to our board of directors the persons to be nominated for election as directors and to each of our board's committees;

- reviewing and making recommendations to our board of directors with respect to our board leadership structure;
- reviewing and making recommendations to our board of directors with respect to management succession planning;
- developing and recommending to our board corporate governance principles; and
- overseeing an annual self-evaluation by our board of directors.

Compensation Committee

The members of our compensation committee are Messrs. Goldberg and Vance and Drs. Schühsler and Verdine. Mr. Goldberg chairs the compensation committee. Upon the closing of this offering, our compensation committee's responsibilities will include:

- annually reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer;
- reviewing and approving, or making recommendations to our board of directors with respect to, the compensation of our chief executive officer and our other executive officers;
- overseeing an evaluation of our senior executives;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to our board of directors with respect to director compensation; and
- reviewing and discussing annually with management our executive compensation disclosure, and the compensation committee report, required by SEC rules.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our board of directors or our compensation committee.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Following this offering, a current copy of the code will be posted on the Corporate Governance section of our website, www.enanta.com.

Limitation on Liability and Indemnification of Directors and Officers

Our amended and restated certificate of incorporation and bylaws, which will be effective immediately prior to consummation of this offering, limits our directors' and officers' liability to the fullest extent permitted under Delaware corporate law. Specifically, our directors and officers will not be liable to us or our stockholders for monetary damages for any breach of fiduciary duty by a director or officer, except for liability:

- for any breach of the director's or officer's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law (unlawful dividends or stock repurchases); or
- for any transaction from which a director or officer derives an improper personal benefit.

If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of our directors or officers shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

The provision regarding indemnification of our directors and officers in our amended and restated certificate of incorporation will generally not limit liability under state or federal securities laws.

Delaware law and our amended and restated certificate of incorporation provide that we will, in certain situations, indemnify any person made or threatened to be made a party to a proceeding by reason of that person's former or present official capacity with us against judgments, penalties, fines, settlements and reasonable expenses. Any person is also entitled, subject to certain limitations, to payment or reimbursement of reasonable expenses (including attorneys' fees and disbursements) in advance of the final disposition of the proceeding.

We maintain a directors' and officers' insurance policy pursuant to which our directors and officers are insured against liability for actions taken in their capacities as directors and officers. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

In addition, we have entered into indemnification agreements with each of our directors and named executive officers, which also provide, subject to certain exceptions, for indemnification for related expenses, including, among others, reasonable attorney's fees, judgments, fines and settlements incurred in any action or proceeding.

EXECUTIVE COMPENSATION

The following table summarizes the compensation paid to our Chief Executive Officer, Chief Financial Officer and Chief Scientific Officer (our only executive officers) during or with respect to the fiscal years ended September 30, 2012, 2011 and 2010.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)[1]	All Other Compensation ($)[2]	Total ($)
Jay R. Luly., Ph.D.	2012	407,482	213,914	145,736	4,439	771,571
Chief Executive Officer	2011	397,110	173,491	35,208	4,421	610,230
	2010	394,223	162,278	6,972	4,421	567,893
Yat Sun Or, Ph.D.	2012	321,415	136,569	143,704	4,439	606,127
Chief Scientific Officer	2011	313,208	105,519	80,679	4,421	503,826
	2010	310,932	96,906	43,619	4,421	455,877
Paul J. Mellett	2012	284,168	117,261	54,651	4,439	460,519
Chief Financial Officer	2011	276,914	79,452	13,203	4,421	373,990
	2010	274,902	71,940	2,615	4,421	353,877

(1) The amounts in the “Option Awards” column reflect the aggregate grant date fair value of stock options granted during the fiscal year computed in accordance with the provisions of ASC 718. The assumptions that we used to calculate these amounts are discussed in Note 14 to our financial statements appearing at the end of this prospectus.

(2) Includes employer contributions under the company’s 401(k) plan of $4,000 for each of our executive officers in fiscal 2012, 2011 and 2010. Also includes company-paid premiums for group term life insurance and accidental death and dismemberment insurance in the aggregate amount of $282, $264 and $264 for each of our executive officers in fiscal 2012, 2011 and 2010.

Narrative Disclosure to Summary Compensation Table

Amended and Restated Employment Agreements

We have entered into amended and restated employment agreements with Dr. Luly, Mr. Mellett and Dr. Or that will become effective upon the closing of this offering and provide for base salaries at annual rates of $, $ and $, respectively. In addition, according to the terms of their agreements, Dr. Luly, Mr. Mellett and Dr. Or will be eligible for performance bonuses of up to %, % and % of their respective base salaries.

The agreements with Dr. Luly, Mr. Mellett and Dr. Or also provide for severance benefits if their employment is terminated under specified circumstances. For details regarding our obligations under such circumstances, please see “Potential Payments Upon Termination or Change in Control” below.

Outstanding Equity Awards at Fiscal Year-End for Fiscal 2012

The following table sets forth certain information concerning outstanding equity awards at fiscal year-end (September 30, 2012).

		Option Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
Jay R. Luly, Ph.D.	3/19/2004	1,421,524	—	0.17	3/19/2014
Chief Executive Officer	7/1/2004	1,050,236	—	0.17	7/1/2014
	12/23/2004	62,500	—	0.17	12/23/2014
	6/23/2006	96,106	—	0.30	6/23/2016
	7/12/2007	287,240	—	0.69	7/12/2017
	7/11/2008	80,000	—	0.46	7/11/2018
	3/5/2009	80,000	—	0.35	3/5/2019
	5/25/2010	40,000	—	0.28	5/25/2020
	4/15/2011	80,000	—	0.59	12/31/2020
	6/20/2012	—	80,000(1)	2.73	6/20/2022
Yat Sun Or, Ph.D.	7/1/2004	525,118	—	0.17	7/1/2014
Chief Scientific Officer	12/23/2004	31,250	—	0.17	12/23/2014
	6/23/2006	48,053	—	0.30	6/23/2016
	7/12/2007	218,620	—	0.69	7/12/2017
	7/11/2008	60,000	—	0.46	7/11/2018
	3/5/2009	60,000	—	0.35	3/5/2019
	5/25/2010	30,000	—	0.28	5/25/2020
	6/18/2010	192,500	27,500(2)	0.28	6/18/2020
	4/15/2011	60,000	—	0.59	12/31/2020
	6/17/2011	17,708	7,292(2)	0.59	6/17/2021
	9/23/2011	66,666	33,334(2)	0.59	9/23/2021
	6/20/2012	13,125	7,875(2)	2.73	6/20/2022
	6/20/2012	—	60,000(1)	2.73	6/20/2022
Paul J. Mellett	9/3/2003	363,183	—	0.17	9/3/2013
Chief Financial Officer	3/19/2004	63,274	—	0.17	3/19/2014
	7/1/2004	315,071	—	0.17	7/1/2014
	12/23/2004	18,750	—	0.17	12/23/2014
	6/23/2006	28,831	—	0.30	6/23/2016
	7/12/2007	126,172	—	0.69	7/12/2017
	7/11/2008	30,000	—	0.46	7/11/2018
	3/5/2009	30,000	—	0.35	3/5/2019
	5/25/2010	15,000	—	0.28	5/25/2020
	4/15/2011	30,000	—	0.59	12/31/2020
	6/20/2012	—	30,000(1)	2.73	6/20/2022

(1) The options vested on December 31, 2012.

(2) One half of the options vested on the grant date. The remaining options vest in equal monthly increments over thirty-six months beginning one month after the grant date.

Potential Payments Upon Termination or Change in Control

We have entered into amended and restated employment agreements with Dr. Luly, Mr. Mellett and Dr. Or that provide for severance benefits if their employment is terminated under specified circumstances.

If Dr. Luly is terminated involuntarily without cause or constructively terminated within twelve months of a change in control transaction, such terms as defined in the agreements, he is entitled to the following: (i) a lump sum payment in an amount equal to the higher of (x) eighteen (18) months of his then current base salary or (y) eighteen (18) months of his base salary immediately prior to the effective date of the change in control, (ii) a lump sum payment equal to one hundred fifty percent (150%) of the target annual bonus for the period in which his employment is terminated and (iii) a continuation of benefit coverage for up to eighteen (18) months.

If either Mr. Mellett or Dr. Or are terminated involuntarily without cause or constructively terminated within twelve months of a change in control transaction, such terms as defined in the agreements, each are entitled to following: (i) a lump sum payment in an amount equal to the higher of (x) twelve (12) months of his then current base salary or (y) twelve (12) months of his base salary immediately prior to the effective date of the change in control, (ii) a lump sum payment equal to one hundred percent (100%) of the target annual bonus for the period in which his employment is terminated and (iii) a continuation of benefit coverage for up to twelve (12) months.

If Dr. Luly is terminated involuntarily without cause other than in connection with a change in control transaction or if he voluntarily terminates his employment for good reason, such terms as defined in the agreements, he is entitled to the following: (i) a lump sum payment in an amount equal to twelve (12) months of his then current base salary and (ii) a lump sum payment in an amount equal to one hundred percent (100%) of the target annual bonus for the period in which his employment is terminated and (iii) continuation of benefit coverage for up to twelve (12) months.

If Mr. Mellett or Dr. Or are terminated involuntarily without cause other than in connection with a change in control transaction or if either voluntarily terminates his employment for good reason, such terms as defined in the agreements, each are entitled to the following: (i) a lump sum payment in an amount equal to six (6) months of his then current base salary and (ii) continuation of benefit coverage for up to six (6) months.

In addition, upon a change of control transaction, as defined in the agreements, all stock options granted to Dr. Luly, Mr. Mellett or Dr. Or prior to November 7, 2012 shall immediately become fully vested and exercisable. Further, if Dr. Luly, Mr. Mellett or Dr. Or is involuntary terminated without cause or is constructively terminated within twelve months of a change of control transaction, such terms as defined in the agreements, all stock options granted to Dr. Luly, Mr. Mellett or Dr. Or on or after November 7, 2012 shall immediately become fully vested and exercisable.

Director Compensation

The following table summarizes compensation paid to our non-employee directors during or with respect to the fiscal year ended September 30, 2012.

Name	Fees Earned or Paid in Cash ($)	All Other Compensation ($)	Total ($)
Ernst-Günter Afting, M.D., Ph.D.	20,000	—	20,000
Stephen Buckley, Jr.(1)	—	—	—
Marc E. Goldberg	—	—	—
David Poorvin, Ph.D.	20,000	—	20,000
Helmut M. Schühsler, Ph.D.	—	—	—
Terry Vance	—	—	—
Gregory L. Verdine, Ph.D.	20,000	15,000(2)	35,000

(1) Mr. Buckley was appointed to our board of directors on September 28, 2012.

(2) We paid Dr. Verdine $15,000 in consulting fees in 2012 pursuant to a consulting agreement for advisory services in the field of chemistry, biology and drug discovery and development related to macrolides and antibiotics.

No options were granted to our non-employee directors during the fiscal year ended September 30, 2012. The following table sets forth the shares of common stock underlying outstanding options as of September 30, 2012 for each of our non-employee directors:

Name	Option Awards(#)
Ernst-Günter Afting, M.D., Ph.D.	85,000(1)
Stephen Buckley, Jr.	—
Marc E. Goldberg	—
David Poorvin, Ph.D.	190,000(2)
Helmut M. Schühsler, Ph.D.	—
Terry Vance	—
Gregory L. Verdine, Ph.D.	110,000(3)

(1) Of these, 78,750 were vested.

(2) Of these, 165,000 were vested.

(3) Of these, 97,500 were vested.

Director Compensation Policy

During 2012, we paid our non-employee directors who are not designated by any of the company's venture investors as their representatives on the board of directors, Drs. Afting, Poorvin and Verdine, a retainer of $20,000 each as compensation for their service on the board of directors. We also reimburse Drs. Afting, Poorvin and Verdine for travel expenses incurred to attend board and committee meetings. In November 2012, we awarded a stock option to Mr. Buckley with respect to 60,000 shares in recognition of his joining our board of directors. This option is vesting monthly over three years. Each of our non-employee directors other than Mr. Buckley will be eligible to receive a stock option award with respect to 25,000 shares, which will be granted effective as of the pricing of this offering, with an exercise price equal to the offering price and with monthly vesting over three years. Mr. Goldberg has indicated that he will decline his option award in accordance with the practice of his fund. We currently have no other formal arrangements under which our directors receive compensation for service to our board of directors or its committees. After the closing of this offering, going forward our compensation committee has determined that our non-employee directors will be entitled to receive the following annual retainer fees for their service as directors:

- for service as a director, an annual retainer of $35,000;
- for service as the chair of a committee, $15,000 for audit committee chair, $10,000 for compensation committee chair, and $5,000 for nominating and corporate governance committee chair; and
- for service as a member of a committee other than as its chair, $7,500 for audit committee, $5,000 for compensation committee, and $2,500 for nominating and corporate governance committee.

In addition, for each year of service after fiscal 2013, each non-employee director will be entitled to an option award with respect to 20,000 shares, vesting monthly over the year of service until the next annual meeting. Any new director will also be entitled to an option award with respect to 40,000 shares upon joining our board of directors, which will vest monthly over three years.

Equity Incentive Plans

The equity incentive plans described in this section are our Amended and Restated 1995 Equity Incentive Plan, referred to as the 1995 Plan, and the 2012 Equity Incentive Plan, referred to as the 2012 Plan. Prior to this offering, we granted awards to eligible participants under the 1995 Plan. Following the closing of this offering, we will no longer make grants under the 1995 Plan and any future awards will be made to eligible participants under the 2012 Plan.

2012 Equity Incentive Plan

Our 2012 Plan was adopted by our board of directors and approved by our stockholders in January 2013 to become effective immediately prior to the closing of this offering. The 2012 Plan provides for the grant of

incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock-based or cash awards. Upon effectiveness of the plan, the number of shares of our common stock that will be reserved for issuance under the 2012 Plan will be the sum of (i) 1,386,156 shares plus up to 1,613,844 additional shares of common stock derived from (a) the number of shares of common stock reserved for issuance under our 1995 Plan and not yet issued or reserved for issue upon exercise of options outstanding at September 15, 2012, and (b) 1,000,000 shares added after September 15, 2012 to the number of shares reserved for issuance under the 1995 Plan, net of shares reserved for awards made after September 15, 2012. In addition, the number of shares reserved for issuance under the 2012 Plan shall increase annually on the first day of each year beginning with the fiscal year ending September 30, 2013 and each subsequent anniversary until the expiration of the 2012 Equity Plan in an amount equal to the lowest of the following: (i) 3.0% of the number of shares of our common stock outstanding on the first day of the fiscal year, (ii) 9,000,000 shares of our common stock, or (iii) a lower amount determined by our board of directors.

Our employees, officers, directors, consultants and advisors are eligible to receive awards under the 2012 Plan. However, incentive stock options may only be granted to our employees. Subject to adjustment upon a merger or other reorganization event, the maximum number of shares of our common stock with respect to awards that may be granted to any participant under the 2012 Plan is 6,000,000 per calendar year. For purposes of this limit on the maximum number of shares that may be awarded to any participant, the combination of an option in tandem with a stock appreciation right will be treated as a single award. The maximum amount of cash awards which may be granted to any participant under the 2012 Plan is $3,000,000 per calendar year.

Pursuant to the terms of the 2012 Plan, our board of directors has designated its compensation committee to administer the plan and, subject to any limitations in the plan, select the recipients of awards, including determining:

- the type of awards to be granted;
- the number of shares of our common stock covered by awards and the dates upon which the awards are granted or will become exercisable;
- the duration of options, which may not be in excess of ten years; and
- the exercise price of options, which must be at least equal to the fair market value of our common stock on the date of grant.

Upon a merger or other reorganization event, our board of directors may, in its sole discretion, take any one or more of the following actions pursuant to the 2012 Plan as to some or all outstanding awards other than restricted stock:

- provide that all outstanding awards shall be assumed, or substantially equivalent awards shall be substituted, by the acquiring or successor corporation (or an affiliate thereof);
- upon written notice to a participant, provide that all of the participant's unexercised awards will terminate immediately prior to the consummation of such reorganization event unless exercised by the participant (to the extent then exercisable) within a specified period following the date of such notice;
- provide that outstanding awards shall become exercisable, realizable or deliverable, or restrictions applicable to an award shall lapse, in whole or in part, prior to or upon such reorganization event;
- in the event of a reorganization event pursuant to which holders of shares of our common stock will receive a cash payment for each share surrendered in the reorganization event, make or provide for a cash payment to the participants with respect to each award held by a participant equal to (1) the number of shares of common stock subject to the vested portion of the award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event) multiplied by (2) the excess, if any, of the cash payment for each share surrendered in the reorganization event over the exercise, measurement or purchase price of such award and any applicable tax withholdings, in exchange for the termination of such award; and
- provide that, in connection with a liquidation or dissolution, awards shall convert into the right to receive liquidation proceeds.

Our board of directors does not need to take the same action with respect to all awards and may take different actions with respect to portions of the same award. In the case of certain restricted stock units, no assumption or substitution is permitted, and the restricted stock units will instead be settled in accordance with the terms of the applicable restricted stock unit agreement.

Upon the occurrence of a reorganization event other than a liquidation or dissolution, the repurchase and other rights with respect to outstanding restricted stock awards will continue for the benefit of the successor company and will, unless the board of directors may otherwise determine, apply to the cash, securities or other property into which shares of our common stock are converted or exchanged pursuant to the reorganization event. Upon the occurrence of a reorganization event involving a liquidation or dissolution, all restrictions and conditions on each outstanding restricted stock award will automatically be deemed terminated or satisfied, unless otherwise provided in the agreement evidencing the restricted stock award.

At any time, our board of directors may, in its sole discretion, provide that any award under the 2012 Plan will become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part.

No award may be granted under the 2012 Plan on or after January 17, 2023. Our board of directors may amend, suspend or terminate the 2012 Plan at any time, except that stockholder approval may be required to comply with applicable law or stock market requirements.

Amended and Restated 1995 Equity Incentive Plan

Pursuant to the 1995 Plan, we have had authority to make grants of incentive stock options, nonstatutory stock options, stock appreciation rights, performance shares, restricted stock, restricted stock units and other stock-based awards to our employees, consultants, and directors. However, upon the closing of this offering, we will not grant any additional awards under the 1995 Plan.

Upon the occurrence of a change in control of Enanta, our compensation committee in its discretion may, at the time an award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or realization of the award, (ii) provide for the purchase of the award upon the participant's request for an amount of cash or other property that could have been received upon the exercise or realization of the award had the award been currently exercisable or payable, (iii) adjust the terms of the award in a manner determined by our compensation committee to reflect the change in control, (iv) cause the award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other provision as our compensation committee may consider equitable and in the best interests of the company.

The board of directors may amend, suspend, alter, or terminate the 1995 Plan subject to any stockholder approval the board determines necessary or advisable. Our compensation committee may amend, modify or terminate any awards granted under the 1995 Plan at any time, provided that a participant's rights with respect to outstanding awards may not be impaired without their express written consent.

As of December 31, 2012, there were options to purchase an aggregate of 8,050,489 shares of common stock outstanding under the 1995 Plan at a weighted average exercise price of $0.70 per share and there were 2,112,540 shares of common stock issued upon the exercise of options granted under the 1995 Plan. Upon the closing of this offering, we will grant no further stock options or other awards under the 1995 Plan. However, the 127,604 shares of common stock reserved for issuance under the 1995 Plan (exclusive of the 845,000 shares of common stock underlying options that we expect to award to our executive officers and directors upon the pricing of this offering) and that remain available for issuance will be available for issuance under the 2012 Plan and, if any award outstanding under the 1995 Plan expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part or results in any common stock not being issued, the unused common stock covered by such award shall again be available for the grant of awards under the 2012 Plan.

Employee Stock Purchase Plan

Our Employee Stock Purchase Plan, referred to as the ESPP, was adopted by our board of directors and approved by our stockholders in January 2013 to become effective immediately prior to the closing of this offering. The ESPP will allow us to provide our full-time U.S. employees the opportunity to purchase shares of

Enanta common stock at periodic intervals on tax-advantaged terms. The ESPP is intended to qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code. A total of 800,000 shares of our common stock have been reserved for issuance under the ESPP.

We may make one or more offerings under the ESPP at such time or times as determined by our compensation committee. Our compensation committee has not yet determined when the first plan period under the ESPP will commence. The purchase price per share in an ESPP offering is 85% of the lower of the fair market value of common stock on the first day of an offering period or the purchase date, and may be paid through regular payroll deductions, lump sum cash payments, by delivery of shares of our common stock, or some combination thereof, as determined by our compensation committee.

As required by Section 423, an employee’s purchases under the ESPP may not accrue at a rate which exceeds $25,000 per calendar year (based upon the fair market value of the stock determined as of the offering date), or such lower amount as may be determined by our compensation committee. In addition, no employee may contribute more than 15% of the employee’s annual rate of compensation (or such lesser percentage as our compensation committee may fix). In addition, an employee may not subscribe for shares under the ESPP if, immediately after having subscribed, the employee would own 5% or more of the voting power or value of all classes of our stock, including stock which may be purchased through subscriptions under the ESPP or any other plans.

Upon a merger or other reorganization event, each option to purchase shares outstanding under the ESPP shall be assumed or an equivalent option shall be substituted by the successor corporation or a parent or subsidiary of such successor corporation. In the event that the successor corporation refuses to assume or substitute for outstanding options, each exercise period and offering period then in progress shall be shortened and a new purchase date shall be set on or before the date of consummation of the transaction, as of which date any exercise period and offering period then in progress will terminate. The board of directors shall notify each participating employee in writing prior to the new purchase date that the purchase date for his or her option has been changed to the new purchase date and that his or her option will be exercised automatically on the new purchase date, unless prior to such date he or she has withdrawn from the offering period.

Our board of directors may amend, modify or terminate the ESPP at any time without notice; provided, however, that the then existing rights of all participating employees shall not be adversely affected thereby, and provided further that no such amendment to the ESPP shall, without the approval of our shareholders, increase the total number of shares of common stock that may be offered under the ESPP. No rights may be granted under the ESPP after December 1, 2022.

RELATED PARTY TRANSACTIONS

In addition to the executive officer and director compensation arrangements discussed in "Executive Compensation" above, we describe transactions since January 1, 2009, to which we have been a participant, in which the amount involved in the transaction exceeds or will exceed $120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest. We believe that all of these transactions were made on terms no less favorable to us than could have been obtained from unrelated third parties.

Participation Right

Pursuant to the terms of the Series G Preferred Stock Purchase Agreement by and between us, Abbott and the holders of our outstanding Series G-2 Convertible Preferred Stock, we are required to use our commercially reasonable efforts to cause the underwriters to allocate to Abbott or its permitted assignee for purchase common stock in this offering in an amount up to the lesser of (a) the result obtained by dividing $20 million by the initial per share offering price in this offering and (b) 19.9% of the issued and outstanding shares of our common stock immediately following the closing of this offering.

Term Note Financing

In October 2010, we entered into a note and warrant purchase agreement with existing investors, including TVM V Life Science Ventures GmbH & Co. KG and affiliated entities ("TVM"), certain funds managed by Advent International Corporation ("Advent"), OBP III-Holding LLC and affiliated entities ("OBP"), Private Equity Holding (Cayman) Ltd. and affiliated entities ("PEH") and HBM Biomedicine (Cayman) Ltd. ("HBM"), to sell in one or more closings, term notes in the aggregate principal amount of up to $6,500,000. At closings in October and November 2010, we issued approximately $2,000,000 in aggregate principal amount of term notes, of which $544,888.81 in principal amount was held by TVM, $231,639.81 in principal amount was held by Advent, $486,247.62 in principal amount was held by OBP, $149,590.97 in principal amount was held by PEH and $225,408.31 in principal amount was held by HBM. The term notes bore interest at a rate of 5%, with principal and interest payable at the earlier of the stated maturity date of October 4, 2011 or, if elected by the note holders, upon receipt by the company of the next milestone payment under our agreement with AbbVie (the "AbbVie Milestone"). In conjunction with the note issuances, TVM, Advent, OBP, PEH and HBM also received warrants to purchase 544,888; 231,637; 486,245; 149,590; and 225,408 shares of Series 1 Nonconvertible Preferred Stock, respectively. These warrants, none of which have been exercised as of the date hereof, have an exercise price of $0.01 per share and may be exercised at any time on or before October 4, 2017.

Following the receipt by the company of the AbbVie Milestone in December 2010, we repaid the $2,000,000 in aggregate principal amount plus accrued interest of $19,642 and the applicable premium of $1,036,360, of which $288,620.43 in accrued interest and premium was paid to TVM, $121,744.62 in accrued interest and premium was paid to Advent, $257,558.96 in accrued interest and premium was paid to OBP, $78,621.61 in accrued interest and premium was paid to PEH and $118,469.48 in accrued interest and premium was paid to HBM. The note and warrant purchase agreement was terminated in conjunction with this repayment and we have no ongoing obligations under the note and warrant purchase agreement other than to honor the terms of the outstanding warrants.

Registration Rights Agreement

We and the holders of our Series C, Series D, Series E, Series F and Series G Convertible Preferred Stock have entered into a registration rights agreement pursuant to which these stockholders will have, among other

things, registration rights under the Securities Act with respect to common stock that they will hold following this offering. Upon the closing of this offering, all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock will be converted into common stock. See "Description of Capital Stock-Registration Rights" for a further description of the terms of these agreements.

Voting Agreement

We have entered into a voting agreement with holders of our Series C, Series D and Series E Convertible Preferred Stock and certain other stockholders that contain agreements with respect to the election of our board of directors and its composition. All of our current directors were elected in accordance with the terms of this voting agreement. The voting agreement will terminate upon the closing of this offering.

Investor Rights Agreement

We have entered into an investor rights agreement with holders of our Series C, Series D and Series E Convertible Preferred Stock that contain covenants requiring us to, among other things, furnish them certain information (including financial information and notice of litigation or certain defaults with respect to outstanding indebtedness); maintain adequate insurance; comply with applicable laws, obtain appropriate licenses and permits; and limit transactions with our affiliates. Pursuant to the investor rights agreement, we also granted the holders of our Series C, Series D and Series E Convertible Preferred Stock a right of first refusal to purchase, pro rata, all (or any part) of any new securities, as defined therein, that we may, from time to time, propose to sell. The shares of common stock that we are offering pursuant to this prospectus are not new securities under the investor rights agreement. The investor rights agreement will terminate upon the closing of this offering.

Stock Restriction Agreement

We have entered into a stock restriction agreement with certain of our founders, each of whom hold shares of our common stock and/or convertible preferred stock, and holders of our Series C, Series D and Series E Convertible Preferred Stock that prohibits those founders from transferring any shares of our capital stock without first making an offer to us to purchase the shares on the same terms and conditions of the proposed transfer. If we do not elect to purchase all of the offered shares, the holders of our Series D and Series E Convertible Preferred Stock have the right to purchase their pro rata portion of any such shares. Holders of our Series C, Series D and Series E Convertible Preferred Stock also have a right to participate in the sale of shares by a founder to a proposed transferee pursuant to the terms of the stock restriction agreement. The stock restriction agreement will terminate upon the closing of this offering.

Consulting Agreements

We have entered into a consulting agreement for advisory services in the field of chemistry, biology and drug discovery and development related to macrolides and antibiotics with Dr. Verdine, who currently serves as a member of our board of directors. Upon execution of the agreement in 2004, Dr. Verdine received a payment of $17,500. In addition, he receives a consulting retainer of $15,000 per year and reimbursement for travel and related expenses. During each of 2010, 2011 and 2012, Dr. Verdine received consulting fees of $15,000.

Executive Compensation and Employment Agreements

For a description of the compensation arrangements we have with our executive officers, see "Executive Compensation-Amended and Restated Employment Agreements."

Indemnification Agreements

We have entered into indemnification agreements with each of our directors, executive officers. The indemnification agreements and our certificate of incorporation in effect upon the closing of this offering will require us to indemnify our directors to the fullest extent permitted by Delaware law. For more information regarding these indemnification agreements, see "Management-Limitations on Liability and Indemnification of Directors and Officers."

Review, Approval or Ratification of Transactions with Related Parties

Prior to the closing of this offering, our board of directors will adopt written policies and procedures for the review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds $120,000 and one of our executive officers, directors, director nominees or 5% stockholders, or their immediate family members, each of whom we refer to as a "related person," has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a "related person transaction," the related person must report the proposed related person transaction to our Chief Executive Officer and to the chair or any disinterested member of our audit committee who reviews related party transactions. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by our audit committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the committee will review, and in its discretion may ratify, the related person transaction. The policy also permits the chairman of the committee to review and, if deemed appropriate, approve or ratify related person transactions that arise between committee meetings if the aggregate amount involved is expected to be less than $250,000. A summary of each new related party transaction approved by the chair will be provided to the committee at their meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

- the related person's interest in the related person transaction;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party; and
- other factors it deems appropriate.

The committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is in our best interests. The committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, our board of directors has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are pre-approved, although they must still be reported to the chair of the committee (unless otherwise noted by the policy):

- any transaction with another entity where (i) the related person's only relationship to the entity is as an employee (other than an executive officer) or director or beneficial owner of less than 10% of that company's shares, (ii) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and (iii) the amount involved in the transaction is less than the greater of $200,000 or 5% of the annual gross revenues of the other entity;
- any transaction involving (i) rates or charges that are determined by competitive bids, (ii) the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority and (iii) services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture or similar services; and
- any transaction where the related person's interest arises solely from the ownership of the company's securities and all holders of the same class or classes of the company's securities received the same benefit on a pro rata basis.

We did not have a written policy regarding the review and approval of related person transactions prior to this offering. Nevertheless, with respect to such transactions, it was our policy for our board of directors to consider the nature of and business reason for such transactions, how the terms of such transactions compared to those which might be obtained from unaffiliated third parties and whether such transactions were otherwise fair to and in the best interests of, or not contrary to, our best interests. In addition, all related person transactions required prior approval, or later ratification, by our board of directors.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of December 31, 2012 by:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock.

The percentage of shares beneficially owned before the offering is computed on the basis of 55,325,922 shares of our common stock outstanding as of December 31, 2012, which reflects the assumed conversion of all of our outstanding shares of preferred stock into an aggregate of 50,241,277 shares of common stock.

The percentage of shares beneficially owned after the offering is based on shares of our common stock to be outstanding after the offering, which reflects the assumed conversion of all of our outstanding shares of preferred stock into an aggregate of 50,241,277 shares of common stock.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock. Shares of our common stock that a person has the right to acquire within 60 days of December 31, 2012 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Except as otherwise indicated in the footnotes below, we believe the persons and entities in this table have sole voting and investing power with respect to all of the shares of our common stock beneficially owned by them, subject to community property laws, where applicable. Except as otherwise indicated in the footnotes below, the address of the beneficial owner is c/o Enanta Pharmaceuticals, Inc., 500 Arsenal Street, Watertown, MA 02472.

	Shares Beneficially Owned Before Offering		Shares Beneficially Owned After Offering	
Name and Address of Beneficial Owner	Shares	Percentage	Shares	Percentage
5% Stockholders:				
TVM V Life Science Ventures GmbH & Co. KG and affiliated entities[1]	10,340,433	18.69%	10,340,433	
OBP III – Holdings LLC and affiliated entities [2]	8,643,740	15.62%	8,643,740	
Shionogi & Co., Ltd.[3]	6,894,966	12.46%	6,894,966	
Abbott Laboratories[4]	4,620,764	8.35%	4,620,764	
Industry Ventures Fund VI, L.P.[5]	3,937,328	7.12%	3,937,328	
HBM Healthcare Investments (Cayman) Ltd.[6]	3,918,793	7.08%	3,918,793	
Private Equity Holding Cayman and affiliated entity[7]	3,280,724	5.93%	3,280,724	
Directors and Named Executive Officers:				
Jay R. Luly, Ph.D.[8]	3,277,606	5.60%	3,277,606	
Yat Sun Or, Ph.D.[9]	1,753,219	3.09%	1,753,219	
Paul J. Mellett[10]	1,050,281	1.86%	1,050,281	
Ernst-Günter Afting, M.D., Ph.D.[11]	224,164	*	224,164	
Stephen Buckley, Jr.[12]	4,000	*	4,000	
Marc E. Goldberg[13]	2,605,259	4.71%	2,605,259	
David Poorvin, Ph.D.[14]	190,000	*	190,000	
Helmut M. Schühsler, Ph.D.[15]	10,340,433	18.69%	10,340,433	
Terry Vance[16]	—	—	—	
Gregory L. Verdine, Ph.D.[17]	110,000	*	110,000	
All directors and executive officers as a group (10 persons)[18]	19,554,962	31.85%	19,554,962	

* Represents beneficial ownership of less than one percent of our outstanding common stock.

(1) Consists of (i) 2,254,323 shares beneficially owned by TVM IV GmbH & Co. KG ("TVM IV") for which Friedrich Bornikoel, Hans Schreck, Alexandra Goll, and Helmut Schühsler, members of the investment committee of TVM IV, share voting and investment authority, and each of whom disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of each of these individuals is c/o TVM IV GmbH & Co. KG, Maximilianstrasse 35C, 80539 Munich, Germany; (ii) 1,686,854 shares beneficially owned by TVM Medical Ventures GmbH & Co. KG ("TVM Medical") for which Alexandra Goll and Helmut Schühsler, members of the investment committee of TVM Medical, share voting and investment authority, and each of whom disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of each of these individuals is c/o TVM Medical Ventures GmbH & Co. KG, Maximilianstrasse 35C, 80539 Munich, Germany; and (iii) 6,399,256 shares beneficially owned by TVM V Life Science Ventures GmbH & Co. KG ("TVM V") for which Hubert Birner, Mark Cipriano, Stefan Fischer, Alexandra Goll, Axel Polack and Helmut Schühsler, members of the investment committee of TVM V, share voting and investment authority over the shares held by TVM V, and each of whom disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of each of these individuals is c/o TVM V Life Science Ventures GmbH & Co. KG, Maximilianstrasse 35C, 80539 Munich, Germany.

(2) Consists of (i) 81,586 shares ("mRNA shares") beneficially owned by mRNA – Holdings LLC ("mRNA") for which mRNA Fund L.P. ("mRNA LP") and Saints Capital Granite, L.P. ("Saints LP"), as members of mRNA, mRNA Partners, L.P, ("mRNA Partners"), as the general partner of mRNA LP, Saints Capital Granite, LLC ("Saints LLC"), as the general partner of Saints LP, each of Jonathan Fleming ("Fleming") and Alan Walton ("Walton"), as the individual general partners of mRNA Partners, and each of Scott Halsted ("Halsted"), David P. Quinlivan ("Quinlivan"), and Kenneth B. Sawyer ("Sawyer"), managing managers of Saints LLC, share voting and investment control of the mRNA shares and may be deemed to beneficially own the mRNA shares. Each of Fleming, Walton, Sawyer, Quinlivan, and Halsted disclaims beneficial ownership of the shares referred herein except to the extent of their pecuniary interest therein, if any; (ii) 701,045 shares ("OBP (A) III Shares") beneficially owned by OBP (Adjunct) III – Holdings LLC ("OBP (A) III") for which Oxford Bioscience Partners (Adjunct) III L.P. ("OBP LP") and Saints LP, as members of OBP (A) III, OBP Management III L.P, ("OBP Management III"), as the general partner of OBP LP, Saints LLC, as the general partner of Saints LP, each of Fleming and Walton, as the individual general partners of OBP Management III, and each of Halsted, Quinlivan, and Sawyer, as managing managers of Saints LLC, share voting and investment control of the OBP (A) III shares and may be deemed to beneficially own the OBP (A) III shares. Each of Fleming, Walton, Sawyer, Quinlivan, and Halsted disclaims beneficial ownership of the shares referred herein except to the extent of their pecuniary interest therein, if any; (iii) 980,290 shares ("OBP (B) III Shares") beneficially owned by OBP (Bermuda) III – Holdings LLC ("OBP (B) III") for which Oxford Bioscience Partners (Bermuda) III L.P. ("OBP (B) LP") and Saints LP, as members of OBP (B) III, OBP Management (Bermuda) III L.P. ("OBP Management (B) III"), as the general partner of OBP (B) LP, Saints LLC, as the general partner of Saints LP, each of Fleming and Walton, as the individual general partners of OBP Management (B) III, and each of Halsted, Quinlivan, and Sawyer, as managing managers of Saints LLC, share voting and investment control of the OBP (B) III shares and may be deemed to beneficially own the OBP (B) III shares. Each of Fleming, Walton, Sawyer, Quinlivan, and Halsted disclaims beneficial ownership of the shares referred herein except to the extent of their pecuniary interest therein, if any; and (iv) 6,880,819 shares ("OBP III Shares") beneficially owned by OBP III – Holdings LLC ("OBP III") for which Oxford Bioscience Partners III L.P. ("OBP LP") and Saints LLC, as members of OBP III, OBP Management III, as the general partner of OBP LP, Saints LLC, as the general partner of Saints LP, each of Fleming and Walton, as the individual general partners of OBP Management III, and each of Halsted, Quinlivan, and Sawyer, as managing managers of Saints LLC, share voting and investment control of the OBP III Shares and may be deemed to beneficially own the OBP III Shares. Each of Fleming, Walton, Sawyer, Quinlivan, and Halsted disclaims beneficial ownership of the shares referred herein except to the extent of their pecuniary interest therein, if any. The address of each of the individuals listed above is c/o Saints Capital Services, LLC, 475 Sansome Street Suite 1850, San Francisco, California 94111.

(3) Voting and investment power over the shares held by Shionogi & Co., Ltd. is exercised by its Representative Directors (i.e., Motozo Shiono and Isao Teshirogi) or General Manager of Finance & Accounting Department (i.e., Yuji Hosogai) . The address of Shionogi & Co., Ltd. and the individuals listed above is c/o Shionogi & Co., Ltd. 1-8, Doshomachi 3-chome, Chuo-ku, Osaka 541-0045, Japan.

(4) Voting and investment power over the shares held by Abbott Laboratories is exercised by its board of directors, which includes Robert J. Alpern, Roxanne S. Austin, Sally Blount, W. James Farrell, Edward M. Liddy, Nancy McKinstry, Phebe N. Novakovic, William A. Osborn, Samuel C. Scott III, Glenn F. Tilton and Miles D. White. The address of Abbott Laboratories and the individuals listed above is c/o Abbott Laboratories, Dept 364, Bldg. AP6D, 100 Abbott Park Road, Abbott Park, Illinois 60064-6400.

(5) Consists of 3,937,328 shares of common stock held by Industry Ventures Fund VI, L.P. Industry Ventures Management VI, L.L.C. serves as the General Partner of Industry Ventures Fund VI, L.P., has sole voting and investment control over the shares held by such entity, and may be deemed to own beneficially the shares held by such entity. Hans Swildens, Mike Gridley, Justin Burden and Victor Hwang are Managing Directors at Industry Ventures and share voting and dispositive power over the shares held by Industry Ventures Fund VI, L.P. The principal business address of these entities is 750 Battery Street, Floor 7, San Francisco, CA 94111.

(6) Voting and investment power over the shares held by HBM Healthcare Investments (Cayman) Ltd. is exercised by the board of directors of HBM Healthcare Investments (Cayman) Ltd. The board of directors of HBM Healthcare Investments (Cayman) Ltd. consists of John Arnold, Sophia Harris, Richard Coles, Dr. Andreas Wicki and John Urquhart, none of whom has individual voting or investment power with respect to the shares. The address for HBM Healthcare Investments (Cayman) Ltd. and each of the individuals listed above is Centennial Towers, Suite 305, 2454 West Bay Road, Grand Cayman, Cayman Islands, B.V.I.

(7) Consists of (i) 552,117 shares beneficially owned by Private Equity Co-Finance; and (ii) 2,728,607 shares beneficially owned by Private Equity Holding Cayman. Voting and investment power over the shares held by Private Equity Co-Finance and Private Equity Holding Cayman is exercised by its directors, which includes Gwendolyn McLaughlin, Nicholas Swartz, Andrew Tyson and Riekele Gorter. The address of Private Equity Co-Finance and Private Equity Holding Cayman and the individuals listed above is c/o Private Equity Co-Finance/Private Equity Holding Cayman. P.O. Box 847, George Town, KY1-1103, Grand Cayman.

(8) Consists of (i) 50,000 shares of common stock and (ii) 3,227,606 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(9) Consists of (i) 344,762 shares of common stock and (ii) 1,408,457 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(10) Consists of 1,050,281 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(11) Consists of (i) 139,164 shares of common stock and (ii) 85,000 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(12) Consists of 4,000 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(13) Consists of 2,605,259 shares beneficially owned by BioVentures Investors Limited Partnership II, for which Mr. Goldberg may be deemed to share voting and investment control. Mr. Goldberg disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein, if any.

(14) Consists of 190,000 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(15) Reflects securities beneficially owned by TVM IV GmbH & Co. KG; TVM Medical Ventures GmbH & Co. KG; and TVM V Life Science as set forth in footnote 1, for which Dr. Schühsler may be deemed to share voting and investment control. Dr. Schühsler disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein, if any.

(16) Excludes 8,643,740 shares held by OBP III – Holdings LLC and affiliated entities. Mr. Vance is a Venture Partner of Saints Capital an affiliated entity of OBP III – Holdings LLC and does not have voting or investment control over these shares.

(17) Consists of 110,000 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date.

(18) Consists of (i) 13,479,618 shares of common stock and (ii) 6,075,344 shares of common stock underlying options that are exercisable as of December 31, 2012 or will become exercisable within 60 days after such date. As to disclaimers of beneficial ownership, see footnotes 13, 15 and 16 above.

DESCRIPTION OF CAPITAL STOCK

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person is entitled to sell those shares without complying with any of the requirements of Rule 144.

The following is a summary of our capital stock and the material provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, which will become effective upon the closing of this offering, the registration rights agreement to which we and certain of our stockholders are parties and of the Delaware General Corporation Law. For a complete description, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and the registration rights agreement, copies of which have been filed as exhibits to the registration statement of which this prospectus is part.

General

Our certificate of incorporation that will be in effect upon the closing of this offering, after giving effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock, authorizes us to issue up to 100,000,000 shares of common stock, par value $0.01 per share, and 4,999,989 shares of preferred stock, par value $0.01 per share, of which 1,999,989 shares will be designated Series 1 Nonconvertible Preferred Stock and 3,000,000 shares of preferred stock will be undesignated. No shares of preferred stock will be issued or outstanding immediately after this offering.

Common Stock

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, and do not have cumulative voting rights. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive dividends, if any, as and when declared by our board of directors. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon the closing of this offering will be fully paid and nonassessable. Holders of common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock, including the Series 1 Nonconvertible Preferred Stock and any preferred stock which we may designate in the future. In the event of any liquidation, dissolution or winding-up of our affairs, holders of common stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of preferred stock, if any.

As of December 31, 2012, based on 5,084,645 shares of common stock then outstanding and assuming the conversion of all of our redeemable convertible preferred stock and convertible preferred stock into an aggregate of 50,241,277 shares of common stock upon the closing of this offering, the issuance of shares of common stock in this offering at a price per share equal to the initial public offering price (which assumes an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus), and assuming no exercise of options or warrants, there would have been shares of common stock outstanding upon the closing of this offering.

As of December 31, 2012, we had approximately 135 record holders of our common stock, assuming the conversion of all of our outstanding shares of our redeemable convertible preferred stock and convertible preferred stock into an aggregate of 50,241,277 shares of common stock upon the closing of this offering.

Preferred Stock

Series 1 Nonconvertible Preferred Stock. Holders of Series 1 Nonconvertible Preferred Stock are not entitled to receive notice of, to attend, or to vote at any meeting of the stockholders. In any case in which the General Corporation Law of the State of Delaware requires that holders of Series 1 Nonconvertible Preferred Stock be entitled to vote at any meeting of stockholders, such holders will be entitled to vote as a class, separately from any other class or series of capital stock and will be entitled to one vote per share. All outstanding shares of Series 1 Nonconvertible Preferred Stock are fully paid and nonassessable. In the event of any liquidation, dissolution or winding up of the affairs of the company, the Series 1 Nonconvertible Preferred Stock will have priority over the holders of common stock and any other series of stock that we may designate in the future, and shall be entitled to $1.00 per share to be paid first out of any assets of the company available for distribution. With the approval of a majority of the outstanding shares of the Series 1 Nonconvertible Preferred Stock, we may call for redemption shares of Series 1 Nonconvertible Preferred Stock at a cash redemption price equal to $1.00 per share. Holders of Series 1 Nonconvertible Preferred Stock have no preemptive, conversion or subscription rights, and there are no sinking fund provisions applicable to the Series 1 Nonconvertible Preferred Stock.

As of December 31, 2012, we had outstanding warrants to purchase 1,999,989 shares of Series 1 Nonconvertible Preferred Stock at an exercise price of $0.01 per share that expire on October 4, 2017. No shares of Series 1 Nonconvertible Preferred Stock were outstanding as of December 31, 2012.

Undesignated Preferred. Upon the closing of this offering, our board of directors will have the authority, without further action by the stockholders, to issue up to 3,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock that are currently undesignated.

Stock Options

As of December 31, 2012, options to purchase 8,050,489 shares of our common stock at a weighted average exercise price of $0.70 per share were outstanding under the 1995 Plan.

Warrants

As of December 31, 2012, we had outstanding warrants to purchase 1,999,989 shares of Series 1 Nonconvertible Preferred Stock at an exercise price of $0.01 per share. These warrants expire on October 4, 2017. Upon the closing of this offering, the Series 1 Nonconvertible Preferred Stock warrants will remain exercisable for an aggregate of 1,999,989 shares of Series 1 Nonconvertible Preferred Stock. The expiration date of these warrants may not be extended without our consent.

Registration Rights

As of December 31, 2012, the holders of 51,788,715 shares of common stock, assuming the conversion of our redeemable convertible preferred stock, are entitled to certain registration rights with respect to these securities pursuant to our registration rights agreement, as amended to date.

Demand Rights. Beginning upon the expiration of the lock-up agreements entered into by the holders of these registrable securities in connection with this offering, as described below in the section entitled "Shares Eligible for Future Sale-Lock-up Agreements," subject to specified limitations, the holders of at least fifty percent (50%) of 51,788,715 shares of common stock deemed registrable securities, including 49,691,274 shares issuable upon conversion of our Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock, may require that we register all or a portion of these securities for sale under the Securities Act. Any such request may be made six months or more after the closing of this offering if at least 20% of the then registrable securities are sought to be registered or if the expected price to the public of the securities requested to be registered equals or exceeds $10.0 million in the aggregate. We may be required to effect three such registrations. Stockholders with these registration rights who are not part of an initial registration demand are entitled to notice of the registration and are entitled to include their shares of common stock in the registration. Under certain circumstances, the underwriters, if any, may limit the number of shares included in any such registration.

Incidental Rights. If at any time after the expiration of the lock-up agreements entered into by the holders of these registrable securities in connection with this offering, we propose to register any of our securities under the Securities Act for sale to the public, either for our own account or for the account of other security holders, or both, other than in connection with:

- a registration relating solely to our stock option plans or other employee benefit plans; or
- a registration relating solely to a business combination or merger involving us;

the holders of these registrable securities are entitled to notice of such registration and are entitled to include their common stock in the registration. Under certain circumstances, the underwriters, if any, may limit the number of shares included in any such registration.

Form S-3 Rights. In addition, the holders of these registrable securities will have the right to cause us to register all or a portion of these shares on a Form S-3, provided that we are eligible to use this form. We will not be required to effect such a registration unless the aggregate offering price of the shares to be registered is expected to exceed $2.0 million. Stockholders with these registration rights who are not part of an initial registration demand are entitled to notice and are entitled to include their shares of common stock in the registration.

Anti-Takeover Effects of Provisions of our Certificate of Incorporation, our Bylaws and Delaware Law

Some provisions of Delaware law, our certificate of incorporation and our bylaws contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Stockholder Meetings

Our charter documents provide that a special meeting of stockholders may be called only by the chairman of our board of directors, our Chief Executive Officer, or our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.

Anti-Takeover Provisions

We are subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a “business combination” with any “interested stockholder” for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger or consolidation involving us and the “interested stockholder” and the sale of more than 10% of our assets. In general, an “interested stockholder” is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Staggered Board; Removal of Directors

Our certificate of incorporation and our bylaws divide our board of directors into three classes with staggered three-year terms. In addition, a director may be removed only for cause and only by the affirmative vote of the holders of at least 66 2/3% of the votes that all our stockholders would be entitled to cast in an annual election of directors. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

The classification of our board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our Company.

Super-Majority Voting

The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation’s certificate of incorporation or by-laws, unless a corporation’s certificate of incorporation or by-laws, as the case may be, requires a greater percentage. Our by-laws may be amended or repealed by a majority vote of our board of directors or the affirmative vote of the holders of at least 66 2/3% of the votes that all our stockholders would be entitled to cast in an annual election of directors. In addition, the affirmative vote of the holders of at least 66 2/3% of the votes which all our

stockholders would be entitled to cast in an election of directors is required to amend or repeal or to adopt any provisions inconsistent with any of the provisions of our certificate of incorporation described in this paragraph and under the heading “Staggered Board; Removal of Directors” above.

Authorized But Unissued Shares

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of The NASDAQ Global Market. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

NASDAQ Global Market

We are applying to list our common stock on The NASDAQ Global Market under the symbol “ENTA.”

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has not been a public market for shares of our common stock, and a liquid public market for our common stock may not develop or be sustained after this offering. If a public market does develop, future sales of substantial amounts of shares of our common stock, including shares issued upon exercise of outstanding options, in the public market after our initial public offering, or the possibility of these sales occurring, could cause the prevailing market price for our common stock to fall or could impair our ability to raise capital through the sale of equity securities in the future.

As described below, only a limited number of shares of our common stock will be available for sale in the public market for a period of several months after completion of this offering due to contractual and legal restrictions on resale described below. Nevertheless, sales of a substantial number of shares of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could materially and adversely affect the prevailing market price of our common stock. Although we have applied to list our common stock on The NASDAQ Global Market, we cannot assure you that there will be an active market for our common stock.

Upon the closing of this offering, we will have outstanding shares of our common stock based on the number of shares outstanding as of December 31, 2012. This includes shares that we are selling in this offering, which shares may be resold in the public market immediately following this offering, and assumes no exercise by the underwriters of their over-allotment option and no exercise of outstanding options.

The shares of common stock that were not offered and sold in this offering are, or will be upon issuance, "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements and market standoff provisions described below and subject to the provisions of Rules 144 and 701 under the Securities Act, these restricted securities will be available for sale in the public market as follows:

Date Available for Sale	Shares Eligible for Sale	Comment
Date of prospectus		Excludes shares of our common stock sold in this offering which may be resold immediately following this offering
91 days after date of prospectus		Shares that are not subject to a lock-up and can be sold under Rule 144
181 days after date of prospectus		Lock-up released*; shares can be sold under Rule 144

* See "Lock-Up Agreements and Market Standoff Provisions" below. J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC, in their sole discretion may, at any time and without prior notice, release all or any portion of the shares from the restrictions in any of these agreements.

Rule 144

Non-Affiliate Resales of Restricted Securities

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our

affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person is entitled to sell those shares without complying with any of the requirements of Rule 144.

Affiliate Resales of Restricted Securities

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon the expiration of the lock-up agreements described below, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after our initial public offering, or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction before the effective date of our initial public offering that was completed in reliance on Rule 701 and complied with the requirements of Rule 701 will, subject to the lock-up restrictions described below, be eligible to resell such shares 90 days after the date of this prospectus in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

Lock-Up Agreements and Market Standoff Provisions

We and each of our directors and executive officers and certain shareholders holding substantially all of our outstanding common stock and preferred stock, who collectively own approximately shares of our common stock on an as-converted basis, based on shares outstanding as of December 31, 2012, have agreed that, without the prior written consent of J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC on behalf of the underwriters, they will not, subject to limited exceptions, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock, or publicly disclose the intention to make any offer, sale, pledge or disposition;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock; or
- make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for shares of our common stock.

In addition, we have agreed with our underwriters not to sell any shares of our common stock or securities convertible into or exchangeable for shares of our common stock for a period of 180 days after the date of this prospectus, subject to certain customary exceptions. J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC may, in their sole discretion, at any time, release all or any portion of the shares from these restrictions.

The lock-up restrictions and specified exceptions are described in more detail under “Underwriting.”

Registration Rights

Upon the closing of this offering, certain holders of shares of our common stock will be entitled to rights with respect to the registration of the sale of these shares under the Securities Act. Registration of the sale of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. See “Description of Capital Stock-Registration Rights” for additional information.

Registration Statement

We intend to file a registration statement on Form S-8 under the Securities Act covering all of the shares of common stock subject to options outstanding, as well as reserved for future issuance, under our stock plans. We expect to file this registration statement as soon as practicable after our initial public offering. However, none of the shares registered on Form S-8 will be eligible for resale until the expiration of the lock-up agreements to which they are subject.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of the material U.S. federal income and estate tax consequences of the acquisition, ownership and disposition of our common stock, but is not a complete analysis of all the potential U.S. federal income and estate tax consequences relating thereto. Except where noted, this discussion deals only with common stock that is purchased by a non-U.S. holder pursuant to this offering and is held as a capital asset by the non-U.S. holder. A "non-U.S. holder" means a person (other than a partnership) that is for U.S. federal income tax purposes any of the following:

- a nonresident alien individual;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of a jurisdiction other than the United States, any state thereof or the District of Columbia;
- an estate other than one the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust other than a trust that (i) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons having the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect to be treated as a U.S. person.

If an entity treated as a partnership for U.S. federal income tax purposes holds common stock, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold common stock and partners in such partnerships should consult their respective tax advisors with respect to the U.S. federal income and estate tax consequences of the ownership and disposition of common stock. If you are an individual, you may, in many cases, be deemed to be a resident alien by virtue of being present in the United States for at least 31 days in the current calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For these purposes, all the days you are present in the U.S. during the current calendar year, one-third of the days you were present in the U.S. in the immediately preceding year, and one-sixth of the days you were present in the U.S. in the second immediately preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens. Such an individual is urged to consult his or her own tax advisor regarding the U.S. federal income and estate tax consequences of the ownership and disposition of common stock.

This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant in light of a non-U.S. holder's special tax status or special circumstances. U.S. expatriates and certain former citizens or long-term residents of the United States, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax and investors that hold common stock as part of a hedge, straddle or conversion transaction are among those categories of potential investors that may be subject to special rules not covered in this discussion. This discussion does not address any U.S. federal tax consequences other than income and estate tax consequences or any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction. Furthermore, the following discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), United States Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Accordingly, each non-U.S. holder should consult its tax advisor regarding the U.S. federal, state, local and non-U.S. income, estate and other tax consequences of acquiring, holding and disposing of shares of our common stock.

INVESTORS CONSIDERING THE PURCHASE OF SECURITIES PURSUANT TO THIS OFFERING ARE ENCOURAGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE APPLICATION OF OTHER FEDERAL TAX LAWS, FOREIGN, STATE AND LOCAL TAX LAWS, AND TAX TREATIES.

Distributions on Our Common Stock

Distributions in cash or other property on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's adjusted basis in the common stock, but not below zero, and then the excess, if any, will be treated as gain from the sale of common stock, as described below.

We do not intend to pay cash dividends on our common stock for the foreseeable future. In the event that we do make distributions on our common stock, amounts paid to a non-U.S. holder of common stock that are treated as dividends for U.S. federal income tax purposes generally will be subject to U.S. withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate as may be specified by an applicable tax treaty. In order to receive a reduced treaty rate, a non-U.S. holder generally must provide a valid Internal Revenue Service ("IRS") Form W-8BEN or other successor form certifying qualification for the reduced rate. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provided certification to us or our paying agent, either directly or through intermediaries. For payments made to a partnership or other pass-through entity, the certification requirements generally apply to the partners or other owners rather than to the partnership or other entity, and the partnership or other entity must provide the partners' or other owners' documentation to us or our paying agent.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) are exempt from such withholding tax. In order to obtain this exemption, a non-U.S. holder must provide a valid IRS Form W-8ECI or other applicable form properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, will generally be subject to regular U.S. federal income tax as if the non-U.S. holder were a U.S. resident, unless an applicable income tax treaty provides otherwise. A non-U.S. corporation receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on the earnings and profits attributable to its effectively connected income.

Gain on Disposition of Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of common stock unless:

- the gain is "effectively connected" with the non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition of our common stock, and certain other requirements are met; or
- we are or have been a U.S. real property holding corporation, as defined below, at any time within the five-year period preceding the disposition or the non-U.S. holder's holding period, whichever period is shorter (the "relevant period").

Unless an applicable treaty provides otherwise, gain described in the first bullet point above generally will be subject to regular U.S. federal income tax as if the non-U.S. holder were a U.S. resident and, in the case of non-U.S. holders taxed as corporations, the branch profits tax described above.

Unless an applicable treaty provides otherwise, gain described in the second bullet point above generally will be subject to U.S. federal income tax at a flat 30% rate, but may be offset by United States source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

Generally, a corporation is a U.S. real property holding corporation, or USRPHC, if the fair market value of its U.S. real property interests, as defined in the Code and applicable Treasury regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business.

We believe that we are not, and currently do not anticipate becoming, a USRPHC. However, there can be no assurance that our current analysis is correct or that we will not become a USRPHC in the future. Even if we are or become a USRPHC, as long as our common stock is "regularly traded on an established securities market," within the meaning of applicable Treasury regulations, such common stock will be treated as U.S. real property interests only if the non-U.S. holder actually or constructively held more than 5% of such regularly traded common stock at some time during the relevant period.

Backup Withholding and Information Reporting

The Code and the Treasury Regulations require payors who make specified payments to report the payments to the IRS. Among the specified payments are dividends and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by "backup withholding" rules. These rules require payors to withhold tax from payments subject to information reporting if the recipient fails to cooperate with the reporting regime by failing to provide his/her/its taxpayer identification number to the payor, furnishing an incorrect identification number, or failing to report interest or dividends on his/her/its returns. The backup withholding tax rate is currently 28%. The backup withholding rules do not apply to payments to corporations, whether domestic or foreign.

Payments to non-U.S. holders of dividends on our common stock generally will not be subject to backup withholding provided the non-U.S. holder certifies its nonresident status (and we or our paying agent do not have actual knowledge or reason to know the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied) or otherwise establishes an exemption. The certification procedures to claim treaty benefits will satisfy the certification requirements necessary to avoid the backup withholding tax as well. We must report annually to the IRS any dividends paid to each non-U.S. holder and the tax withheld, if any, with respect to such dividends. Copies of these reports may be made available to tax authorities in the country where the non-U.S. holder resides.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder of our common stock under the backup withholding rules can be credited against any U.S. federal income tax liability of the holder and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

U.S. Federal Estate Tax

Shares of common stock held (or deemed held) by an individual who is a non-U.S. holder at the time of his or her death will be included in such non-U.S. holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Legislation Relating to Foreign Accounts

Legislation enacted in 2010 will generally impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid after December 31, 2012 to a foreign financial institution unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). The legislation will also generally impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid after December 31, 2012 to a foreign entity (other than a financial institution) unless such entity provides the withholding agent with a certification identifying the direct and indirect U.S. owners of the entity. Under certain circumstances, a holder might be eligible for refunds or credits of such taxes.

Although these rules currently apply to applicable payments made after December 31, 2012, recently proposed U.S. Treasury Regulations, as supplemented by guidance from the U.S. Treasury Department and the IRS, provide that such withholding would generally apply only to dividends paid on or after January 1, 2014 and to other "withholdable payments" (including payments of gross proceeds from a sale or other disposition of our common stock) made on or after January 1, 2017. These proposed regulations and related guidance will not be effective unless and until final regulations are issued. Investors are encouraged to consult with their own tax advisors regarding the possible impact of these rules on their investment in our common stock.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Credit Suisse Securities (USA) LLC	
Leerink Swann LLC	
JMP Securities LLC	
Total	

The underwriters are committed to purchase all the common shares offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the common shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the common shares offered in this offering. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have an option to buy up to additional shares of common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this over-allotment option. If any shares are purchased with this over-allotment option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without over-allotment exercise	With full over-allotment exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters for all expenses relating to the clearance of this offering with the Financial Industry Regulatory Authority.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any such transaction described in (i) or (ii) is to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder; any options exercisable for common stock granted under company stock plans in the ordinary course of business consistent with past practice; and any shares of our common stock issued upon the exercise of options granted under company stock plans or outstanding warrants.

Our directors and executive officers, and certain shareholders holding substantially all of our outstanding common stock on an as-converted basis have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, shareholders, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock, in each case other than transfers of shares of common stock: as a bona fide gift; to affiliates of certain of our shareholders; to any trust for the benefit of our directors, executive officers, shareholders or their immediate family members; by will, other testamentary document or intestate succession; or acquired in this public offering or in open market transactions after the completion of this public offering; in each case subject to certain requirements and limitations.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We will apply to have our common stock approved for listing on The NASDAQ Global Market under the symbol “ENTA.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing

transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on The NASDAQ Global Market, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations among us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common shares, or that the shares will trade in the public market at or above the initial public offering price.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

United Kingdom

Each underwriter has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of our common shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our common shares in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares which are the subject of the offering contemplated by this prospectus (the "Shares") may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Edwards Wildman Palmer LLP. Nathaniel S. Gardiner, Esq., a partner of Edwards Wildman Palmer LLP, is our corporate secretary. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP.

EXPERTS

The financial statements as of September 30, 2011 and 2012 and for each of the three years in the period ended September 30, 2012 included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to payments the Company may be required to make to redeem a portion of its redeemable convertible preferred stock, as described in Note 1 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock we are offering to sell. This prospectus, which constitutes part of the registration statement, does not include all of the information contained in the registration statement and the exhibits, schedules and amendments to the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and to the exhibits and schedules to the registration statement. Statements contained in this prospectus about the contents of any contract, agreement or other document are not necessarily complete, and, in each instance, we refer you to the copy of the contract, agreement or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You may read and copy the registration statement of which this prospectus is a part at the SEC's public reference room, which is located at 100 F Street, N.E., Room 1580, Washington, DC 20549. You can request copies of the registration statement by writing to the Securities and Exchange Commission and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the SEC's public reference room. In addition, the SEC maintains a website, which is located at www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may access the registration statement of which this prospectus is a part at the SEC's website.

Upon completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, and we will file reports, proxy statements and other information with the SEC. All documents filed with the SEC are available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at www.enanta.com. You may access our reports, proxy statements and other information free of charge at this website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information on such website is not incorporated by reference and is not a part of this prospectus.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Enanta Pharmaceuticals, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations, comprehensive income, changes in redeemable and convertible preferred stock and stockholders' deficit and cash flows present fairly, in all material respects, the financial position of Enanta Pharmaceuticals, Inc. at September 30, 2011 and 2012 and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Company may be required to make payments totaling up to $39.7 million on December 31, 2013 in order to redeem a portion of its redeemable convertible preferred stock.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
November 16, 2012

ENANTA PHARMACEUTICALS, INC.

BALANCE SHEETS

(In thousands, except share and per share amounts)

	September 30,		December 31,	Pro Forma December 31,
	2011	2012	2012	2012
			(unaudited)	
Assets				
Current assets:				
Cash and cash equivalents	$ 6,837	$ 10,511	$ 20,735	$ 20,735
Short-term marketable securities	16,492	33,251	24,750	24,750
Accounts receivable	261	1,049	14,333	14,333
Unbilled receivables	—	1,893	543	543
Restricted cash	1,140	—	—	—
Prepaid expenses and other current assets	369	604	590	590
Total current assets	25,099	47,308	60,951	60,951
Property and equipment, net	534	611	583	583
Long-term marketable securities	—	1,656	7,429	7,429
Restricted cash	436	436	436	436
Other assets	27	2,151	3,084	3,084
Total assets	$ 26,096	$ 52,162	$ 72,483	$ 72,483
Liabilities, Redeemable and Convertible Preferred Stock and Stockholders' Deficit				
Current liabilities:				
Accounts payable	$ 566	$ 1,851	$ 1,774	$ 1,774
Accrued expenses	1,583	3,866	1,857	1,857
Deferred revenue	—	17	141	141
Total current liabilities	2,149	5,734	3,772	3,772
Warrant liability	1,993	2,001	1,981	1,981
Other long-term liabilities	—	498	512	512
Total liabilities	4,142	8,233	6,265	6,265
Commitments and contingencies (Note 16)				
Redeemable convertible preferred stock (Series C, D, E, F, G-1 and G-2); $0.01 par value; 45,421,288 shares authorized; 43,115,343 shares issued and outstanding at September 30, 2011 and 2012 and December 31, 2012 (unaudited); aggregate liquidation preference of $159,079 and $160,356 at September 30, 2012 and December 31, 2012 (unaudited), respectively; no shares issued or outstanding pro forma at December 31, 2012 (unaudited)	153,588	158,955	160,237	—
Convertible preferred stock (Series A and B); $0.01 par value; 566,450 shares authorized, issued and outstanding at September 30, 2011 and 2012 and December 31, 2012 (unaudited); aggregate liquidation preference of $327 at September 30, 2012 and December 31, 2012 (unaudited); no shares issued or outstanding pro forma at December 31, 2012 (unaudited)	327	327	327	—
Stockholders' equity (deficit):				
Common stock; $0.01 par value; 70,000,000 shares authorized; 5,283,748, 5,789,127 and 5,984,645 shares issued and 4,383,748, 4,889,127 and 5,084,645 shares outstanding at September 30, 2011 and 2012 and December 31, 2012 (unaudited), respectively; 56,225,922 shares issued and 55,325,922 shares outstanding pro forma at December 31, 2012 (unaudited)	53	58	60	562
Additional paid-in capital	—	—	—	160,062
Treasury stock, at par value; 900,000 shares at September 30, 2011 and 2012 and December 31, 2012 (unaudited); 900,000 shares pro forma at December 31, 2012 (unaudited)	(9)	(9)	(9)	(9)
Accumulated other comprehensive income (loss)	(1)	10	(4)	(4)
Accumulated deficit	(132,004)	(115,412)	(94,393)	(94,393)
Total stockholders' equity (deficit)	(131,961)	(115,353)	(94,346)	66,218
Total liabilities, redeemable and convertible preferred stock and stockholders' equity (deficit)	$ 26,096	$ 52,162	$ 72,483	$ 72,483

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

ENANTA PHARMACEUTICALS, INC.

STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
				(unaudited)	
Revenue	$ 22,763	$ 41,882	$ 41,706	$ 741	$ 27,859
Operating expenses:					
Research and development	9,716	11,547	15,115	2,672	4,798
General and administrative	6,105	5,036	5,302	1,251	1,152
Total operating expenses	15,821	16,583	20,417	3,923	5,950
Income (loss) from operations	6,942	25,299	21,289	(3,182)	21,909
Other income (expense):					
Interest income	14	83	118	14	35
Interest expense	—	(3,161)	—	—	(7)
Change in fair value of warrant liability	482	(686)	(8)	9	20
Therapeutic tax credit	—	750	—	—	—
Gain on embedded derivative	—	670	—	—	—
Other income (expense), net	309	355	—	—	—
Total other income (expense), net	805	(1,989)	110	23	48
Income (loss) before income tax	7,747	23,310	21,399	(3,159)	21,957
Income tax benefit	157	—	—	—	—
Net income (loss)	7,904	23,310	21,399	(3,159)	21,957
Accretion of redeemable convertible preferred stock to redemption value	(5,452)	(5,454)	(5,367)	(1,374)	(1,282)
Net income attributable to participating securities	(2,236)	(16,291)	(14,663)	—	(18,807)
Net income (loss) attributable to common stockholders	$ 216	$ 1,565	$ 1,369	$ (4,533)	$ 1,868
Net income (loss) per share attributable to common stockholders:					
Basic	$ 0.04	$ 0.32	$ 0.29	$ (1.03)	$ 0.37
Diluted	$ 0.04	$ 0.31	$ 0.26	$ (1.03)	$ 0.34
Weighted average common shares outstanding:					
Basic	4,873,295	4,823,966	4,692,657	4,395,964	4,991,210
Diluted	6,746,450	8,004,846	10,666,488	4,395,964	11,365,506
Pro forma net income per share attributable to common stockholders (unaudited):					
Basic			$ 0.39		$ 0.40
Diluted			$ 0.35		$ 0.36
Pro forma weighted average common shares outstanding (unaudited):					
Basic			54,933,934		55,232,487
Diluted			60,910,089		61,613,301

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

ENANTA PHARMACEUTICALS, INC.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
				(unaudited)	
Net income (loss)	$7,904	$23,310	$21,399	$(3,159)	$21,957
Other comprehensive income (loss):					
Net unrealized gains (losses) on marketable securities, net of tax of $0	—	(1)	11	3	(14)
Total other comprehensive income (loss)	—	(1)	11	3	(14)
Comprehensive income (loss)	$7,904	$23,309	$21,410	$(3,156)	$21,943

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

ENANTA PHARMACEUTICALS, INC.

STATEMENTS OF CHANGES IN REDEEMABLE AND CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(In thousands, except share amounts)

	Series C, D, E, F and G Redeemable Convertible Preferred Stock		Series A and B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Par Value		Shares	Amount			
Balance at September 30, 2009	43,115,343	$ 142,682	566,450	$ 327	5,168,970	$ 52	$ —	(310,000)	$ (3)	$ —	$ (152,850)	$ (152,801)
Exercise of stock options	—	—	—	—	43,905	—	15	—	—	—	—	15
Compensation expense related to stock options	—	—	—	—	—	—	259	—	—	—	—	259
Accretion of redeemable convertible preferred stock to redemption value	—	5,452	—	—	—	—	(274)	—	—	—	(5,178)	(5,452)
Net income	—	—	—	—	—	—	—	—	—	—	7,904	7,904
Balance at September 30, 2010	43,115,343	148,134	566,450	327	5,212,875	52	—	(310,000)	(3)	—	(150,124)	(150,075)
Exercise of stock options	—	—	—	—	70,873	1	33	—	—	—	—	34
Restricted common stock forfeited by former employees	—	—	—	—	—	—	6	(590,000)	(6)	—	—	—
Compensation expense related to stock options	—	—	—	—	—	—	225	—	—	—	—	225
Accretion of redeemable convertible preferred stock to redemption value	—	5,454	—	—	—	—	(264)	—	—	—	(5,190)	(5,454)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(1)	—	(1)
Net income	—	—	—	—	—	—	—	—	—	—	23,310	23,310
Balance at September 30, 2011	43,115,343	153,588	566,450	327	5,283,748	53	—	(900,000)	(9)	(1)	(132,004)	(131,961)
Exercise of stock options	—	—	—	—	505,379	5	136	—	—	—	—	141
Compensation expense related to stock options	—	—	—	—	—	—	424	—	—	—	—	424
Accretion of redeemable convertible preferred stock to redemption value	—	5,367	—	—	—	—	(560)	—	—	—	(4,807)	(5,367)
Other comprehensive income	—	—	—	—	—	—	—	—	—	11	—	11
Net income	—	—	—	—	—	—	—	—	—	—	21,399	21,399
Balance at September 30, 2012	43,115,343	158,955	566,450	327	5,789,127	58	—	(900,000)	(9)	10	(115,412)	(115,353)
Exercise of stock options	—	—	—	—	195,518	2	63	—	—	—	—	65
Compensation expense related to stock options	—	—	—	—	—	—	281	—	—	—	—	281
Accretion of redeemable convertible preferred stock to redemption value	—	1,282	—	—	—	—	(344)	—	—	—	(938)	(1,282)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(14)	—	(14)
Net income	—	—	—	—	—	—	—	—	—	—	21,957	21,957
Balance at December 31, 2012 (unaudited)	43,115,343	$ 160,237	566,450	$ 327	5,984,645	$ 60	$ —	(900,000)	$ (9)	$ (4)	$ (94,393)	$ (94,346)

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

ENANTA PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
				(unaudited)	
Cash flows from operating activities					
Net income (loss)	$ 7,904	$ 23,310	$ 21,399	$ (3,159)	$ 21,957
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	553	499	172	56	39
Non-cash interest expense	—	2,059	—	—	—
Change in fair value of warrant liability	(482)	686	8	(8)	(20)
Gain on embedded derivative	—	(670)	—	—	—
Stock-based compensation expense	259	225	424	55	281
(Gain) loss on disposal of property and equipment	2	(7)	(63)	(30)	—
Amortization of premium on marketable securities	—	317	590	69	204
Change in operating assets and liabilities:					
Accounts receivable	(6)	(251)	(788)	219	(13,284)
Unbilled receivables	—	—	(1,893)	(741)	1,350
Prepaid expenses and other current assets	65	(273)	(235)	133	14
Accounts payable	181	58	763	(46)	442
Accrued expenses	1,765	(1,120)	1,726	245	(2,076)
Other long-term liabilities	(275)	(356)	498	19	14
Deferred revenue	(20,036)	(432)	17	—	124
Other assets	(105)	(26)	5	—	—
Net cash provided by (used in) operating activities	(10,175)	24,019	22,623	(3,188)	9,045
Cash flows from investing activities					
Purchases of property and equipment	(37)	(445)	(252)	(28)	(11)
Proceeds from sales of property and equipment	—	9	66	30	—
Purchases of marketable securities	(603)	(33,574)	(47,694)	(2,941)	(13,141)
Sales of marketable securities	2,303	16,764	15,750	—	2,436
Maturities of marketable securities	—	—	12,950	8,750	13,215
Change in restricted cash	—	(436)	1,140	1,140	—
Net cash provided by (used in) investing activities	1,663	(17,682)	(18,040)	6,951	2,499
Cash flows from financing activities					
Proceeds from issuance of convertible notes	—	2,000	—	—	—
Repayment of convertible notes	—	(2,000)	—	—	—
Payments of capital lease obligations	(7)	—	—	—	—
Proceeds from exercise of stock options	15	34	141	51	65
Payments of initial public offering costs	—	—	(1,050)	—	(1,385)
Net cash provided by (used in) financing activities	8	34	(909)	51	(1,320)
Net increase (decrease) in cash and cash equivalents	(8,504)	6,371	3,674	3,814	10,224
Cash and cash equivalents at beginning of period	8,970	466	6,837	6,837	10,511
Cash and cash equivalents at end of period	$ 466	$ 6,837	$ 10,511	$10,651	$ 20,735
Supplemental disclosure of cash flow information:					
Cash paid for interest	$ —	$ 1,056	$ —	$ —	$ —
Cash paid for (received from) income taxes	$ (157)	$ —	$ —	$ —	$ —
Supplemental disclosure of noncash financing activities:					
Accretion of redeemable convertible preferred stock to redemption value	$ 5,452	$ 5,454	$ 5,367	$ 1,374	$ 1,282
Deferred initial public offering costs included in accounts payable or accrued expenses	$ —	$ —	$ 1,079	$ —	$ 626

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

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

1. Nature of the Business and Basis of Presentation

Enanta Pharmaceuticals, Inc. (the "Company"), incorporated in Delaware in 1995, is a research and development-focused biotechnology company that uses its chemistry-driven approach and drug discovery capabilities to create small molecule drugs in the infectious disease field. The Company is developing novel protease, NS5A, cyclophilin and nucleotide polymerase inhibitors targeted against the hepatitis C virus ("HCV"). Additionally, the Company has created a new class of macrolide antibiotics known as Bicyclolides that overcomes bacterial resistance. Antibacterial focus areas include "superbugs," respiratory tract infections, and intravenous and oral treatments for hospital and community Methicillin-resistant *Staphylococcus aureus* ("MRSA").

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, dependence on collaborative arrangements, protection of proprietary technology, dependence on key personnel, compliance with government regulations and the need to obtain additional financing. Product 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 accompanying financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company had an accumulated deficit of $115,412 as of September 30, 2012. The Company believes that its cash, cash equivalents and marketable securities will be sufficient to meet its working capital and capital expenditure requirements for at least twelve months from September 30, 2012. As of September 30, 2012, the Company has redeemable convertible preferred stock outstanding that is redeemable at the election of the holders at various dates commencing on December 31, 2013, which could require the Company to make payments totaling up to $39,696 on December 31, 2013 (see Note 9).

The Company is seeking to complete an initial public offering of its common stock. Upon a successful qualified public offering with gross proceeds of not less than $25,000, subject to certain terms, the Company's outstanding redeemable convertible preferred stock and convertible preferred stock will automatically convert into shares of common stock. In the event the Company does not complete an initial public offering, the Company may be required to seek amendments to the terms of its redeemable convertible preferred stock to delay or eliminate its redemption payment requirements or seek additional private financing to fund the redemption and its operations. There is no assurance that the Company would be successful in obtaining such amendments or private financing on acceptable terms, or at all. Alternatively, the Company may be required to seek additional funding through existing or new collaboration agreements. The Company may not be able to enter into additional collaborative arrangements. Arrangements with collaborators or others may require the Company to relinquish rights to certain of its technologies or product candidates. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate its research and development programs or commercialization efforts, which could adversely affect its business prospects, and may not have sufficient funds to redeem its outstanding preferred stock when it becomes due.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, management's judgments of separate units of accounting and best estimate of selling price of those units of accounting within its revenue arrangements; the valuation of common stock, warrants, embedded derivatives and stock-based awards; the useful lives of property and equipment; and the accounting for income taxes, including uncertain tax positions and the valuation of net deferred tax assets. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Unaudited Interim Financial Information

The accompanying balance sheet as of December 31, 2012, statements of operations, of comprehensive income (loss) and of cash flows for the three months ended December 31, 2011 and 2012, and the statement of changes in redeemable and convertible preferred stock and stockholders' deficit for the three months ended December 31, 2012 are unaudited. The interim unaudited financial statements have been prepared on the same basis as the annual audited 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 December 31, 2012 and the results of its operations, its comprehensive income (loss) and its cash flows for the three months ended December 31, 2011 and 2012. The financial data and other information disclosed in these notes related to the three months ended December 31, 2011 and 2012 are unaudited. The results for the three months ended December 31, 2012 are not necessarily indicative of results to be expected for the year ending September 30, 2013, any other interim periods, or any future year or period.

Unaudited Pro Forma Information

The accompanying unaudited pro forma balance sheet as of December 31, 2012 has been prepared to give effect to the automatic conversion upon the closing of a qualified initial public offering of all outstanding shares of redeemable convertible preferred stock and convertible preferred stock into 50,241,277 shares of common stock as though the proposed initial public offering had occurred on December 31, 2012. In the accompanying statements of operations, unaudited pro forma basic and diluted net income per share attributable to common stockholders for the year ended September 30, 2012 and the three months ended December 31, 2012 has been prepared to give effect to (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock and convertible preferred stock into 50,241,277 shares of common stock and (ii) the automatic conversion of outstanding warrants to purchase Series E redeemable convertible preferred stock into warrants to purchase shares of common stock as though the proposed initial public offering had occurred on October 1, 2011.

Cash Equivalents and Marketable Securities

The Company considers all short-term, highly liquid investments with original maturities of ninety days or less at acquisition date to be cash equivalents. Marketable securities with original maturities of greater than three

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

months and remaining maturities of less than one year from the balance sheet date are classified as short-term marketable securities. Marketable securities with remaining maturities of greater than one year from the balance sheet date are classified as long-term marketable securities.

The Company classifies all of its marketable securities as available-for-sale. All marketable securities are held with one investment manager. The Company continually evaluates the credit ratings of its investment portfolio and underlying securities. The Company invests in accordance with its investment policy and invests in securities with a rating of A2 or higher and A or higher according to Moody's and S&P, respectively. The Company reports available-for-sale investments at fair value as of each balance sheet date and records any unrealized gains and losses as a component of stockholders' equity (deficit). The cost of securities sold is determined on a specific identification basis, and realized gains and losses are included in other income (expense) within the statement of operations. If any adjustment to fair value reflects a decline in the value of the investment, the Company considers available evidence to evaluate the extent to which the decline is "other than temporary" and reduces the investment to fair value through a charge to the statement of operations. There were no such adjustments necessary during the years ended September 30, 2010, 2011 or 2012 or during the three months ended December 31, 2011 or 2012 (unaudited).

Restricted Cash

As of September 30, 2011, the Company had outstanding a letter of credit collateralized by a certificate of deposit of $1,140 to the benefit of the landlord of the Company's former office lease. This amount was classified as short-term restricted cash as of September 30, 2011. On December 2, 2011, the landlord released the letter of credit to the Company. As of September 30, 2011 and 2012 and December 31, 2012 (unaudited), the Company had outstanding a letter of credit collateralized by a money market account of $436 to the benefit of the landlord of the Company's current office lease. This amount was classified as long-term restricted cash as of September 30, 2011 and 2012 and December 31, 2012 (unaudited).

Concentration of Credit Risk and of Significant Customers and Suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents, marketable securities, accounts receivable and unbilled receivables. The Company has all cash and investment balances at one accredited financial institution, in amounts that exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company has historically generated all of its revenue from its collaborative research and license agreements and one government contract (see Note 8). As of September 30, 2011, accounts receivable consisted of amounts due under a therapeutic tax credit grant from the U.S. government (see Note 20). As of September 30, 2012 and December 31, 2012 (unaudited), accounts receivable and unbilled receivables consisted of amounts due from the Company's collaborators and under a U.S. government contract (see Note 8).

The Company is completely dependent on third-party manufacturers for product supply for preclinical research activities in its non-partnered programs. In particular, the Company relies and expects to continue to rely exclusively on one manufacturer to supply it with its requirements for the active pharmaceutical ingredients related to these programs. These research programs would be adversely affected by a significant interruption in the supply of active pharmaceutical ingredients.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, is used to measure fair value:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's cash equivalents and marketable securities assets and its warrant liabilities are carried at fair value determined according to the fair value hierarchy described above (see Note 3). The carrying values of accounts receivable and unbilled receivables, accounts payable, and accrued expenses approximate their fair value due to the short-term nature of these assets and liabilities. The carrying value of accrued third-party license fees included in other long-term liabilities has been recorded at its present value, which approximates fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation or amortization. Depreciation and amortization expense is recognized using the straight-line method over the following estimated useful lives:

Laboratory and office equipment	3–5 years
Leasehold improvements	Shorter of life of lease or estimated useful life
Purchased software	3–5 years
Computer equipment	3–5 years
Furniture	7 years

Expenditures for repairs and maintenance of assets are charged to expense as incurred. Costs of major additions and betterments are capitalized and depreciated on a straight-line basis over their useful lives. Upon retirement or sale, the cost and related accumulated depreciation or amortization of assets disposed of are removed from the accounts and any resulting gain or loss is included in income (loss) from operations.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its fair value, determined based on discounted cash flows. To date, the Company has not recorded any impairment losses on long-lived assets.

Revenue Recognition

The Company's revenue is generated primarily through collaborative research and license agreements. The terms of these agreements contain multiple deliverables, which may include (i) licenses, (ii) research and development activities, and (iii) participation in joint research and development steering committees. The terms of these agreements may include nonrefundable upfront license fees, payments for research and development activities, payments based upon the achievement of certain milestones, and royalty payments based on product sales derived from the collaboration. In all instances, revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, delivery has occurred or the services have been rendered, collectibility of the resulting receivable is reasonably assured, and the Company has fulfilled its performance obligations under the contract.

For agreements entered into prior to October 1, 2011, the Company evaluated license agreements with multiple deliverables to determine if the deliverable elements could be recognized separately by considering (i) if the delivered elements (typically the license) had standalone value to the customer, (ii) if the fair value of any undelivered elements (typically the research and development services and the steering committee activities) could be determined based on vendor-specific objective evidence ("VSOE") or vendor objective evidence ("VOE"), and (iii) if the arrangement included a general right of return relative to the delivered item, the delivery or performance of the undelivered item was considered probable and substantially within the control of the Company. VSOE of fair value was based on the consistent price of a deliverable when the Company regularly sold it on a standalone basis. Alternatively, VOE was based upon third-party objective evidence of fair value. If the delivered elements had value on a standalone basis and the fair value of the undelivered elements could be determined based on VSOE or VOE, revenues of such elements were then accounted for separately as delivered with arrangement consideration allocated to the delivered elements based on the residual value method. If either (i) the delivered elements were considered to not have standalone value or (ii) VSOE or VOE of fair value for any of the undelivered elements could not be determined, the arrangement was accounted for as a single unit of accounting and all payments received were recognized as revenue over the estimated period of performance of the entire arrangement.

On October 1, 2011, the Company adopted Accounting Standards Update ("ASU") No. 2009-13, *Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13"). This guidance, which applies to multiple-element arrangements entered into or materially modified on or after October 1, 2011, amends the criteria for separating and allocating consideration in a multiple-element arrangement by modifying the fair value requirements for revenue recognition and eliminating the use of the residual value method. The selling prices of deliverables under the arrangement may be derived using third-party evidence ("TPE") or a best estimate of selling price ("BESP"), if VSOE is not available. The objective of BESP is to determine the price at which the Company would transact a sale if the element within the license agreement was sold on a standalone basis. Establishing BESP involves management's judgment and considers multiple factors, including market conditions and company-specific factors including those factors contemplated in negotiating the agreements as well as internally developed models that include assumptions related to market opportunity, discounted cash flows, estimated development costs, probability of success, and the time needed to commercialize a product candidate pursuant to the license. In validating the Company's BESP, the Company considers whether changes in key assumptions used to determine the BESP will have a significant effect on the allocation of the arrangement consideration between the multiple deliverables. Deliverables under the arrangement are separate units of accounting if (i) the delivered item has value to the customer on a standalone basis, and (ii) if the arrangement

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially within the control of the Company. The arrangement consideration that is fixed or determinable at the inception of the arrangement is allocated to the separate units of accounting based on their relative selling prices. The appropriate revenue recognition model is applied to each element, and revenue is accordingly recognized as each element is delivered. The Company may exercise significant judgment in determining whether a deliverable is a separate unit of accounting. The Company elected to adopt ASU 2009-13 prospectively as of October 1, 2011.

In determining the separate units of accounting, the Company evaluates whether the license has standalone value to the collaborator based on consideration of the relevant facts and circumstances for each arrangement. Factors considered in this determination include the research and development capabilities of the collaborator and the availability of relevant research expertise in the marketplace. In addition, the Company considers whether or not (i) the collaborator can use the license for its intended purpose without the receipt of the remaining deliverables, (ii) the value of the license is dependent on the undelivered items, and (iii) the collaborator or other vendors can provide the undelivered items.

Under a collaborative research and license agreement, a steering committee is typically responsible for overseeing the general working relationships, determining the protocols to be followed in the research and development performed, and evaluating the results from the continued development of the product in order to determine the clinical studies to be performed. The Company evaluates whether its participation in joint research and development steering committees is a substantive obligation or whether the services are considered inconsequential or perfunctory. The Company's participation on a steering committee is considered "participatory" and therefore accounted for as a separate element when the collaborator requires the participation of the Company to ensure all elements of an arrangement are maximized. Steering committee services that are considered participatory are combined with other research services or performance obligations required under an arrangement, if any, in determining the level of effort required in an arrangement and the period over which the Company expects to complete its aggregate performance obligations. Alternatively, the Company's participation on a steering committee is considered "protective" and therefore not accounted for as a separate element in a case where the Company can exercise or control when to be involved at its own discretion. Factors the Company considers in determining if its participation in a joint steering committee is participating or protective include: (i) which party negotiated or requested the steering committee, (ii) how frequently the steering committee meets, (iii) whether or not there are any penalties or other recourse if the Company does not attend the steering committee meetings, (iv) which party has decision making authority on the steering committee, and (v) whether or not the collaborator has the requisite experience and expertise associated with the research and development of the licensed intellectual property.

For all periods presented, whenever the Company determines that an element is delivered over a period of time, revenue is recognized using either a proportional performance model or a straight-line model over the period of performance, which is typically the research and development term. Full-time equivalents ("FTEs") are typically used as the measure of performance. At each reporting period, the Company reassesses its cumulative measure of performance and makes appropriate adjustments, if necessary. The Company recognizes revenue using the proportional performance model whenever the Company can make reasonably reliable estimates of the level of effort required to complete its performance obligations under an arrangement. Revenue recognized under the proportional performance model at each reporting period is determined by multiplying the total expected payments under the contract (excluding royalties and payments contingent upon achievement of milestones) by the ratio of the level of effort incurred to date to the estimated total level of effort required to complete the performance obligations under the arrangement. Revenue is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the proportional

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

performance model as of each reporting period. Alternatively, if the Company cannot make reasonably reliable estimates the level of effort required to complete its performance obligations under an arrangement, then revenue under the arrangement is recognized on a straight-line basis over the period expected to complete the Company's performance obligations. If and when a contingent milestone payment is earned, the additional consideration to be received is allocated to the separate units of accounting in the arrangement based on their relative selling prices at the inception of the arrangement. Revenue is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined on a straight-line basis as of the period end date. If the Company cannot reasonably estimate when its performance obligation period ends, then revenue is deferred until the Company can reasonably estimate when the performance obligation period ends.

The Company recognized revenue of $35,567 during the year ended September 30, 2012 as a result of the collaborative arrangement with Novartis, the Company's only arrangement that is being accounted for under ASU 2009-13 (see Note 8). If the Company had recognized revenue from this Novartis arrangement under the guidance in effect prior to October 1, 2011, the Company would have recognized revenue of $22,651 related to the Novartis agreement during the year ended September 30, 2012. Under the previously issued guidance, fees related to the nonrefundable license fee and the funding for research would have been accounted for as a single unit of accounting and recognized over the one-year period of the research obligation based on the proportional performance model, due to the fact that the Company would have been unable to establish VSOE or VOE of fair value for the undelivered research obligation.

Royalty revenue, if any, is recognized based on contractual terms when reported sales are reliably measurable and collectibility is reasonably assured, provided that there are no performance obligations then remaining. To date, none of the Company's products have been approved, and therefore the Company has not earned any royalty revenue from product sales.

During the year ended September 30, 2012 and the three months ended December 31, 2012 (unaudited), the Company also generated revenue from a government contract that reimburses the Company for certain allowable costs for the funded project. Revenue from the government contract is recognized when the related service is performed. The related costs incurred by the Company under the government contract are included in research and development expense in the statements of operations.

The Company's adoption of ASU 2010-17, *Revenue Recognition–Milestone Method*, as of October 1, 2010, had no impact on its financial position, results of operations or cash flows as the Company made a policy election under this standard not to apply the milestone method. All milestone payments that the Company has received or is eligible to receive under its existing collaboration agreements result solely from the efforts of its collaborators and not from the efforts of the Company and, therefore, are not deemed to be substantive milestones.

Amounts received prior to satisfying all revenue recognition criteria are recorded as deferred revenue in the accompanying balance sheets. Amounts not expected to be recognized as revenue within the next twelve months of the balance sheet date are classified as long-term deferred revenue.

In the event that a collaborative research and license agreement is terminated and the Company then has no further performance obligations, the Company recognizes as revenue any portion of the upfront payment that had not previously been recorded as revenue but was classified as deferred revenue at the date of such termination.

Research and Development Costs

Research and development costs are expensed as incurred. Included in research and development costs are wages, stock-based compensation and benefits of employees, third-party license fees and other operational costs related to the Company's research and development activities, including facility-related expenses and external

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

costs of outside contractors engaged to conduct both preclinical and clinical studies. The Company also includes in research and development expense the costs to complete the Company's obligations under research collaborations.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are recorded as general and administrative expenses as incurred, as recoverability of such expenditures is uncertain.

Deferred Offering Costs

The Company capitalizes certain legal, accounting and other third-party fees that are directly associated with in-process equity financings as other assets until such financings are consummated. After consummation of the equity financing, these costs are recorded in shareholders' equity as a reduction of additional paid-in capital generated as a result of the offering. As of September 30, 2012 and December 31, 2012 (unaudited), the Company recorded deferred financing costs of $2,129 and $3,061, respectively, in other assets in the accompanying balance sheet in contemplation of a probable equity financing. Should the equity financing no longer be considered probable of being consummated, the deferred financing costs would be expensed immediately as a charge to operating expenses in the statement of operations.

Accounting for Stock-Based Compensation

The Company measures all stock options and other stock-based awards granted to employees at the fair value on the date of the grant using the Black-Scholes option-pricing model. The fair value of the awards is recognized as expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. The straight-line method of expense recognition is applied to all awards with service-only conditions. The Company classifies stock-based compensation expense in the statements of operations in the same manner in which the award recipient's payroll costs are classified.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements or in the Company's tax returns. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

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

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

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.

Net Income (Loss) Per Share

The Company follows the two-class method when computing net income (loss) per share as the Company has issued shares that meet the definition of participating securities. The two-class method determines net income (loss) per share for each class of common and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company's redeemable convertible preferred shares and convertible preferred shares contractually entitle the holders of such shares to participate in dividends, but do not contractually require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss or a net loss attributable to common stockholders resulting from preferred stock dividends or accretion, net losses are not allocated to participating securities. The Company reported a net loss attributable to common stockholders for the three months ended December 31, 2011 (unaudited).

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted net income (loss) attributable to common stockholders is computed by adjusting net income (loss) attributable to common stockholders to reallocate undistributed earnings based on the potential impact of dilutive securities, including outstanding stock options and outstanding warrants. Diluted net income (loss) per share attributable to common stockholders is computed by dividing the diluted net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and outstanding warrants. For periods in which the Company has reported net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. Diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders for the three months ended December 31, 2011 (unaudited).

Segment Data

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company is a biotechnology company focused on discovering and developing small molecule drugs in the infectious disease field. Revenue is generated exclusively from transactions occurring in the United States, and all assets are held in the United States.

Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) as well as other changes in stockholders' equity (deficit) that result from transactions and economic events other than those with stockholders. The Company's only element of other comprehensive income (loss) is unrealized gains and losses on available-for-sale marketable securities.

Recently Issued and Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2011-04, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in*

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

U.S. GAAP and IFRSs. This accounting standard clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This ASU is effective on a prospective basis for annual and interim reporting periods beginning on or after December 15, 2011. The Company's adoption of this standard on January 1, 2012 did not have a material effect on its financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income*, which provides companies with two options for presenting comprehensive income. Companies can present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In December 2011, the FASB indefinitely deferred the requirement of the guidance to present reclassification adjustments of other comprehensive income by line item on the face of the applicable statement. However, all other requirements of the guidance are effective for the Company on October 1, 2012. The Company early adopted this guidance effective October 1, 2011 and applied it retrospectively for all periods presented. As the guidance relates only to how comprehensive income is disclosed and does not change the items that must be reported as comprehensive income, adoption did not have an effect on the Company's financial position, results of operations or cash flows.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

3. Fair Value of Financial Assets and Liabilities

The following tables present information about the Company's financial assets and liabilities that were subject to fair value measurement on a recurring basis as of September 30, 2011 and 2012 and December 31, 2012 (unaudited) and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value:

	Fair Value Measurements as of September 30, 2011 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$4,027	$ 1,399	$ —	$ 5,426
Marketable securities	1,002	15,490	—	16,492
	$5,029	$16,889	$ —	$21,918
Liabilities:				
Warrant liability	$ —	$ —	$1,993	$ 1,993
	$ —	$ —	$1,993	$ 1,993

	Fair Value Measurements as of September 30, 2012 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$6,471	$ —	$ —	$ 6,471
Marketable securities	1,015	33,892	—	34,907
	$7,486	$33,892	$ —	$41,378
Liabilities:				
Warrant liability	$ —	$ —	$2,001	$ 2,001
	$ —	$ —	$2,001	$ 2,001

	Fair Value Measurements as of December 31, 2012 (unaudited) Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$2,199	$ —	$ —	$ 2,199
Marketable securities	1,013	31,166	—	32,179
	$3,212	$31,166	$ —	$34,378
Liabilities:				
Warrant liability	$ —	$ —	$1,981	$ 1,981
	$ —	$ —	$1,981	$ 1,981

During the years ended September 30, 2010, 2011 and 2012 and the three months ended December 31, 2011 and 2012 (unaudited), there were no transfers between Level 1, Level 2 and Level 3.

The warrant liability in the tables above is comprised of the values of warrants for the purchase of Series E redeemable convertible preferred stock and warrants for the purchase of Series 1 nonconvertible preferred stock, measured at fair value, and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company's valuation of the warrant liability utilizes the Black-Scholes option-pricing model, which incorporates assumptions and estimates to value the warrants. The Company assesses these assumptions and estimates on a quarterly basis as additional information impacting the assumptions is obtained. Changes in the fair value of the warrant liability are recognized in the statements of operations.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

3. Fair Value of Financial Assets and Liabilities (Continued)

Related to the valuation of warrants for the purchase of Series 1 nonconvertible preferred stock (see Note 13), the quantitative elements associated with the Company's Level 3 inputs impacting fair value measurement include the fair value per share of the underlying Series 1 nonconvertible preferred stock, the remaining contractual term of the warrants, risk-free interest rate, expected dividend yield, and expected volatility of the price of the underlying preferred stock. Because the exercise price of the warrants is only $0.01 per share, the assumptions used as inputs in the model for the remaining contractual term, risk-free interest rate, expected dividend yield and expected volatility had no material impact on the fair value of the warrants. The input that most significantly impacted the value of these warrants was the fair value of the underlying Series 1 nonconvertible preferred stock. The Company determined that the fair value of the Series 1 nonconvertible preferred stock equals its stated liquidation preference of $1.00 per share. Since the Series 1 nonconvertible preferred stock ranks senior to all other classes of stock and its liquidation preference is small relative to the Company's equity value, the probability of a 100% payout on the Series 1 nonconvertible preferred stock was considered to be high. The fair value of the warrants for the purchase of the Series 1 nonconvertible preferred stock was $1,984, $1,981 and $1,981 as of September 30, 2011 and 2012 and December 31, 2012 (unaudited), respectively.

The fair value of warrants for the purchase of Series E redeemable convertible preferred stock (see Note 13) was $27, $9, $20 and $0, respectively, as of September 30, 2010, 2011 and 2012 and December 31, 2012 (unaudited).

The following table provides a rollforward of the aggregate fair values of the Company's warrants for the purchase of Series E preferred stock and Series 1 nonconvertible preferred stock for which fair value is determined by Level 3 inputs:

Balance, October 1, 2009	$ 509
Decrease in fair value	(482)
Balance, September 30, 2010	27
Warrants issued	1,280
Increase in fair value	705
Decrease in fair value	(19)
Balance, September 30, 2011	1,993
Warrants expired	(8)
Increase in fair value	19
Decrease in fair value	(3)
Balance, September 30, 2012	2,001
Warrants expired	(20)
Balance, December 31, 2012 (unaudited)	$1,981

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

4. Marketable Securities

As of September 30, 2011 and 2012 and December 31, 2012 (unaudited), the fair value of available-for-sale marketable securities by type of security was as follows:

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	$ 5,046	$ —	$ —	$ 5,046
Corporate bonds	7,888	2	(7)	7,883
U.S. Agency bonds	2,561	—	—	2,561
U.S. Treasury notes	998	4	—	1,002
	$ 16,493	$ 6	$ (7)	$ 16,492

	September 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	$ 8,143	$ —	$ —	$ 8,143
Corporate bonds	25,741	9	(1)	25,749
U.S. Treasury notes	1,013	2	—	1,015
	$ 34,897	$ 11	$ (1)	$ 34,907

	December 31, 2012 (unaudited)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial paper	$ 6,244	$ —	$ —	$ 6,244
Corporate bonds	24,928	2	(8)	24,922
U.S. Treasury notes	1,011	2	—	1,013
	$ 32,183	$ 4	$ (8)	$ 32,179

At September 30, 2012, marketable securities consisted of investments that mature within one year, with the exception of one U.S. Treasury note and one corporate bond, which have maturities within two years and an aggregate fair value of $1,656.

At December 31, 2012 (unaudited), marketable securities consisted of investments that mature within one year, with the exception of one U.S. Treasury note and six corporate bonds, which have maturities within two years and an aggregate fair value of $7,429.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

5. Property and Equipment

Property and equipment consisted of the following as of September 30, 2011 and 2012 and December 31, 2012 (unaudited):

	September 30, 2011	September 30, 2012	December 31, 2012 (unaudited)
Laboratory and office equipment	$ 4,200	$ 4,142	$ 4,146
Leasehold improvements	229	268	268
Purchased software	403	402	402
Computer equipment	76	76	83
Furniture	260	259	259
	5,168	5,147	5,158
Less: Accumulated depreciation and amortization	(4,634)	(4,536)	(4,575)
	$ 534	$ 611	$ 583

Depreciation and amortization expense was $553, $499 and $172 for the years ended September 30, 2010, 2011 and 2012, respectively. During the years ended September 30, 2010, 2011 and 2012, assets with a cost of $216, $3,810 and $273, respectively, were sold or disposed of, resulting in a (gain) loss of $2, $(7) and $(63), respectively.

Depreciation and amortization expense was $56 and $39 for the three months ended December 31, 2011 and 2012 (unaudited), respectively. During the three months ended December 31, 2011 (unaudited), fully depreciated assets that previously had been removed from the accounts were sold, resulting in a gain of $30. No assets were disposed of during the three months ended December 31, 2012 (unaudited).

6. Accrued Expenses and Other Long-Term Liabilities

Accrued expenses (current) and other long-term liabilities consisted of the following as of September 30, 2011 and 2012 and December 31, 2012 (unaudited):

	September 30, 2011	September 30, 2012	December 31, 2012 (unaudited)
Accrued expenses:			
Accrued payroll and related expenses	$ 828	$1,305	$ 277
Accrued vendor manufacturing	146	1,330	171
Accrued professional fees	253	718	632
Accrued third-party license fee	—	222	222
Accrued other	356	291	555
	$1,583	$3,866	$ 1,857
Other long-term liabilities:			
Accrued rent expense	$ —	$ 75	$ 89
Present value of accrued third-party license fee	—	423	423
	$ —	$ 498	$ 512

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

7. Convertible Notes

2011 Bridge Financing

In October 2010, the Company entered into a convertible note and warrant purchase agreement with existing investors to sell, in one or more closings, term notes in the aggregate principal amount of up to $6,500. The term notes had an interest rate of 5% per annum, with principal and interest payable at the stated maturity date of October 4, 2011 or earlier if put to the Company by the noteholders or if called by the Company. The noteholders could put the term notes to the Company for early repayment upon receipt by the Company of the next milestone payment under the Company's collaborative development and license agreement with Abbott Laboratories or upon a merger, sale or liquidity event as specified by the note agreement. The Company could call the term notes for early repayment at any time. If called by the Company prior to maturity, repaid at maturity, or put by the noteholders upon receipt by the Company of the milestone payment, the term notes required payment of a prepayment premium equal to 51.8% of the principal amount of the notes in addition to the principal and interest payable. If put by the noteholders due to a liquidity event, the term notes were not subject to the premium of 51.8% but were to be repaid at the following multiples:

- two times the principal amount if the liquidity event occurred on or before March 31, 2011, and
- three times the principal amount if the liquidity event occurred after March 31, 2011.

During the first closing of the term notes in October and November 2010, the Company borrowed a total of $2,000. The remaining balance of $4,500 under the agreement was not drawn down.

The call and put options within the notes agreement constituted an embedded derivative, which was required to be separately recognized and measured at fair value, resulting in the Company recognizing a debt discount and derivative liability of $670 at the date of issuance of the notes.

In addition, each purchaser of a note received warrants to purchase shares of Series 1 nonconvertible preferred stock (the "Nonconvertible Preferred") at the rate of one warrant for each dollar of the original purchase amount of the note. The warrants have an exercise price of $0.01 per share. At issuance, the number of shares issuable upon exercise of the warrants was not yet fixed. The number of shares for which the warrants could be exercisable was (i) one share for each dollar of the original principal amount of the Note, plus (ii) if the milestone payment was not received on or before March 31, 2011, an additional share for each dollar of the original principal amount of the notes. Additionally, if a liquidation event occurred, thereby requiring repayment of the term notes, these warrants would automatically expire and would therefore have no value. At the date of issuance, the warrants were valued using the Black-Scholes option-pricing model for each of the two scenarios described above. A decision tree was used to estimate the probability of how many shares the warrants would ultimately be exercised into or if the warrants would have no value under the third scenario. This resulted in a total fair value of $1,280 at date of issuance. Upon repayment of the notes in December 2010, the number of shares issuable upon exercise of the warrants became fixed at 1,999,989 Nonconvertible Preferred shares. Additionally, the possibility that the notes would not be redeemed and that the warrants would therefore have no value was eliminated. Accordingly, at the time of the note repayment in December 2010, the Company revalued the warrants, which resulted in a total fair value of $1,983. The change in the fair value of the warrants was recorded within other income (expense) in the statement of operations. Additionally, as these warrants are financial instruments that may require a future transfer of assets, they are classified as liabilities on the balance sheet. Upon issuance of the notes and warrants, the fair value of the warrants was recorded as a warrant liability and a corresponding debt discount was recognized. The warrants are remeasured at each balance sheet date using the Black-Scholes options-pricing model, and the change in fair value is recorded within other income (expense).

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

7. Convertible Notes (Continued)

Following the receipt by the Company of a $40,000 milestone payment from Abbott Laboratories in December 2010 (see Note 8), the Company repaid the $2,000 in principal plus the accrued interest of $20 and the applicable premium of $1,036 (51.8% of the principal amount). Upon repayment of the notes, the unamortized debt discount derived from both the embedded derivatives and the warrants was accreted as a charge to interest expense and the derivative liability (recorded at fair value) was removed, resulting in a gain recorded in the statement of operations. The warrants, however, remained outstanding as of September 30, 2012 and December 31, 2012 (unaudited). The note agreement was canceled upon the December 2010 repayment and no further warrants were issued under the agreement.

In connection with this financing, the Company incurred issuance costs of $109 and $41 during the years ended September 30, 2010 and 2011, respectively. These costs were initially recorded as deferred financing costs in other assets on the balance sheet. In December 2010, upon repayment of the notes, the total deferred financing costs of $150 were charged to interest expense.

8. Collaboration Agreements

Abbott Collaboration

On November 27, 2006, the Company entered into a Collaborative Development and License Agreement with Abbott Laboratories (the “Abbott Agreement”) to identify, develop and commercialize HCV NS3 and NS3/4A protease inhibitor compounds, including ABT-450. Under the terms of the Abbott Agreement, as amended, through September 30, 2009, Abbott Laboratories (“Abbott”) paid $48,300 to the Company for upfront license payments and FTE reimbursements to fund research activities. The Company is also eligible to receive milestone payments for the successful development by Abbott of one or more HCV compounds as well as tiered royalties per product ranging from the low double digits up to twenty percent, or up to the high teens on a blended basis, on net sales by Abbott allocable to the collaboration’s protease inhibitors.

Also on November 27, 2006, the Company entered into a Series G preferred stock purchase agreement with Abbott. In connection with that agreement, the Company sold to Abbott 4,620,764 shares of Series G-1 redeemable convertible preferred stock for a price of $2.70518 per share, resulting in gross proceeds of $12,500. Due to the simultaneous issuance of Series G-2 redeemable convertible preferred stock to a third party unrelated to Abbott which had similar terms to Series G-1 but a lower price per share, the Company determined that the Series G-1 redeemable convertible preferred stock sold to Abbott was issued at a premium of $1,617. The Company aggregated this premium with the upfront payments received and recorded it as deferred revenue to be recognized over the period of performance under the Abbott Agreement.

In January 2009, the Company and Abbott amended the Abbott Agreement to include an option for Abbott to opt into an evaluation period that would commence upon the termination or expiration of the research program term and continue for a period of six months. During the evaluation period, Abbott would have the right to analyze certain compounds for the purpose of identifying any suitable for further development. In December 2009, the Company and Abbott further amended the Abbott Agreement to extend funding of the research activities for another year through December 2010. In December 2010, Abbott opted into the evaluation period and additional research activities for the six-month evaluation period ended June 15, 2011. In connection with these amendments, Abbott paid the Company an additional $4,150 for the research services performed from December 15, 2009 through June 15, 2011.

On December 17, 2010, the Company received a milestone payment of $40,000 for the successful completion of Abbott’s Phase 2a clinical study. Through September 30, 2012, the Company had received upfront license payments, research funding, and milestone payments totaling $92,450 under the Abbott Agreement. In

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

8. Collaboration Agreements (Continued)

December 2012 (unaudited), the Company received an additional $15,000 milestone payment under the Abbott Agreement as a result of Abbott's initiation of dosing in a Phase 3 clinical trial involving ABT-450.

As of December 31, 2012 (unaudited), the Company is eligible to receive additional future milestone payments totaling up to $40,000 upon Abbott's achievement of regulatory filing milestones for the first protease inhibitor product resulting from its collaboration and additional milestone payments totaling up to $155,000 upon Abbott's achievement of commercial regulatory approval milestones in selected world markets. The Company is also eligible to receive additional milestone payments totaling up to $80,000 upon Abbott's achievement of similar commercial regulatory approval milestones for each additional product containing a protease inhibitor.

The Company determined that the deliverables under the Abbott Agreement included (i) the non-exclusive, royalty-free, worldwide research license and the exclusive, royalty-bearing development and commercialization license, (ii) the research services, and (iii) a commitment to participate on a steering committee, all of which were to be delivered over a three-year period. The Company concluded that the license did not have standalone value as it was dependent, in part, upon the Company's continuing involvement in the HCV protease inhibitor research and its involvement in the joint steering committee. Additionally, the undelivered items, including the Company's participation in the joint steering committee, which was considered participatory due to its decision making responsibilities, and the research services, did not have VSOE or VOE of fair value. Therefore, the license, the research services, and the joint steering committee participation were treated as a single unit of accounting. Accordingly, all amounts received were deferred, and revenue was recognized using the proportional performance model over the period during which the Company performed research services in connection with the Abbott Agreement, as amended. Under this model, the revenue recognized was limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the proportional performance model, as of each reporting period. At each reporting period, the Company updated its estimates of effort remaining to complete its obligations under the Abbott Agreement, the expected term over which the obligations would be performed, and the total expected revenue based on all known information. Based on the obligations and responsibilities of the joint steering committee, the Company determined that the obligation to participate in the joint steering committee was participatory only through the research and evaluation period, which ended June 15, 2011. Subsequent to the research and evaluation period, all decisions related to the development, commercialization and marketing are to be made by Abbott. The Company has the right to continue to attend the joint steering committee meetings to monitor the development and marketing plans; however, the Company has no decision making rights. As such, the joint steering committee commitment became protective in nature as of June 16, 2011.

Through September 30, 2009, the Company recognized $46,017 in revenue under the Abbott Agreement. During fiscal 2010 and 2011, revenue related to the Abbott Agreement was recognized in the amounts of $6,518 and $41,882, respectively. In fiscal 2011, the Company completed all remaining obligations under the agreement. As such, no revenue was recognized related to this agreement during the year ended September 30, 2012. Since all obligations under the Abbott Agreement were concluded by the end of fiscal 2011, any future milestone payments received will be recognized as revenue when each milestone is achieved by Abbott.

During the three months ended December 31, 2012 (unaudited), the Company recognized revenue of $15,000 under the Abbott Agreement as a result of Abbott's November 2012 initiation of dosing in a Phase 3 clinical trial involving ABT-450. During the three months ended December 31, 2011 (unaudited), no revenue was recognized by the Company under its collaboration agreement with Abbott.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

8. Collaboration Agreements (Continued)

The Company has the option, but not the obligation, to co-develop and share in the profit of any product in the United States that is developed as a result of the Abbott Agreement. This option for the first compound (ABT-450) expired in fiscal 2011. The Company has no further obligations in regard to the Abbott Agreement and will evaluate future options as they arise.

Royalties owed to the Company under the agreement can be reduced by Abbott in certain circumstances, including (i) if Abbott exercises its right to license or otherwise acquire rights to intellectual property controlled by a third party where a product could not be legally developed or commercialized in a country without the third-party intellectual property right, (ii) where a product developed under the collaboration agreement is sold in a country and not covered by a valid patent claim in such country, and (iii) where sales of a generic product are equal to at least a specified percentage of Abbott's market share of a product in a country.

Abbott's obligation to pay royalties on a product developed under the agreement expires on a country-by-country basis upon the later of (i) the last date upon which the manufacture, use or sale of a product would infringe one of the licensed patents, and (ii) ten years after the first commercial sale of the product in the applicable country.

Subject to certain exceptions, a party's rights and obligations under the agreement continues until (i) such time as Abbott is no longer developing a product candidate or (ii) if, as of the time Abbott is no longer developing any product candidates, Abbott is commercializing any other protease inhibitor product, such time as all royalty terms for all covered products and all co-development terms for all co-developed products have ended. Accordingly, the final expiration date of the agreement is currently indeterminable.

Either party may terminate the agreement for cause in the event of a material breach, subject to prior notice and the opportunity to cure, or in the event of the other party's bankruptcy. Additionally, Abbott may terminate the agreement for any reason upon specified prior notice.

If the Company terminates the agreement for cause or Abbott terminates without cause, any licenses and other rights granted to Abbott will terminate and Abbott will be deemed to have granted the Company (i) a non-exclusive, perpetual, fully paid, worldwide, royalty-free license, with the right to sublicense, under Abbott's intellectual property used in any product candidate, and (ii) an exclusive (even as to Abbott), perpetual, fully paid, worldwide, royalty-free license, with the right to sublicense, under Abbott's interest in any joint intellectual property rights to develop product candidates resulting from covered compounds and to commercialize any products derived from such compounds. Upon the Company's request, Abbott will also transfer to the Company all right, title and interest in any related product trademarks, regulatory filings and clinical trials.

If Abbott terminates the agreement for the Company's uncured breach, the milestone and royalty payments payable by Abbott may be reduced, the licenses granted to Abbott will remain in place, the Company will be deemed to have granted Abbott an exclusive license under the Company's interest in joint intellectual property, Abbott will continue to have the right to commercialize any covered products, and all rights and licenses granted to the Company by Abbott will terminate.

Novartis Collaboration

On February 16, 2012, the Company entered into a license and collaboration agreement with Novartis (the "Novartis Agreement") for the development, manufacture and commercialization of its lead development candidate, EDP-239, from its NS5A HCV inhibitor program. Under the terms of the Novartis Agreement, Novartis agreed to pay a nonrefundable upfront fee to the Company and reimbursement of manufacturing and quality assurance expenses related to EDP-239 totaling $34,442. Under the agreement, the Company is eligible to receive aggregate milestone payments of up to $406,000 upon Novartis' initiation of clinical trials, achievement of regulatory approvals, and/or net sales of products containing the Company's NS5A inhibitors. The Company is also eligible to

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

8. Collaboration Agreements (Continued)

receive tiered royalties ranging on a blended basis from the low double digits up to the high teens on net product sales by Novartis allocable to the collaboration's NS5A inhibitors. Under the agreement, a clinical milestone payment of $11,000 is due to the Company upon Novartis' initiation of dosing in the first Phase 1 clinical trial involving EDP-239 or another NS5A inhibitor, and an additional milestone payment of $15,000 is due upon Novartis' initiation of the first Phase 2 clinical trial using a combination containing an NS5A inhibitor. In addition, Novartis agreed to fund research activities for one year commencing February 2012, up to a total of $1,800.

The Company determined that the deliverables under the Novartis Agreement include (i) the exclusive, royalty-bearing, sublicensable license to EDP-239 and (ii) the research services. The Company concluded that the EDP-239 license had standalone value to Novartis and was separable from the research services as the license is sublicensable, there are no restrictions as to Novartis' use of the license and Novartis has the requisite scientific expertise in the HCV NS5A field. The Company also concluded that its participation on the joint steering committee, as provided by the agreement, is protective in nature as the Company has no decision making authority, there are no penalties or recourse if the Company chooses not to participate, and the purpose of the steering committee is to keep the Company apprised as to the status of the development and commercialization efforts. Therefore, no arrangement consideration was allocated to the joint steering committee participation. The Company was not able to establish VSOE or TPE for either the license or the research services and instead allocated the arrangement consideration between the license and research services based on their relative selling prices using BESP. The Company developed its estimate of BESP of the license using a discounted cash flow analysis, taking into consideration assumptions including the development and commercialization timeline, discount rate, probability of success, and probable treatment combination and associated peak sales figures that generate royalty amounts. The funding rate for the research services is consistent with the rate received in the Company's prior collaboration arrangement with Abbott and is consistent with its fully burdened cost of service. Therefore, the Company's determination of BESP for the research services is consistent with the reimbursement rate stated in the contract. These assumptions involve judgment and inherent uncertainty; however, significant changes in key assumptions used to determine the BESP would not have a significant effect on the total amount of revenue recognized.

The Company received an upfront cash payment of $34,442 in March 2012 related to the Novartis Agreement. The Company recognized the entire upfront cash receipt as revenue because the allocated selling price of the license deliverable exceeded the upfront noncontingent cash payments received. During the year ended September 30, 2012, the Company recognized total revenue of $35,567 related to the delivery of the license and the performance of the research services.

In January 2013 (unaudited), the Company received an $11,000 milestone payment under the Novartis Agreement as a result of Novartis' November 2012 initiation of dosing in a Phase 1 clinical trial involving EDP-239. During the three months ended December 31, 2012 (unaudited), the Company recognized total revenue of $11,412 under the Novartis Agreement, of which $10,894 was attributable to license fees and $518 was attributable to the performance of research services.

Subject to certain exceptions, on a country-by-country and product-by-product basis, a party's rights and obligations under the agreement continue until the later of (i) the expiration of the last to expire patent rights of a covered product in the applicable country or (ii) ten years from the first commercial sale of a covered product in the applicable country. As a result, the final expiration date of the Novartis license is indeterminable at this time. Upon expiration of the agreement with respect to a particular product and country, the licenses granted to Novartis in the agreement with respect to such product and country will remain in effect and convert to a nonexclusive, perpetual, unrestricted, fully paid, royalty-free, worldwide license.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

8. Collaboration Agreements (Continued)

The Company may terminate the agreement (i) in the event of a material breach by Novartis, subject to prior notice and the opportunity to cure, (ii) in the event Novartis fails to use commercially reasonable efforts to develop and commercialize covered products in its territory, or (iii) in the event Novartis is subject to an insolvency event. Novartis may terminate the agreement (i) in the event of a material breach by the Company, subject to prior notice and the opportunity to cure, (ii) in the event the Company is subject to an insolvency event, or (iii) for any reason upon 120 days prior written notice. In the case of a termination for cause by the Company or a termination without cause by Novartis, any licenses and other rights granted by either party to the other will terminate and revert back to the granting party and the Company will regain control of the prosecution of the patents relating to the Company's intellectual property. If such termination occurs prior to the second anniversary of the end of the research term, the Company retains exclusive worldwide rights, with the right to sublicense under all collaboration intellectual property owned in whole or in part by Novartis, to research, develop and commercialize compounds and products contemplated by the collaboration. If such termination occurs after the second anniversary of the end of the research term, then Novartis agrees to negotiate with the Company to grant it a worldwide, exclusive, field-limited, royalty-bearing license, with right to sublicense, under all collaboration intellectual property owned in whole or in part by Novartis.

NIAID Contract

On September 30, 2011, the Company entered into a contract with the National Institute of Allergy and Infectious Diseases ("NIAID"), a division of the National Institutes of Health ("NIH"), which could provide up to $42,700 in development funding to the Company over a five-year period. The award will fund the preclinical and clinical development of a new class of bridged bicyclic antibiotics known as Bicyclolides to be used as medical countermeasures against multiple biodefense Category A and B bacteria.

The contract has an initial term of 30 months ending on March 30, 2014. NIAID has the option to extend the contract up to six times. If each extension option is exercised, the contract would be extended until September 30, 2016. The initial award under the initial term was $14,300, with the possibility of up to a total of $42,700 if each option period is exercised by NIAID.

The Company recognizes revenue under this agreement as development services are performed in accordance with the funding agreement. During the year ended September 30, 2012, $6,139 of revenue was recognized under this agreement, of which $1,049 was invoiced but unpaid and included in accounts receivable and $1,668 was unpaid and included in unbilled receivables on the Company's balance sheet as of September 30, 2012. During the three months ended December 31, 2011 and 2012 (unaudited), the Company recognized revenue of $741 and $1,447, respectively, under this agreement.

NIAID may terminate performance of work under this contract if it determines that a termination is in the government's interest or if the Company defaults in performing the contract. After termination, the Company would submit a final termination settlement proposal in order to settle all outstanding liabilities, including those arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract, contingent on approval by NIAID. If the Company and NIAID fail to agree in whole or in part on the amount of costs to be paid because of the termination of work, NIAID shall determine, on the basis of information available, the amount to be repaid.

Concluded Collaboration

The Company had a license and option agreement, entered into in 2004, with a collaborator to develop and commercialize EP-013420, the Company's first-in-class Bicyclolide antibiotic for the treatment of community respiratory tract infections, in Japan and certain East Asian countries. The Company also entered into a supply

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

8. Collaboration Agreements (Continued)

agreement as well as a cost-sharing agreement with the collaborator during that same calendar year. Due to a technology option within the license agreement for which the Company was not able to establish objective evidence of fair value, all payments received from this agreement were recorded as deferred revenue until such time as the option was exercised or the agreement was terminated.

On March 31, 2010, the agreement was terminated. Upon conclusion of the agreement, all previously deferred revenue was recognized as the Company had no further obligations in regard to the collaborative agreement. Accordingly, during the year ended September 30, 2010, the Company recorded revenue totaling $16,245, comprised of $13,000 related to upfront and milestone payments received under the license and option agreement, $1,461 related to the supply agreement, and $1,784 related to the cost-sharing agreement.

On June 18, 2004, the Company also entered into a Series F preferred stock purchase agreement with this same collaborator (see Note 9).

9. Redeemable Convertible Preferred Stock

The Company's Certificate of Incorporation, as amended, authorizes the Company to issue 58,987,738 shares of $0.01 par value preferred stock, inclusive of redeemable convertible preferred stock and convertible preferred stock.

The Company has issued Series C, Series D, Series E, Series F, Series G-1 and Series G-2 redeemable convertible preferred stock (collectively, the "Redeemable Preferred Stock"). The Redeemable Preferred Stock is classified outside of stockholders' deficit because the shares contain redemption features that are not solely within the control of the Company.

Redeemable Preferred Stock consisted of the following as of September 30, 2011:

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Liquidation Preference	Carrying Value	Common Stock Issuable Upon Conversion
Series C redeemable convertible preferred stock	2,543,603	2,543,603	$ 8,244	$ 8,244	2,543,603
Series D redeemable convertible preferred stock	5,968,334	5,968,334	36,311	36,311	7,990,551
Series E redeemable convertible preferred stock	16,132,546	14,368,037	62,890	62,890	18,905,304
Series F redeemable convertible preferred stock	6,894,966	6,894,966	15,000	15,000	6,894,966
Series G-1 redeemable convertible preferred stock	4,729,543	4,620,764	12,500	12,173	4,620,764
Series G-2 redeemable convertible preferred stock	9,152,296	8,719,639	18,970	18,970	8,719,639
	45,421,288	43,115,343	$ 153,915	$ 153,588	49,674,827

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

9. Redeemable Convertible Preferred Stock (Continued)

Redeemable Preferred Stock consisted of the following as of September 30, 2012:

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Liquidation Preference	Carrying Value	Common Stock Issuable Upon Conversion
Series C redeemable convertible preferred stock	2,543,603	2,543,603	$ 8,551	$ 8,551	2,543,603
Series D redeemable convertible preferred stock	5,968,334	5,968,334	37,922	37,922	7,990,551
Series E redeemable convertible preferred stock	16,132,546	14,368,037	66,136	66,136	18,905,304
Series F redeemable convertible preferred stock	6,894,966	6,894,966	15,000	15,000	6,894,966
Series G-1 redeemable convertible preferred stock	4,729,543	4,620,764	12,500	12,376	4,620,764
Series G-2 redeemable convertible preferred stock	9,152,296	8,719,639	18,970	18,970	8,719,639
	45,421,288	43,115,343	$ 159,079	$ 158,955	49,674,827

Redeemable Preferred Stock consisted of the following as of December 31, 2012 (unaudited):

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Liquidation Preference	Carrying Value	Common Stock Issuable Upon Conversion
Series C redeemable convertible preferred stock	2,543,603	2,543,603	$ 8,625	$ 8,625	2,543,603
Series D redeemable convertible preferred stock	5,968,334	5,968,334	38,320	38,320	7,990,551
Series E redeemable convertible preferred stock	16,132,546	14,368,037	66,941	66,941	18,905,304
Series F redeemable convertible preferred stock	6,894,966	6,894,966	15,000	15,000	6,894,966
Series G-1 redeemable convertible preferred stock	4,729,543	4,620,764	12,500	12,381	4,620,764
Series G-2 redeemable convertible preferred stock	9,152,296	8,719,639	18,970	18,970	8,719,639
	45,421,288	43,115,343	$ 160,356	$ 160,237	49,674,827

The holders of the Redeemable Preferred Stock have the following rights and preferences:

Voting Rights

Holders of all Redeemable Preferred Stock have the right to vote the number of shares equal to the number of shares of common stock into which such Redeemable Preferred Stock could be converted into on the date for determination of stockholders entitled to vote at a meeting or on the date of any written consent.

Dividends

Holders of the Series C redeemable convertible preferred stock, Series D redeemable convertible preferred stock and Series E redeemable convertible preferred stock are entitled to receive, out of funds legally available, cumulative dividends at an annual rate of 7%, 9% and 9%, respectively, when and if declared by the board of directors. Holders of the Series F redeemable convertible preferred stock and Series G-1 and G-2 redeemable convertible preferred stock are entitled to receive, out of funds legally available, noncumulative dividends at an annual rate of 7%, if declared by the board of directors. No dividends have been declared or paid through September 30, 2012 and through December 31, 2012 (unaudited).

The Company recorded cumulative dividends and accretion to redemption value through charges to stockholders' deficit of $5,452, $5,454 and $5,367 in fiscal 2010, 2011 and 2012, respectively, and of $1,374 and $1,282 in the three months ended December 31, 2011 and 2012 (unaudited), respectively, in connection with these dividend and redemption rights.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

9. Redeemable Convertible Preferred Stock (Continued)

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, inclusive of a sale of the Company, a sale of the capital stock representing a majority of the voting power or a merger or consolidation of the Company into or with another corporation in which the existing Company holds less than 80% of the voting power of the surviving or resulting corporation, the Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stockholders are entitled to receive, in preference to all other stockholders, except for holders of Series 1 Nonconvertible Preferred stock, and to the extent available, an amount equal to the original offering price per share ($2.51, $2.1755, $2.70518 and $2.1755, respectively, adjusted for any stock dividends, stock splits or reclassifications) plus all dividends declared but unpaid. Holders of Series E redeemable convertible preferred stock receive with their preference all cumulative dividends, whether or not declared. In the event that proceeds are not sufficient to permit payment in full to these holders, the proceeds will be ratably distributed among Series E, F, G-1 and G-2 holders in proportion to the full preferential amount each such holder is otherwise entitled to receive.

After the Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stockholders have been paid, and to the extent available, the Series D redeemable convertible preferred stockholders are entitled to receive, in preference to all other stockholders, an amount equal to the original offering price per share ($3.00, adjusted for any stock dividends, stock splits or reclassifications) plus all cumulative Series D dividends, whether or not declared.

After the Series D redeemable convertible preferred stockholders have been paid, and to the extent available, the Series C redeemable convertible preferred stockholders are entitled to receive an amount equal to the original offering price per share ($1.72, adjusted for any stock dividends, stock splits or reclassifications) plus all cumulative Series C dividends, whether or not declared.

After payments have been made in full to the Series 1 Nonconvertible Preferred stockholders, if any, to the holders of the Series G-1, Series G-2, Series F, Series E, Series D and Series C redeemable convertible preferred stock and to the holders of the Series B and Series A convertible preferred stock, to the extent available, holders of the common stock and holders of the Series C, Series D and Series E redeemable convertible preferred stock will receive the remaining amounts available for distribution ratably in proportion to the number of common shares held by them or issuable to them upon conversion of their preferred stock into common stock. The distributions are subject to an overall distribution limit of two times the original purchase price per share of the Series C, Series D and Series E redeemable convertible preferred stock.

Conversion

Each share of Redeemable Preferred Stock is convertible into common stock at the option of the stockholder at any time after the date of issuance. Each share of the preferred stock will automatically be converted into shares of common stock at the applicable Series C, Series D, Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stock conversion rates then in effect upon a qualified public offering with gross proceeds of not less than $25,000, as amended. The conversion rate of the Series C, Series D, Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stock as defined is $1.72, $3.00, $2.51, $2.1755, $2.70518 and $2.1755, respectively, (subject to adjustment for stock dividends, stock splits, recapitalizations, or similar events) divided by the conversion price. The conversion prices of Series C, Series D, Series E, Series F, Series G-1 and G-2 redeemable convertible preferred stock as of September 30, 2012 and December 31, 2012 (unaudited) were $1.72, $2.24077, $1.9076, $2.1755, $2.70518 and $2.1755, respectively, and are subject to adjustments as set forth in the Company's Certificate of Incorporation, as amended. As a result, as of September 30, 2012 and December 31, 2012 (unaudited), all outstanding shares of Series D redeemable

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

9. Redeemable Convertible Preferred Stock (Continued)

convertible preferred stock were convertible into common stock on a 1.33883-for-1 basis, all outstanding shares of Series E redeemable convertible preferred stock were convertible into common stock on a 1.31579-for-1 basis, and all outstanding shares of Series C, Series F, Series G-1 and G-2 redeemable convertible preferred stock were convertible into common stock on a 1-for-1 basis.

Redemption Rights

At the written election of the majority of the holders of the Series C, Series D, Series E, Series F or Series G-1 and G-2 redeemable convertible preferred stock, the shares of Series C, Series D, Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stock outstanding as of September 30, 2012 and December 31, 2012 (unaudited) are redeemable as follows:

	Redemption Dates	Number of shares	Redemption Price Per Share	Accrued Dividends	Redemption Value at Redemption Dates
Series C redeemable convertible preferred stock	December 31, 2013	847,868	$ 1.72	$ 1,520	$ 2,978
Series C redeemable convertible preferred stock	December 31, 2014	847,868	1.72	1,622	3,080
Series C redeemable convertible preferred stock	December 31, 2015	847,867	1.72	1,724	3,182
Series D redeemable convertible preferred stock	December 31, 2013	1,989,445	3.00	7,347	13,315
Series D redeemable convertible preferred stock	December 31, 2014	1,989,445	3.00	7,884	13,852
Series D redeemable convertible preferred stock	December 31, 2015	1,989,444	3.00	8,421	14,389
Series E redeemable convertible preferred stock	December 31, 2013	4,789,346	2.51	11,382	23,403
Series E redeemable convertible preferred stock	September 1, 2014	4,789,346	2.51	12,105	24,126
Series E redeemable convertible preferred stock	September 1, 2015	4,789,345	2.51	13,187	25,208
Series F redeemable convertible preferred stock	September 1, 2015	2,298,322	2.18	—	5,000
Series F redeemable convertible preferred stock	September 1, 2016	2,298,322	2.18	—	5,000
Series F redeemable convertible preferred stock	September 1, 2017	2,298,322	2.18	—	5,000
Series G-1 redeemable convertible preferred stock	January 1, 2018	1,540,255	2.71	—	4,167
Series G-1 redeemable convertible preferred stock	January 1, 2019	1,540,255	2.71	—	4,167
Series G-1 redeemable convertible preferred stock	January 1, 2020	1,540,254	2.71	—	4,167
Series G-2 redeemable convertible preferred stock	January 1, 2018	2,906,546	2.18	—	6,323
Series G-2 redeemable convertible preferred stock	January 1, 2019	2,906,546	2.18	—	6,323
Series G-2 redeemable convertible preferred stock	January 1, 2020	2,906,547	2.18	—	6,323
					$ 170,003

If any redeemable convertible preferred stockholder does not elect to redeem the redeemable convertible preferred stock on any redemption date, the stockholder may elect to have all shares redeemed on any subsequent redemption date or on December 31 of any year after 2015 for Series C and Series D redeemable convertible preferred stock, September 1 of any year after 2015 for Series E redeemable convertible preferred stock, September 1 of any year after 2017 for Series F redeemable convertible preferred stock, and January 1 of any year after 2020 for Series G-1 and G-2 redeemable convertible preferred stock, provided that no stockholder may request redemption of any shares of Series C, Series D, Series F or Series G redeemable convertible preferred stock if any shares of Series E redeemable convertible preferred stock remain outstanding. The Company must redeem the stock within 60 days of such election made by the preferred stockholder.

The carrying values of the Series C, Series D, Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stock are being accreted to their redemption values through the respective redemption dates.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

9. Redeemable Convertible Preferred Stock (Continued)

The following table summarizes the aggregate amount of the Redeemable Preferred Stock that becomes redeemable in each respective fiscal year:

Year ending September 30,	
2013	$ —
2014	63,822
2015	47,140
2016	22,571
2017	5,000
Thereafter	31,470
Total redemption amount	$ 170,003

Reissuance

Shares of any Series C, Series D, Series E, Series F or Series G-1 or G-2 redeemable convertible preferred stock that are redeemed or converted will be retired or canceled and not reissued by the Company.

10. Convertible Preferred Stock

The Company has outstanding Series A convertible preferred stock with a par value of $0.01 and Series B convertible preferred stock with a par value of $0.01 (collectively, the “Convertible Preferred Stock”).

Convertible Preferred Stock consisted of the following as of September 30, 2011 and 2012 and December 31, 2012 (unaudited):

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Liquidation Preference	Carrying Value	Common Stock Issuable Upon Conversion
Series A convertible preferred stock	379,450	379,450	$ 140	$ 140	379,450
Series B convertible preferred stock	187,000	187,000	187	187	187,000
	566,450	566,450	$ 327	$ 327	566,450

The holders of the Convertible Preferred Stock have the following rights and preferences:

Voting Rights

Holders of all Convertible Preferred Stock have the right to vote the number of shares equal to the number of shares of common stock into which such preferred shares could be converted into on the date for determination of stockholders entitled to vote at a meeting or on the date of any written consent.

Dividends

If dividends are declared and paid on the shares of Series A or Series B convertible preferred stock, the Company must declare at the same time a dividend payable with respect to the Series C, Series D, Series E, Series F, Series G-1 and G-2 redeemable convertible preferred stock equivalent to the dividend amount they would receive if all convertible preferred shares were converted into common stock. The Company may not pay dividends to the holders or the Series A and Series B convertible preferred stock until all cumulative dividends accrued but unpaid on Series C, Series D, Series E, Series F, Series G-1 and G-2 redeemable convertible

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

10. Convertible Preferred Stock (Continued)

preferred stock have been paid in full. Holders of the Series A and B convertible preferred stock are not entitled to receive cumulative dividends.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, inclusive of a "deemed liquidation" (defined as a sale of the Company, a sale of the capital stock representing a majority of the voting power, or a merger or consolidation of the Company into or with another corporation of the Company in which the existing Company holds less than 80% of the voting power of the surviving or resulting corporation), after the holders of the Series 1 Nonconvertible Preferred stock, if any, and Redeemable Preferred Stock have been paid, and to the extent available, holders of Series A and Series B convertible preferred stock are entitled to receive an amount equal to the original offering price per share ($0.37 for Series A convertible preferred stock and $1.00 for Series B convertible preferred stock, adjusted for any stock dividends, stock splits or reclassifications) plus all dividends declared but unpaid.

Conversion

Each share of Convertible Preferred Stock is convertible into common stock at the option of the stockholder at any time after the date of issuance. Each share of the convertible preferred stock will automatically be converted into shares of common stock at the applicable conversion rates then in effect upon a qualified public offering with gross proceeds of not less than $25,000, as amended. All outstanding shares of Series A and Series B convertible preferred stock are convertible into common stock on a 1-for-1 basis.

Redemption Rights

There are no redemption rights afforded the Series A and Series B convertible preferred stockholders. The Series A and Series B convertible preferred stockholders have liquidation rights in the event of a deemed liquidation that, in certain situations, is not solely within the control of the Company. Therefore, the Series A and Series B convertible preferred stock is classified outside of stockholders' deficit.

Reissuance

Shares of any Series A or Series B convertible preferred stock that are converted into common stock will be retired or canceled and not reissued by the Company.

Series 1 Nonconvertible Preferred Stock

In October 2010, the Company amended its Certificate of Incorporation to authorize 13,000,000 shares of Series 1 Nonconvertible Preferred Stock (the "Series 1 Nonconvertible Preferred") at a par value of $0.01 per share. As of September 30, 2011 and 2012 and December 31, 2012 (unaudited), there were no shares of Series 1 Nonconvertible Preferred issued or outstanding. Holders of Series 1 Nonconvertible Preferred stock are not entitled to receive dividends. In the event of any liquidation, deemed liquidation, dissolution or winding up of the Company, the Series 1 Nonconvertible Preferred stockholders are entitled to receive in preference to all other stockholders, an amount equal to $1.00 per share, adjusted for any stock dividends, stock splits or reclassifications. Series 1 Nonconvertible Preferred holders will not be entitled to vote unless required by the Company pursuant to the laws of the State of Delaware. The Company may redeem the Series 1 Nonconvertible Preferred stock with the approval of the holders of a majority of the outstanding shares of Series 1 Nonconvertible Preferred at a redemption price of $1.00 per share. The Company must redeem the stock within 60 days of such election. Shares that are redeemed will be retired or canceled and not reissued by the Company.

If all outstanding warrants to purchase the Series 1 Nonconvertible Preferred stock are exercised, the resulting outstanding shares of Series 1 Nonconvertible Preferred stock will carry an aggregate liquidation preference of $2,000 that is superior to all other classes of preferred stock.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

11. Common Stock

The Company's Certificate of Incorporation, as amended, authorizes the Company to issue 70,000,000 shares of $0.01 par value common stock.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the board of directors, if any, subject to the preferential dividend rights of the Series A and Series B convertible preferred stockholders and of the Series C, Series D, Series E, Series F and Series G-1 and G-2 redeemable convertible preferred stockholders. When dividends are declared on shares of common stock, the Company must declare at the same time a dividend payable to the holders of Convertible Preferred Stock and Redeemable Preferred Stock equivalent to the dividend amount they would receive if each preferred share were converted into common stock. The Company may not pay dividends to common stockholders until all dividends accrued or declared but unpaid on the Convertible Preferred Stock and the Redeemable Preferred Stock have been paid in full. As of September 30, 2011 and 2012, no dividends had been declared.

As of September 30, 2012, the Company had reserved 57,893,031 shares of common stock for the conversion of the Series A, Series B, Series C, Series D, Series E, Series F, Series G-1 and Series G-2 preferred stock (see Notes 9 and 10) and for the exercise of outstanding common stock options (see Note 14) and warrants for the purchase of Series E preferred stock (see Note 13).

As of December 31, 2012 (unaudited), the Company had reserved 58,291,766 shares of common stock for the conversion of the Series A, Series B, Series C, Series D, Series E, Series F, Series G-1 and Series G-2 preferred stock (see Notes 9 and 10) and the exercise of outstanding stock options (see Note 14).

During the year ended September 30, 2011, the Company reacquired 590,000 shares of restricted common stock that were forfeited by former employees. The Company recorded these shares as treasury stock at their par value.

12. Common Stock Warrants

As of September 30, 2010, warrants to purchase 1,491,055 shares of common stock were outstanding. The value of these warrants was classified as equity as these warrants were exercisable into common stock only and, as such, would not require a transfer of assets. In October 2010, these warrants expired unexercised. As a result, as of September 30, 2011 and 2012 and December 31, 2012 (unaudited), no common stock warrants were outstanding.

13. Preferred Stock Warrants

Warrants to Purchase Series E Preferred Stock

Warrants for the purchase of Series E redeemable convertible preferred stock ("Series E preferred stock") were issued by the Company in fiscal 2002 and fiscal 2004 during various financings. As these warrants are financial instruments that may require a transfer of assets because of the redemption feature at the option of the holders of the Series E preferred stock, these warrants are classified as liabilities on the Company's balance sheet.

As of September 30, 2011, warrants for the purchase of 341,556 shares of Series E preferred stock were outstanding. During the year ended September 30, 2012, warrants for the purchase of 329,056 shares expired. As of September 30, 2012, warrants for the purchase of 12,500 shares of Series E preferred stock remained outstanding. These warrants expired during the three months ended December 31, 2012 (unaudited).

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

13. Preferred Stock Warrants (Continued)

The Company is required to remeasure the fair value of these preferred stock warrants at each reporting date, with any adjustments recorded as other income (expense). The warrants outstanding at each reporting date were remeasured using the Black-Scholes option-pricing model, and the resulting change in fair value was recorded in other income (expense) in the statement of operations. As a result, the Company recorded income of $482 and $18 for the years ended September 30, 2010 and 2011, respectively, and expense of $19 for the year ended September 30, 2012, related to the change in fair value of the warrants. The Company also recorded income of $8 for the year ended September 30, 2012 related to the expiration of 329,056 warrants. As of September 30, 2012, the total fair value of the outstanding Series E preferred stock warrants was $20. During the three months ended December 31, 2012 (unaudited), the Company recorded income of $20 related to the expiration of the Series E preferred stock warrants.

Warrants to Purchase Series 1 Preferred Stock

In October and November 2010, a total of 1,999,989 warrants to purchase Series 1 nonconvertible preferred stock were issued. These warrants expire on October 4, 2017. As these warrants are free-standing financial instruments that may require the Company to transfer assets upon exercise, these warrants are classified as liabilities. These warrants had a fair value upon issuance of $1,280. The Company is required to remeasure the fair value of these preferred stock warrants at each reporting date, with any adjustments recorded within the change in fair value of warrant liability included in other income (expense) in the statement of operations. The warrants were remeasured at each reporting period, resulting in net expense of $704 and income of $3 for the years ended September 30, 2011 and 2012, respectively, and no income or expense during the three months ended December 31, 2011 or 2012 (unaudited). As of September 30, 2011 and 2012 and December 31, 2012 (unaudited), the total fair value of the Series 1 nonconvertible preferred stock warrants was $1,984, $1,981 and $1,981, respectively.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

13. Preferred Stock Warrants (Continued)

The following table summarizes the Company's warrant activity since October 1, 2009:

	Common Stock Exercisable	Weighted Average Exercise Price	Series E Preferred Stock Exercisable	Weighted Average Exercise Price	Series 1 Preferred Stock Exercisable	Weighted Average Exercise Price
Outstanding, as of October 1, 2009	1,491,055	$ 1.95	341,556	$ 2.51	—	
Granted	—		—		—	
Expired	—		—		—	
Exercised	—		—		—	
Outstanding, as of September 30, 2010	1,491,055	$ 1.95	341,556	$ 2.51	—	
Granted	—		—		1,999,989	
Expired	(1,491,055)		—		—	
Exercised	—		—		—	
Outstanding, as of September 30, 2011	—		341,556	$ 2.51	1,999,989	$ 0.01
Granted	—		—		—	
Expired	—		(329,056)		—	
Exercised	—		—		—	
Outstanding, as of September 30, 2012	—		12,500	$ 2.51	1,999,989	$ 0.01
Granted	—		—		—	
Expired	—		(12,500)		—	
Exercised	—		—		—	
Outstanding, as of December 31, 2012 (unaudited)	—		—		1,999,989	$ 0.01

14. Stock-Based Awards

1995 Equity Incentive Plan

In fiscal 1995, the Company's board of directors adopted the 1995 Equity Incentive Plan (the "1995 Plan"). The 1995 Plan provides for the Company to sell or issue common stock or restricted common stock, or to grant incentive stock options or nonqualified stock options for the purchase of common stock, to employees, members of the board of directors and consultants of the Company. Sales, issuances or grants of shares entitle the holder to purchase common stock from the Company, for a specified exercise price, during a period specified by the applicable equity award agreement. The 1995 Plan is administered by the board of directors and exercise prices, vesting and other restrictions are all determined at their discretion.

Options granted under the 1995 Plan to non-executive employees generally vest 25% per year and expire after ten years; options granted to executive employees generally vest over one to four years; and options granted to the board of directors vest over a two-year period. On April 29, 2010, the board of directors voted to transfer 493,018 issuable shares to the 1995 Plan from a prior plan that was terminated. The total number of shares of common stock that may be issued under the 1995 Plan is 10,950,673 shares as of September 30, 2012 and December 31, 2012 (unaudited), of which 613,844 shares remained available for future grant at September 30, 2012 and 3,144 remained available for future grant at December 31, 2012 (unaudited) (see Note 22).

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

14. Stock-Based Awards (Continued)

The Company currently grants stock-based awards with employment service conditions only ("service-based" awards). The Company applies the fair value recognition provisions for all stock-based awards granted or modified and records compensation costs over the requisite service period of the award based on the grant-date fair value. The straight-line method is applied to all service-based awards granted. The requisite service period for service-based awards is generally four years, with restrictions lapsing evenly over the period.

Stock Option Valuation

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company historically has been a private company and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of its publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future. The relevant data used to determine the value of the stock option grants is as follows, presented on a weighted average basis:

	Year Ended September 30,			Three Months Ended December 31, 2012
	2010	2011	2012	(unaudited)
Risk-free interest rate	2.57%	2.73%	0.93%	1.00%
Expected term (in years)	6.25	6.25	6.00	6.00
Expected volatility	66%	87%	78%	76%
Expected dividend yield	0%	0%	0%	0%

The Company recognizes compensation expense for only the portion of awards that are expected to vest. In developing a forfeiture rate estimate, the Company has considered its historical experience to estimate pre-vesting forfeitures for service-based awards. The impact of a forfeiture rate adjustment will be recognized in full in the period of adjustment, and if the actual forfeiture rate is materially different from the Company's estimate, the Company may be required to record adjustments to stock-based compensation expense in future periods.

As required by the 1995 Plan, the exercise price for awards granted is not to be less than the fair value of common shares as estimated by the Company as of the date of grant. The Company values its common stock 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.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

14. Stock-Based Awards (Continued)

The following table summarizes stock option activity for the years ended September 30, 2010, 2011 and 2012 and for the three months ended December 31, 2012 (unaudited):

	Shares Issuable Under Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of October 1, 2009	8,313,881	$ 0.34		
Granted	654,200	0.28		
Exercised	(43,905)	0.34		
Forfeited	(181,851)	0.42		
Expired	(1,074,500)	0.49		
Outstanding as of September 30, 2010	7,667,825	$ 0.31		
Granted	824,313	0.59		
Exercised	(70,873)	0.47		
Forfeited	(554,181)	0.52		
Expired	(150,313)	0.60		
Outstanding as of September 30, 2011	7,716,771	$ 0.32	4.6	$ 2,181
Granted	513,500	2.73		
Exercised	(505,379)	0.28		
Forfeited	(36,585)	0.42		
Expired	(53,000)	0.60		
Outstanding as of September 30, 2012	7,635,307	$ 0.48	4.1	$ 19,928
Granted (unaudited)	623,000	3.26		
Exercised (unaudited)	(195,518)	0.33		
Forfeited (unaudited)	—			
Expired (unaudited)	(12,300)	0.60		
Outstanding as of December 31, 2012 (unaudited)	8,050,489	$ 0.70	4.3	$ 20,851
Options vested and expected to vest as of September 30, 2012	7,562,793	$ 0.47	4.0	$ 19,833
Options exercisable as of September 30, 2012	6,723,726	$ 0.32	3.4	$ 18,625
Options vested and expected to vest as of December 31, 2012 (unaudited)	8,048,758	$ 0.70	4.3	$ 20,846
Options exercisable as of December 31, 2012 (unaudited)	6,797,025	$ 0.38	3.4	$ 19,779

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the options and the deemed fair value of the Company's common stock for those shares that had exercise prices lower than the deemed fair value of the Company's common stock. The aggregate intrinsic value of stock options exercised was $2, $10 and $606 during the years ended September 30, 2010, 2011 and 2012, respectively, and was $112 and $551 for the three months ended December 31, 2011 and 2012 (unaudited), respectively.

The Company received cash proceeds from the exercise of stock options of $15, $34 and $141 during the years ended September 30, 2010, 2011 and 2012, respectively, and $51 and $65 during the three months ended December 31, 2011 and 2012 (unaudited), respectively. The weighted average grant date fair value of options

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

14. Stock-Based Awards (Continued)

granted during September 30, 2010, 2011 and 2012 was $0.17, $0.45 and $1.81, respectively, and $2.12 for the three months ended December 31, 2012 (unaudited). No options were granted during the three months ended December 31, 2011 (unaudited).

The Company recorded stock-based compensation expense for the years ended September 30, 2010, 2011 and 2012 and the three months ended December 31, 2011 and 2012 (unaudited) in the following expense categories:

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
				(unaudited)	
Research and development	$ 57	$ 66	$ 126	$ 16	$ 94
General and administrative	202	159	298	39	187
	$ 259	$ 225	$ 424	$ 55	$ 281

As of September 30, 2012, the Company had an aggregate of $635 of unrecognized stock-based compensation cost, which is expected to be recognized over a weighted average period of 2.9 years. As of December 31, 2012 (unaudited), the Company had an aggregate of $1,730 of unrecognized stock-based compensation cost, which is expected to be recognized over a weighted average period of 3.0 years.

15. Net Income (Loss) Per Share and Unaudited Pro Forma Net Income Per Share

Net Income (Loss) Per Share

Basic and diluted net income (loss) per share attributable to common stockholders was calculated as follows for the years ended September 30, 2010, 2011 and 2012 and the three months ended December 31, 2011 and 2012 (unaudited):

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
				(unaudited)	
Basic net income (loss) per share attributable to common stockholders:					
Numerator:					
Net income (loss)	$ 7,904	$ 23,310	$ 21,399	$ (3,159)	$ 21,957
Accretion of redeemable convertible preferred stock to redemption value	(5,452)	(5,454)	(5,367)	(1,374)	(1,282)
Net income attributable to participating securities	(2,236)	(16,291)	(14,663)	—	(18,807)
Net income (loss) attributable to common stockholders	$ 216	$ 1,565	$ 1,369	$ (4,533)	$ 1,868
Denominator:					
Weighted average common shares outstanding—basic	4,873,295	4,823,966	4,692,657	4,395,964	4,991,210
Net income (loss) per share attributable to common stockholders—basic	$ 0.04	$ 0.32	$ 0.29	$ (1.03)	$ 0.37

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

15. Net Income (Loss) Per Share and Unaudited Pro Forma Net Income Per Share (Continued)

	Year Ended September 30,			Three Months Ended December 31,	
	2010	2011	2012	2011	2012
				(unaudited)	
Diluted net income (loss) per share attributable to common stockholders:					
Numerator:					
Net income (loss)	$ 7,904	$ 23,310	$ 21,399	$ (3,159)	$ 21,957
Accretion of redeemable convertible preferred stock to redemption value	(5,452)	(5,454)	(5,367)	(1,374)	(1,282)
Net income attributable to participating securities	(2,163)	(15,401)	(13,225)	—	(16,861)
Net income (loss) attributable to common stockholders—diluted	$ 289	$ 2,455	$ 2,807	$ (4,533)	$ 3,814
Denominator:					
Weighted average common shares outstanding—basic	4,873,295	4,823,966	4,692,657	4,395,964	4,991,210
Dilutive effect of common stock equivalents	1,873,155	3,180,880	5,973,831	—	6,374,296
Weighted average common shares outstanding—diluted	6,746,450	8,004,846	10,666,488	4,395,964	11,365,506
Net income (loss) per share attributable to common stockholders—diluted	$ 0.04	$ 0.31	$ 0.26	$ (1.03)	$ 0.34

Stock options for the purchase of 7,227,009, 2,562,096 and 143,780 weighted average shares were excluded from the computation of diluted net income per share attributable to common stockholders for the years ended September 30, 2010, 2011 and 2012, respectively, and stock options for the purchase of 33,419 weighted average shares were excluded from the computation of diluted net income per share attributable to common stockholders for the three months ended December 31, 2012 (unaudited) because those options had an anti-dilutive impact due to the assumed proceeds per share using the treasury stock method being greater than the average fair value of the Company's common shares for those periods. Stock options for the purchase of 7,660,081 weighted average shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the three months ended December 31, 2011 (unaudited) because those options had an anti-dilutive impact due to the net loss attributable to common stockholders incurred for the period.

Warrants outstanding as of September 30, 2010 for the purchase of 1,491,055 shares of common stock were excluded from the calculation of diluted net income per share attributable to common stockholders for the year ended September 30, 2010 because those warrants had an anti-dilutive impact due to the assumed proceeds per share using the treasury stock method being greater than the average fair value of the Company's common shares for that year. Warrants outstanding as of September 30, 2010 and 2011 for the purchase of 341,556 shares of Series E preferred stock were also excluded from the calculations of diluted net income per share attributable to common stockholders for the years ended September 30, 2010 and 2011 because those warrants had an anti-dilutive impact due to the assumed proceeds per share using the treasury stock method being greater than the average fair value of the Company's common shares for those respective years. Warrants for the purchase of 341,556 shares of Series E preferred stock were excluded from the computation of diluted net loss per share attributable to common stockholders for the three months ended December 31, 2011 (unaudited) because those warrants had an anti-dilutive impact due to the net loss attributable to common stockholders incurred for the period.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

15. Net Income (Loss) Per Share and Unaudited Pro Forma Net Income Per Share (Continued)

Unaudited Pro Forma Net Income Per Share

The unaudited pro forma basic and diluted net income per share attributable to common stockholders for the year ended September 30, 2012 and the three months ended December 31, 2012 gives effect to adjustments arising upon the closing of a qualified initial public offering. The unaudited pro forma net income attributable to common stockholders used in the calculation of unaudited basic and diluted pro forma net income per share attributable to common stockholders does not include the effects of the accretion to redemption value of the redeemable convertible preferred stock and the allocation of net income to participating securities because it assumes that the conversion of the redeemable convertible preferred stock and the convertible preferred stock into common stock had occurred on October 1, 2011. The unaudited pro forma net income attributable to common stockholders has also been adjusted to remove the remeasurement gain or loss recorded on the warrants for Series E redeemable convertible preferred stock because it assumes that the outstanding warrants for the Series E convertible preferred stock were converted into warrants for common stock and that the common stock warrants are classified as equity, and it assumes the conversion had occurred on October 1, 2011.

The unaudited pro forma basic and diluted weighted average common shares outstanding used in the calculation of unaudited basic and diluted pro forma net income per share attributable to common stockholders has been adjusted to reflect the issuance of common stock upon the automatic conversion of all outstanding shares of redeemable convertible preferred stock and convertible preferred stock upon an initial public offering as well as the conversion of the outstanding warrants for Series E redeemable convertible preferred stock into warrants for the purchase of common stock, assuming each such conversion had occurred on October 1, 2011.

The computation of pro forma net income per share attributable to common stockholders is as follows:

	Year Ended September 30, 2012	Three Months Ended December 31, 2012
		(unaudited)
Numerator:		
Net income	$ 21,399	$ 21,957
Change in fair value of warrant liability	11	(20)
Pro forma net income attributable to common stockholders	$ 21,410	$ 21,937
Denominator:		
Weighted average number of common shares outstanding	4,692,657	4,991,210
Pro forma adjustment for assumed conversion of redeemable convertible preferred stock and convertible preferred stock to common stock upon the closing of the proposed initial public offering	50,241,277	50,241,277
Pro forma weighted average common shares outstanding—basic	54,933,934	55,232,487
Dilutive impact of outstanding common stock equivalents	5,976,155	6,380,814
Pro forma weighted average common shares outstanding—diluted	60,910,089	61,613,301
Pro forma net income per share attributable to common stockholders:		
Basic	$ 0.39	$ 0.40
Diluted	$ 0.35	$ 0.36

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

16. Commitments and Contingencies

Leases

The Company leased office space in Watertown, Massachusetts under a ten-year lease that expired at the end of September 2011. During the year ended September 30, 2011, the Company signed a seven-year lease for new office space that began on October 1, 2011. Both leases provided for payment escalations during the terms of the leases. Payment escalations as specified in the lease agreements are accrued such that rent expense is recognized on a straight-line basis over the terms of occupancy. The Company incurred rent expense of $2,030, $1,995 and $948, respectively, for the years ended September 30, 2010, 2011 and 2012. The Company incurred rent expense of $237 for each of the three months ended December 31, 2011 and 2012 (unaudited).

Future minimum lease payments for operating leases as of September 30, 2012 are as follows:

Year ending September 30,	
2013	$ 897
2014	921
2015	946
2016	972
2017	999
Thereafter	1,027
Total	$5,762

In connection with the prior office lease, the Company issued a $1,140 letter of credit through November 2011 to the benefit of the landlord, collateralized by a certificate of deposit. On December 2, 2011, the landlord released the letter of credit to the Company. In connection with the new lease, the Company issued a $436 letter of credit, collateralized by a money market account. As of September 30, 2011 and 2012 and December 31, 2012 (unaudited), the Company classified amounts of $1,576, $436 and $436, respectively, as restricted cash relating to these leases.

Intellectual Property License

During the year ended September 30, 2012, in response to correspondence the Company received from a third party related to assets the Company used or may have used in prior periods, the Company entered into a non-exclusive intellectual property license agreement with the third party. Under the agreement, the Company is required to pay the third-party licensor an upfront license fee of $350 and additional license fees of $250 on the first anniversary, $250 on the second anniversary and $200 on the third anniversary of the agreement. In addition, the Company is required to pay (1) annual maintenance fees of $105 for each year that the agreement remains in effect, commencing on the first anniversary of the agreement, in order to maintain the right to use the license, and (2) a one-time fee of $50 in each circumstance in which the Company provides the licensed intellectual property to one of its collaborators with the prior consent of the licensor. As a result, during fiscal 2012, the Company recorded in research and development expense a total of $895 of license expense, which represented the fair value of the payments that the Company believed relate to its use of the assets in fiscal 2012 and prior periods. As of September 30, 2012, the Company had recorded liabilities totaling $995 related to the agreement. Of that amount, $350 was included in accounts payable, $222 was included in accrued expenses and $423 was included in other long-term liabilities on the balance sheet at September 30, 2012.

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

16. Commitments and Contingencies (Continued)

Future non-cancelable minimum payments under the agreement are as follows:

Year ending September 30,	
2013	$ 600
2014	250
2015	200
Total	$1,050

During the three months ended December 31, 2012 (unaudited), the Company paid $350 due under the agreement. As of December 31, 2012 (unaudited), the Company had recorded liabilities totaling $645, of which $222 was included in accrued expenses and $423 was included in other long-term liabilities on the balance sheet.

Litigation and Contingencies Related to Use of Intellectual Property

From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Company currently is not a party to any threatened or pending litigation. However, third parties might allege that the Company or its collaborators are infringing their patent rights or that the Company is otherwise violating their intellectual property rights. Such third parties may resort to litigation against the Company or its collaborators, which the Company has agreed to indemnify. With respect to some of these patents, the Company expects that it will be required to obtain licenses and could be required to pay license fees or royalties, or both. These licenses may not be available on acceptable terms, or at all. A costly license, or inability to obtain a necessary license, could have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

As of September 30, 2012 and December 31, 2012 (unaudited), the Company was aware of a potential license it may need to acquire with respect to patents it used, or may have used, in prior years or periods. As of September 30, 2012 and December 31, 2012 (unaudited), the Company believed that license costs were probable, but a range of the loss could not be reasonably estimated; therefore, no accrual for this matter was recorded as of September 30, 2012 and December 31, 2012 (unaudited).

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements, from services to be provided by the Company, or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its financial statements as of September 30, 2011 or 2012 or as of December 31, 2012 (unaudited).

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

17. Income Taxes

During the year ended September 30, 2010, the Company recorded a net income tax benefit of $157 related to income taxes paid in 2008 that were subsequently refunded under the American Recovery Assistance Act and a research and development credit. This net income tax benefit of $157 was also the result of the Company's use of net operating loss carryforwards to fully offset the income before income taxes of $7,747 generated in that year. As the deferred tax assets for those utilized net operating loss carryforwards had previously been recorded with a full valuation allowance, the use of the net operating loss carryforwards in fiscal 2010 resulted in an income tax benefit being recognized, which substantially offset the tax provision recorded as a result of the income before income taxes generated.

During the years ended September 30, 2011 and 2012 and the three months ended December 31, 2012 (unaudited), no provision for income taxes was recorded due primarily to the Company's use of net operating loss carryforwards to fully offset the income before income taxes of $23,310, $21,399 and $21,957, respectively, generated in those periods. As the deferred tax assets for those utilized net operating loss carryforwards had previously been recorded with a full valuation allowance, the use of the net operating loss carryforwards in each of those periods resulted in an income tax benefit being recognized, which substantially offset the tax provision recorded as a result of the income before income taxes generated. During the three months ended December 31, 2011 (unaudited), no benefit from income taxes was recorded related to the loss before income taxes of $3,159 due to the Company's uncertainty of realizing a benefit from that loss.

In all periods presented, all income before income taxes was sourced from the United States.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended September 30,		
	2010	2011	2012
Federal statutory income tax rate	34.0%	34.0%	34.0%
State taxes, net of federal benefit	5.2	5.8	5.4
Federal research and development tax credit	(1.3)	(2.0)	(0.2)
Change in deferred tax asset valuation allowance	(39.3)	(40.5)	(40.1)
Other	1.4	2.7	0.9
Effective income tax rate	0.0%	0.0%	0.0%

Net deferred tax assets as of September 30, 2011 and 2012 consisted of the following:

	September 30,	
	2011	2012
Net operating loss carryforwards	$ 17,112	$ 10,961
Tax credit carryforwards	5,669	5,731
Capitalized research and development expenses	12,966	9,750
Other temporary differences	622	1,357
Gross deferred tax assets	36,369	27,799
Valuation allowance	(36,369)	(27,799)
Net deferred tax assets	$ —	$ —

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

17. Income Taxes (Continued)

As of September 30, 2012, the Company had net operating loss carryforwards for federal and state income tax purposes of $30,882 and $8,729, respectively, which begin to expire in fiscal 2018 and 2014, respectively. The Company also has available research and development tax credit carryforwards for federal and state income tax purposes of $4,136 and $2,415, respectively, which begin to expire in fiscal 2013 and 2015, respectively. Utilization of the net operating loss carryforwards and research and development tax credit carryforwards may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income.

As of September 30, 2011 and 2012, the Company's gross deferred tax asset balances of $36,369 and $27,799, respectively, were comprised principally of net operating loss carryforwards and research and development credits. During the years ended September 30, 2010, 2011 and 2012, gross deferred tax assets related to net operating loss carryforwards decreased due to their utilization as a result of income before income taxes generated during those periods. During the three months ended December 31, 2012 (unaudited), gross deferred tax assets decreased by approximately $8,600 due to their utilization as a result of income before income taxes generated during that period.

The Company has concluded, based on the weight of available evidence, that its net deferred tax assets are not more likely than not to be realized in the future. Management has considered the Company's history of cumulative net losses incurred since inception, its lack of commercialization of any products or generation of any revenue from product sales since inception and its inability to reasonably estimate the timing or amounts, if any, of future milestone payments it will receive from its collaborators, and concluded that it is more likely than not that the Company will not realize the benefits of the deferred tax assets. Accordingly, a full valuation allowance has been established against the deferred tax assets as of September 30, 2011 and 2012 and December 31, 2012 (unaudited). Management reevaluates the positive and negative evidence at each reporting period.

Changes in the valuation allowance for deferred tax assets during the years ended September 30, 2010, 2011 and 2012 were as follows:

	Year Ended September 30,		
	2010	2011	2012
Valuation allowance as of beginning of year	$48,857	$45,812	$36,369
Decreases recorded as benefit to income tax provision	(3,045)	(9,443)	(8,570)
Increases recorded to income tax provision	—	—	—
Valuation allowance as of end of year	$45,812	$36,369	$27,799

The Company has not recorded any amounts for unrecognized tax benefits as of September 30, 2011 and 2012 and December 31,2012 (unaudited).

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending income tax examinations. The Company's tax years are still open under statute from 2008 to the present. Earlier years may be examined to the extent that tax credit or net operating loss carryforwards are used in future periods. The Company's policy is to record interest and penalties related to income taxes as part of its income tax provision.

18. 401(k) Plan

In December 1999, the Company established a 401(k) plan. This plan covers substantially all employees who meet minimum age and service requirements. Under the terms of the plan, the Company contributes on an annual basis up to 2% of an employee's base salary up to a maximum of $4 per employee.

During the years ended September 30, 2010, 2011 and 2012, the Company recognized $26, $95 and $84, respectively, of expense related to its contributions to this plan. During the three months ended December 31, 2011 and 2012 (unaudited), the Company recognized $7 and $12, respectively, of expense related to its contributions to this plan.

19. Related Party Transactions

The Company has entered into consulting agreements for research and development and business management activities with certain members of the Company's board of directors. Consulting fees expensed and paid for each of the years ended September 30, 2010, 2011 and 2012 were $75. Consulting fees expensed during each of the three months ended December 31, 2011 and 2012 (unaudited) were $19 and $24, respectively, of which $19 and $16, respectively, had been paid within each period.

As further described in Note 7, the Company had entered into a note and warrant purchase agreement with stockholders in fiscal 2011.

20. Qualifying Therapeutic Discovery Project Program

In November 2010, the Company received notification from the Internal Revenue Service that it had been awarded grants for four research projects under the Qualifying Therapeutic Discovery Project Credit program, covering 50% of qualifying expenses incurred, up to a maximum of $244 for each of the four projects.

A payment of $489 was received in fiscal 2011 for work on two of the projects already carried out during fiscal 2010. For the two projects carried out during fiscal 2011, a total amount receivable of $261 was recorded as of September 30, 2011, and was received in full in October 2011.

During the year ended September 30, 2011, the Company recorded the proceeds of $750 in other income (expense) in the statement of operations, upon approval of the qualifying expenses.

21. Subsequent Events

For its financial statements as of September 30, 2012 and for the year then ended, the Company evaluated subsequent events through November 16, 2012, the date on which those financial statements were originally issued, and through February 5, 2013, the date on which those financial statements were reissued.

22. Subsequent Events (Unaudited)

For its interim financial statements as of December 31, 2012 and for the three months then ended, the Company evaluated subsequent events through February 5, 2013, the date on which those financial statements were issued.

Assignment by Abbott of Collaboration Agreement

On January 1, 2013, Abbott announced that it had completed the spin-off its research-based pharmaceuticals business into a new, independent biopharmaceutical company, named AbbVie Inc. ("AbbVie"). AbbVie was formed to hold Abbott's research-based pharmaceuticals business and, as a result of the spin-off, became an independent public company. In connection with the spin-off, Abbott assigned to AbbVie the Collaborative Development and License Agreement entered into with the Company in November 2006 (see Note 8).

ENANTA PHARMACEUTICALS, INC

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

22. Subsequent Events (Unaudited) (Continued)

Employee Stock Purchase Plan

On January 3, 2013, the Company's stockholders approved the Employee Stock Purchase Plan. A total of 800,000 shares of common stock were reserved for issuance under this plan, which will become effective immediately prior the closing of the Company's initial public offering.

1995 Equity Incentive Plan

On January 17, 2013, the Company's stockholders approved an amendment to the 1995 Equity Incentive Plan (see Note 14) to increase the number of shares of common stock reserved for issuance under the plan by 1,000,000 shares to 11,950,673 shares.

2012 Equity Incentive Plan

On January 17, 2013, the Company's stockholders approved the 2012 Equity Incentive Plan, which will become effective immediately prior to the closing of the Company's initial public offering. The 2012 Equity Incentive Plan permits the Company to sell or issue common stock or restricted common stock, to grant incentive stock options or nonqualified stock options for the purchase of common stock, or to grant restricted stock units, stock appreciation rights or other cash incentive awards, to employees, members of the board of directors and consultants of the Company. The total number of shares of common stock that may be issued under the plan will be 1,386,156 shares, plus up to 1,613,844 additional shares from the 1995 Equity Incentive Plan, to the extent that such additional shares have not been issued or reserved for future issuance upon exercise of options when the 2012 Equity Incentive Plan becomes effective immediately prior to the closing of the Company's initial public offering. The number of shares of common stock that may be issued under the plan is also subject to increase on the first day of each fiscal year by the lowest of (i) 3% of the Company's outstanding shares of common stock as of that date, (ii) 9,000,000 shares of common stock, or (iii) an amount determined by the board of directors.

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Shares

Common stock

Prospectus

J.P. Morgan **Credit Suisse**

Leerink Swann **JMP Securities**

, 2013

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other expenses of issuance and distribution.

The following table sets forth the expenses to be incurred in connection with the offering described in this Registration Statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimates except for the Securities and Exchange Commission registration fee and the Financial Industry Regulatory Authority, Inc. filing fee.

Securities and Exchange Commission registration fee	$ 9,412
Financial Industry Regulatory Authority, Inc. filing fee	10,850
NASDAQ Global Market listing fee	125,000
Accountants' fees and expenses	1,075,000
Legal fees and expenses	1,910,000
Blue sky fees and expenses	—
Transfer agent's fees and expenses	17,000
Printing and engraving expenses	350,000
Miscellaneous	52,738
Total	$ 3,550,000

Item 14. Indemnification of directors and officers.

Section 102 of the Delaware General Corporation Law permits a corporation to eliminate the personal liability of its directors or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our certificate of incorporation provides that no director shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the Delaware General Corporation Law prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she is party or is threatened to be made a party by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation provides that we will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, our director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all

expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

Our certificate of incorporation also provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, our director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee or, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If we don't assume the defense, expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into indemnification agreements with our directors. In general, these agreements provide that we will indemnify the director to the fullest extent permitted by law for claims arising in his or her capacity as a director of our company or in connection with his or her service at our request for another corporation or entity. The indemnification agreements also provide for procedures that will apply in the event that a director makes a claim for indemnification and establish certain presumptions that are favorable to the director.

We maintain a general liability insurance policy which covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

The underwriting agreement we will enter into in connection with the offering of common stock being registered hereby provides that the underwriters will indemnify, under certain conditions, our directors and officers (as well as certain other persons) against certain liabilities arising in connection with such offering.

Item 15. Recent sales of unregistered securities.

Set forth below is information regarding shares of common stock and warrants issued, and options granted, by us within the past three years that were not registered under the Securities Act of 1933, as amended, or the Securities Act. Also included is the consideration, if any, received by us for such shares, warrants and options and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

(a) Issuance of Warrants

In October and November 2010, we issued $2,000,000 in aggregate principal amount of term notes and warrants to purchase 1,999,989 shares of our Series 1 Nonconvertible Preferred Stock at an exercise price of $0.01 per share to existing investors pursuant to a Note and Warrant Purchase Agreement dated October 4, 2010.

No underwriters were involved in the foregoing issuance. The securities described in this section (a) of Item 15 were issued to investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All investors described above represented to us in connection with the issuance of the warrants that they were accredited investors and were acquiring the warrants for their own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof. The investors received written disclosures that

the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

(b) Stock Option Grants and Exercises

Since January 1, 2010, we have issued to certain employees, directors and consultants options to purchase an aggregate of 2,615,013 shares of common stock, of which, as of December 31, 2012, 121,878 shares had been exercised for cash consideration in the aggregate amount of $47,903, 97,376 shares had been forfeited, and 2,395,759 shares remained outstanding at a weighted average exercise price of $1.68 per share.

The stock options and the common stock issued and issuable upon the exercise of such options as described in this section (b) of Item 15 were issued pursuant to written compensatory plans or arrangements with our employees, directors and consultants, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 701 promulgated under the Securities Act or the exemption set forth in Section 4(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering. All recipients either received adequate information about us or had access, through employment or other relationships, to such information.

All of the foregoing securities are deemed restricted securities for purposes of the Securities Act. All certificates representing the issued shares of common stock and the warrants described in this Item 15 included appropriate legends setting forth that the securities had not been registered and the applicable restrictions on transfer.

Item 16. Exhibits and financial statement schedules.

The exhibits to the Registration Statement are listed in the Exhibit Index attached hereto and incorporated by reference herein.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

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

(c) The undersigned registrant hereby undertakes that:

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

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

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 3 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Watertown, Commonwealth of Massachusetts, on this 5th day of February, 2013.

ENANTA PHARMACEUTICALS, INC.

By: /s/ Jay R. Luly, Ph.D.
Jay R. Luly, Ph.D.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to the Registration Statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
/s/ Jay R. Luly, Ph.D. Jay R. Luly, Ph.D.	President and Chief Executive Officer and Director *(Principal Executive Officer)*	February 5, 2013
/s/ Paul J. Mellett Paul J. Mellett	Chief Financial Officer *(Principal Financial and Accounting Officer)*	February 5, 2013
* Ernst-Günter Afting, M.D., Ph.D.	Director	February 5, 2013
* Stephen Buckley, Jr.	Director	February 5, 2013
* Marc E. Goldberg	Director	February 5, 2013
* David Poorvin, Ph.D.	Director	February 5, 2013
* Helmut M. Schühsler, Ph.D.	Director	February 5, 2013
* Terry Vance	Director	February 5, 2013
* Gregory Verdine, Ph.D.	Director	February 5, 2013

*By: /s/ Jay R. Luly, Ph.D.
Jay R. Luly, Ph.D.
Attorney-in-Fact

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EXHIBIT INDEX

Exhibit No.	Description
1.1#	Form of Underwriting Agreement.
3.1#	Fifth Amended and Restated Certificate of Incorporation of Enanta Pharmaceuticals, Inc. (the "Company"), filed with the Secretary of State of Delaware on August 30, 2012.
3.2#	Bylaws of the Company.
3.3*	First Amendment to Fifth Amended and Restated Certificate of Incorporation of the Company filed with the Secretary of State of Delaware on , 2013, to effect a reverse stock split.
3.4*	Form of Restated Certificate of Incorporation of the Company to be effective upon the closing of this offering, after giving effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock and convertible preferred stock.
3.5*	Form of Bylaws of the Company to be effective upon the closing of this offering.
4.1	Specimen certificate evidencing shares of common stock.
4.2#	Form of Series 1 Nonconvertible Preferred Stock Warrant.
5.1*	Opinion of Edwards Wildman Palmer LLP.
10.1†	Collaborative Development and License Agreement between the Company and Abbott Laboratories, dated November 27, 2006; as amended by a First Amendment to Collaborative Development and License Agreement dated January 27, 2009 and a Second Amendment to Collaborative Development and License Agreement dated December 9, 2009 (assigned to AbbVie Inc. as of January 1, 2013).
10.2†	Collaboration and License Agreement between the Company and Novartis Institutes for BioMedical Research, Inc., dated February 16, 2012.
10.3†#	Agreement between the Company and the National Institute of Allergy and Infectious Diseases, dated September 30, 2011.
10.4#	Third Amended and Restated Registration Rights Agreement, dated as of August 23, 2012.
10.5*	Amended and Restated Employment Agreement between the Company and Jay R. Luly, Ph.D., dated , 2013.
10.6#	Lease Agreement between Company and ARE-500 Arsenal Street LLC, dated as of April 15, 2011.
10.7	Form of Indemnification Agreement between the Company and each director.
10.8	Amended and Restated 1995 Equity Incentive Plan.
10.9*	Form of Incentive Stock Option Certificate under Amended and Restated 1995 Equity Incentive Plan.
10.10*	Form of Non-Statutory Stock Option Certificate under Amended and Restated 1995 Equity Incentive Plan.
10.11*	Form of Non-Statutory Stock Option Certificate for directors under Amended and Restated 1995 Equity Incentive Plan.
10.12	2012 Equity Incentive Plan.
10.13*	Form of Incentive Stock Option Agreement under 2012 Equity Incentive Plan.
10.14*	Form of Non-Statutory Stock Option Agreement under 2012 Equity Incentive Plan.
10.15*	Form of Non-Statutory Stock Option Certificate for directors under 2012 Equity Incentive Plan.
10.16	Employee Stock Purchase Plan.
10.17*	Form of Amended and Restated Employment Agreement for Executive Officers other than Chief Executive Officer.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.

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Exhibit No.	Description
23.2*	Consent of Edwards Wildman Palmer LLP (to be included in Exhibit 5.1).
24.1#	Power of Attorney (included on signature page).
99.1#	Original Draft Registration Statement on Form S-1, dated August 30, 2012.
99.2#	Amendment No. 1 to Draft Registration Statement on Form S-1, dated October 10, 2012.

* To be filed by amendment.

\# Previously filed.

† Confidential treatment requested as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

COMMON STOCK

PAR VALUE $0.01

COMMON STOCK

THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA AND NEW YORK, NY

ENANTA Pharmaceuticals

Certificate Number
ZQ00000000

Shares

ENANTA PHARMACEUTICALS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

CUSIP 29251M 10 6

SEE REVERSE FOR CERTAIN DEFINITIONS

is the owner of

***ZERO HUNDRED THOUSAND
ZERO HUNDRED AND ZERO***

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

Enanta Pharmaceuticals, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

President

Treasurer

ENANTA PHARMACEUTICALS, INC. SEAL 1995 DELAWARE

DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

By _____
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

1234567

ENANTA Pharmaceuticals

PO BOX 43004, Providence, RI 02940-3004

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP	XXXXXX XX X
Holder ID	XXXXXXXXXX
Insurance Value	1,000,000.00
Number of Shares	123456
DTC	12345678 12345678912345

Certificate Numbers	Num/No.	Denom.	Total
12345678912345678901	1	1	1
12345678912345678902	2	2	2
12345678912345678903	3	3	3
12345678912345678904	4	4	4
12345678912345678905	5	5	5
12345678912345678906	6	6	6
Total Transaction			7

ENANTA PHARMACEUTICALS, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	-	_____ (Cust) Custodian _____ (Minor) under Uniform Gifts to Minors Act _____ (State)	
TEN ENT	- as tenants by the entireties				
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	-	_____ (Cust) Custodian (until age _____) under Uniform Transfers to Minors Act _____ (Minor) _____ (State)	

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

For value received, _____ hereby sell, assign and transfer unto

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares

of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: _____ 20 _____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that we report the cost basis of certain shares acquired after January 1, 2011. If your shares were covered by the legislation and you have sold or transferred the shares and requested a specific cost basis calculation method, we have processed as requested. If you did not specify a cost basis calculation method, we have defaulted to the first in, first out (FIFO) method. Please visit our website or consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with us or do not have any activity in your account for the time periods specified by state law, your property could become subject to state unclaimed property laws and transferred to the appropriate state.

ENANTA

Exhibit 10.1

EXECUTION VERSION

Enanta has requested that portions of this document be accorded confidential treatment pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

COLLABORATIVE DEVELOPMENT AND LICENSE AGREEMENT

by and between

ENANTA PHARMACEUTICALS, INC.

and

ABBOTT LABORATORIES

November 27, 2006

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

List of Exhibits and Schedules

Exhibit A	Research Plan
Exhibit B	Form of Stock Purchase Agreement
Exhibit C	Form of Press Release
Exhibit D	ADR Procedure
Schedule 1	Abbott Compounds
Schedule 2	Abbott Patent Rights
Schedule 3	Excluded Compounds
Schedule 4	Licensed Patent Rights
Schedule 5	Material Terms to Be Included in Co-Promotion Agreement
Schedule 6	Calculation of Operating Income

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

COLLABORATIVE DEVELOPMENT AND LICENSE AGREEMENT

This COLLABORATIVE DEVELOPMENT AND LICENSE AGREEMENT (this "**Agreement**") is entered into as of November 27th, 2006, by and between Enanta Pharmaceuticals, Inc., with principal offices at 500 Arsenal Street, Watertown, Massachusetts 02472 ("**Enanta**") and Abbott Laboratories, having a place of business at 100 Abbott Park Road, Abbott Park, Illinois 60064 ("**Abbott**"). Each of Abbott and Enanta is sometimes referred to individually herein as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Enanta Controls certain Technology and/or Proprietary Materials related to or otherwise useful in the discovery and development of HCV NS3 or NS3/4A protease inhibitors (as those terms are defined below);

WHEREAS, Abbott has expertise in discovering, developing, testing, obtaining regulatory approvals with respect to, manufacturing and marketing human therapeutic products; and

WHEREAS, Enanta and Abbott desire to enter into a collaboration for the purpose of identifying, developing and commercializing Enanta's proprietary HCV NS3 or NS3/4A protease inhibitors and/or certain of Abbott's proprietary protease inhibitors as more fully described herein,

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. **DEFINITIONS**

Whenever used in this Agreement with an initial capital letter, the terms defined in this Section 1 shall have the meanings specified.

1.1 **"Abandoned Compounds"** means all Products designated as Abandoned Compounds by Enanta pursuant to Section 11.3.6.

1.2 **"Abbott Background Technology"** means any Technology related to the Field used by Abbott, or provided by Abbott for use, in the Research Program or the Development Program that is (a) Controlled by Abbott as of the Effective Date or (b) developed or conceived by employees of, or consultants to, Abbott after the Effective Date in the conduct of activities outside the Research Program or Development Program.

1.3 **"Abbott Compounds"** means the HCV protease inhibitors Controlled by Abbott and listed on Schedule 1 attached hereto, and any direct analogs thereof created during the Research Program.

1.4 **"Abbott Decision"** means any decision that is not an Enanta Decision and relates solely to the Development of a Candidate or Commercialization of a Product

1.5 **"Abbott Improvement"** means any Abbott Program Technology or Abbott's interest in any Joint Technology that contains one or more claims that covers the composition or use of any HCV protease inhibitor. The Parties understand that the term Abbott Improvement (a) shall not include any Abbott Program Technology or Abbott's interest in any Joint Technology that relates to the [*****] discovered by Abbott and (b) shall include any Abbott Patent Rights that contain one or more claims that cover Abbott Program Technology and/or Abbott's interest in any Joint Technology whether such Abbott Patent Rights are filed during, or, subject to Section 10.1, following the expiration of the Research Program Term.

1.6 **"Abbott Materials"** means any Proprietary Materials that are Controlled by Abbott and used by Abbott, or provided by Abbott for use, in the Research Program or the Development Program.

1.7 **"Abbott Patent Rights"** means any Patent Rights containing one or more claims that cover Abbott Technology. All Abbott Patent Rights existing as of the Effective Date are described on Schedule 2 attached hereto. For clarification, the Abbott Compounds listed in Schedule 1 will be covered under Abbott Patent Rights.

1.8 **"Abbott Program Technology"** means any Program Invention conceived or first reduced to practice by employees of, or consultants to, Abbott, alone or jointly with any Third Party.

1.9 **"Abbott Research Activities"** means any research activities specified to be conducted by Abbott in any Research Plan.

1.10 **"Abbott Technology"** means, collectively, Abbott Background Technology and Abbott Program Technology.

1.11 **"Adverse Event"** means any untoward medical occurrence in a human clinical trial subject or in a patient who is administered a Product, whether or not considered related to the Product including, without limitation, any undesirable sign (including abnormal laboratory findings of clinical concern), symptom or disease associated with the use of such Product.

1.12 **"Affiliate"** means, with respect to any Party, any Person that, directly or through one or more Affiliates, controls, or is controlled by, or is under common control with, such Party. For purposes of this definition, "control" means (a) ownership of more than fifty percent (50%) of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or more than fifty percent (50%) of the equity interests in the case of any other type of legal entity, (b) status as a general partner in any partnership, or (c) any other arrangement whereby a Person controls or has the right to control the Board of Directors or equivalent governing body of a corporation or other entity.

1.13 **"Annual Net Sales"** means the aggregate Net Sales during a particular Calendar Year.

1.14 **"Applicable Laws"** means all Federal, state, local, national and supra-national laws, statutes, rules and regulations, including any rules, regulations, guidelines or requirements of Regulatory Authorities, national securities exchanges or securities listing organizations that may be in effect from time to time during the Term and applicable to a particular activity hereunder.

1.15 **"Approval Date"** means the date when both (a) the waiting period (or any extension thereof) applicable to this Agreement under the HSR Act (as defined in Section 14.16) has been terminated or has expired, and (b) the Abbott Board, Abbott's Chief Executive Officer and the Enanta Board have provided approvals described in Section 14.17.

1.16 **"Calendar Quarter"** means the period beginning on the Effective Date and ending on the last day of the calendar quarter in which the Effective Date falls, and thereafter each successive period of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31. For purposes of this definition, the Calendar Quarter for all activities outside the United States by Abbott shall be the three (3) consecutive calendar months ending February 28, May 31, August 31 or November 30.

1.17 **"Calendar Year"** means each successive period of twelve (12) months commencing on January 1 and ending on December 31; provided, that, the initial Calendar Year shall commence on the Effective Date and end on December 31, 2007. For purposes of this definition, the Calendar Year for all activities conducted outside the United States by Abbott pursuant to this Agreement, shall be the twelve (12) month period commencing on December 1 and ending on November 30.

1.18 **"Candidate"** means any Compound and/or any Abbott Compound designated by the JSC pursuant to Sections 2.1.4(h) and 3.6 to proceed into GLP toxicity studies and enter the Development Program.

1.19 **"Change of Control"** means, with respect to a Party (a) a merger, consolidation, share exchange or other similar transaction involving such Party and any Third Party which results in the holders of the outstanding voting securities of such Party immediately prior thereto ceasing to hold more than fifty percent (50%) of the combined voting power of the surviving, purchasing or continuing entity immediately after such merger, consolidation, share exchange or other similar transaction, (b) any transaction or series of related transactions in which a Third Party, together with its Affiliates, becomes the beneficial owner of fifty percent (50%) or more of the combined voting power of the outstanding securities of such Party, other than in connection with a bona fide financing transaction provided by financial and/or venture capital investors to such Party, or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's assets which relate to this Agreement.

1.20 **"CTA"** means a notification submitted to EU Regulatory Authorities prior to the initiation of clinical trials in the EU.

1.21 **"CTN"** means the notification submitted to the Japanese Ministry of Health, Labor and Welfare prior to the Initiation of a Clinical Trial in Japan.

1.22 **"Co-Developed Product"** means any Product with respect to which Enanta has exercised a Co-Development and Profit Share Option as described in Section 5.1.

1.23 **"Co-Development and Profit Share Option Exercise Date"** means, with respect to each Co-Developed Product, the date of exercise by Enanta of the Co-Development and Profit Share Option applicable to such Co-Developed Product.

1.24 **"Co-Development and Profit Share Option Exercise Period"** means, with respect to each Compound or Candidate, as the case may be, the period commencing on the Approval Date and continuing until [*****] days after Enanta receives a study summary, including all primary statistical analyses, with respect to the first Phase Ib/2a Clinical Trial for such Candidate. All raw data, both positive and negative, which would be reasonable to be considered in formulating such summary will be made available to Enanta promptly upon Enanta's request.

1.25 **"Co-Development Territory"** means the United States of America and its territories and possessions.

1.26 **"Collaboration"** means the alliance of Enanta and Abbott established pursuant to this Agreement for the purpose of identifying Compounds, Developing Candidates and Commercializing Products in the Field in the Territory.

1.27 **"Combination Product"** means any commercialized HCV therapeutic that contains or comprises a Product and one or more other ingredients that are therapeutically or biologically active and are not themselves Products.

1.28 **"Commercialization"** or **"Commercialize"** means any and all activities directed to the commercialization of a Product, including pre-launch and post-launch marketing, manufacturing for commercial sale, promoting, Detailing (as defined in Schedule 5 hereof), distributing, offering to sell and selling a Product, importing a Product for sale, conducting additional human clinical studies other than those that are required due to post-approval regulatory commitments (but not pre-clinical studies) and interacting with Regulatory Authorities regarding the foregoing. When used as a verb, "Commercializing" means to engage in Commercialization and "Commercialized" has a corresponding meaning.

1.29 **"Commercially Reasonable Efforts"** means (a) with respect to activities of either Party in the Research Program, the efforts and resources typically used by companies that are similar in size to such Party in the performance of research programs of comparable research compounds and (b) with respect to the Development by Abbott of a particular Candidate or the Commercialization by Abbott of a particular Product, the efforts and resources typically used by Abbott in the development of product candidates or the commercialization of products of

comparable market potential, taking into account all relevant factors including, as applicable and without limitation, stage of development, mechanism of action, efficacy and safety relative to competitive products in the marketplace, actual or anticipated Regulatory Authority approved labeling, the nature and extent of market exclusivity (including patent coverage and regulatory exclusivity), cost and likelihood of obtaining Commercialization Regulatory Approval actual or projected profitability and availability of capacity to manufacture and supply for commercial sale.

1.30 **"Commercialization Regulatory Approval"** means, with respect to any Product, the Regulatory Approval required by Applicable Laws in any country or region in the Territory in order to sell such Product for use in the Field in such country or region. "Commercialization Regulatory Approval" in the United States shall mean final approval of an NDA or sNDA permitting marketing of the applicable Product in interstate commerce in the United States, "Commercialization Regulatory Approval" in the European Union shall mean marketing authorization for the applicable Product, including price reimbursement approval, pursuant to Council Directive 2001/83/EC, as amended, or Council Regulation 2309/93/EEC, as amended and "Commercialization Regulatory Approval" in Japan shall mean final approval of an application submitted to the Ministry of Health, Labor and Welfare and the publication of a New Drug Approval Information Package permitting marketing of the applicable Product, including price reimbursement approval, in Japan, as any of the foregoing may be amended from time to time.

1.31 **"Compound"** means any HCV NS3 or HCV NS3/4A protease inhibitor Controlled by Enanta, other than the Excluded Compounds.

1.32 **"Co-Promote"** or **"Co-Promotion"** means, with respect to any Co-Developed Product, the joint promotion and Detailing of such Co-Developed Product in the Co-Developed Territory using a coordinated sales force consisting of representatives of both Parties.

1.33 **"Confidential Information"** means: (a) with respect to Enanta, all tangible embodiments of Enanta Technology; (b) with respect to Abbott, all tangible embodiments of Abbott Technology; and (c) with respect to each Party, (i) all tangible embodiments of Joint Technology and (ii) all information, Technology and Proprietary Materials disclosed or provided by of on behalf of such Party (the "**Disclosing Party**") pursuant to this Agreement or the Existing Agreements to the other Party (the "**Receiving Party**") or to any of the Receiving Party's employees, consultants, Affiliates or sublicensees; provided that none of the foregoing shall be Confidential Information if: (A) as of the date of disclosure, it is known to the Receiving Party or its Affiliates, as demonstrated by credible written documentation, other than by virtue of a prior confidential disclosure to such Receiving Party or its Affiliates; (B) as of the date of disclosure it is in the public domain, or it subsequently enters the public domain through no fault of the Receiving Party or its Affiliates; (C) it is obtained by the Receiving Party from a Third Party having a lawful right to make such disclosure free from any obligation of confidentiality to the Disclosing Party; or (D) it is independently developed by or for the Receiving Party without reference to or use of any Confidential Information of the Disclosing

Party as demonstrated by credible written documentation. Further, (y) any scientific, technical or financial information of a Disclosing Party disclosed at any meeting of any of the committees or teams established pursuant to this Agreement or disclosed through an audit report prepared pursuant to this Agreement shall constitute Confidential Information of the Disclosing Party and (z) the terms of this Agreement shall constitute Confidential Information of each Party.

1.34 **"Control"** or **"Controlled"** means (a) with respect to Technology (other than Proprietary Materials) or Patent Rights, the possession by a Party of the right to grant a license or sublicense to such Technology or Patent Rights without violating the terms of any agreement or arrangement with, any Third Party and (b) with respect to Proprietary Materials, the possession by a Party of the right to supply such Proprietary Materials to the other Party without violating the terms of any agreement or arrangement with, any Third Party.

1.35 **"Designated Senior Officer"** means, with respect to a Party, the senior officer designated by such Party to have final decision-making authority over Disputed Matters, which shall be (a) the Chief Executive Officer of Enanta and (b) the Executive Vice President of the Pharmaceutical Products Group for Abbott.

1.36 **"Development"** or **"Develop"** means, with respect to each Candidate, all non-clinical and clinical activities required to obtain Regulatory Approval of such Candidate in accordance with this Agreement on and after the Approval Date and up to and following the obtaining of Commercialization Regulatory Approval of such Candidate. These activities include, without limitation, test method development and stability testing, regulatory toxicology, animal studies, formulation, process development, manufacturing, manufacturing scale-up, development-stage manufacturing, quality assurance/quality control development, statistical analysis and report writing, and clinical trial design and operations. When used as a verb, "Developing" means to engage in Development and "Developed" has a corresponding meaning.

1.37 **"Development Costs"** means, with respect to a Co-Developed Product, the reasonable out-of-pocket costs and internal costs incurred by either Party (or for its account by an Affiliate or a Third Party) on and after the exercise by Enanta of the applicable Co-Development and Profit Share Option that are generally consistent with the respective Development activities allocated to such Party in the applicable Development Plan and are specifically attributable to the Development of such Co-Developed Product in the Co-Development Territory. For purposes of this definition (a) out-of-pocket costs means the costs attributable to specific external development activities applicable to a Co-Developed Product, [*****] and (b) internal costs means all direct labor costs to the extent attributable to the Development of a Co-Developed Product in accordance with the Development Plan, [*****]. Development Costs (y) shall include the costs incurred by Abbott in conducting clinical trials with respect to a Co-Developed Product, including clinical trials conducted as a result of post-approval regulatory commitments and (z) shall not include [*****].

1.38 **"Development Plan"** means, with respect to each Candidate and Calendar Year, the written plan for the Development activities for such Candidate for such Calendar Year, as

such written plan may be amended, modified or updated. Each Development Plan shall include: (a) the specific Development objectives, projected milestones, resource allocation requirements and activities to be performed over such period; (b) the Party responsible for such activities; (c) a timeline for such activities; (d) an estimate of the expected Development costs to be incurred over such period; (e) the expected Regulatory Filings to be required and prepared, and the expected timetable for making such Regulatory Filings; and (f) the manufacturing strategy, budget and proposed timelines for manufacturing scale-up, formulation, filling and/or shipping. The initial Development Plan shall be prepared within ninety (90) days of the Approval Date and in any event, on or prior to the initiation of Development activities with respect to the initial Candidate. Each Development Plan, amendment and update to the Development Plan shall be set forth in a written document prepared by Abbott and reviewed and/or approved by the JSC, shall specifically state that it is an amendment, modification or update to the Development Plan and shall be attached to the minutes of the meeting of the JSC at which such amendment, modification or updated is approved by the JSC. The Development Plan shall be updated at least once prior to the end of each Calendar Year to describe the Development activities to be carried out by each Party during the next Calendar Year pursuant to this Agreement.

1.39 **"Development Program"** means the set of activities outlined in the Development Plan aimed at achieving regulatory approval for a Candidate.

1.40 **"Drug Approval Application"** means, with respect to a Candidate in a particular country or region, an application for Commercialization Regulatory Approval for such Candidate in such country or region, including without limitation: (a) an NDA or sNDA; (b) a counterpart of an NDA or sNDA (including, without limitation, a CTN) in any country or region in the Territory; and (c) all supplements and amendments to any of the foregoing.

1.41 **"Effective Date"** means the date first set forth above.

1.42 **"EMEA"** means the European Medicines Evaluation Agency, or any successor thereto, which coordinates the scientific review of human pharmaceutical products under the centralized licensing procedures of the European Union.

1.43 **"Enanta Background Technology"** means any Technology used by Enanta, or provided by Enanta for use, in the Research Program or the Development Program that is (a) Controlled by Enanta as of the Effective Date or (b) developed or conceived by employees of, or consultants to, Enanta after the Effective Date in the conduct of activities outside the Research Program or the Development Program.

1.44 **"Enanta Co-Development Percentage"** means forty percent (40%).

1.45 **"Enanta Decision"** means any decision with respect to the application by Enanta of FTEs to the research of Compounds under the Research Program.

1.46 **"Enanta Materials"** means any Proprietary Materials that are Controlled by Enanta and used by Enanta, or provided by Enanta for use, in the Research Program or the Development Program. For purposes of clarity, (a) Enanta Materials shall include all Compounds provided by Enanta for use in the Research Program or Candidates used in the Development Program and (b) all other Enanta Materials shall be listed in the Research Plan or the Development Plan.

1.47 **"Enanta Patent Rights"** means any Patent Rights that contain one or more claims that cover Enanta Technology.

1.48 **"Enanta Program Technology"** means any Program Invention conceived or first reduced to practice by employees of, or consultants to, Enanta, alone or jointly with any Third Party.

1.49 **"Enanta Research Activities"** means any research activities specified to be conducted by Enanta in any Research Plan.

1.50 **"Enanta Technology"** means, collectively, Enanta Background Technology and Enanta Program Technology.

1.51 **"European Union"** or "**EU**" means the member states (whether on the Effective Date or later admitted) of the European Union.

1.52 **"Excluded Compounds"** means (a) the compounds listed on Schedule 3 attached hereto and incorporated herein by reference, and (b) the compounds licensed from Chiron under the License and Option Agreement between Chiron Corporation and Enanta, dated May 4th, 2005.

1.53 **"Existing Agreements"** means the [*****].

1.54 **"FDA"** means the United States Food and Drug Administration or any successor agency or authority thereto.

1.55 **"FDCA"** means the United States Federal Food, Drug, and Cosmetic Act, as amended.

1.56 **"Field"** means the prevention and treatment of viral infections in humans.

1.57 **"First Commercial Sale"** means, with respect to a Product in any country after Regulatory Approval in the Territory, the first sale, transfer or disposition of such Product for value in such country.

1.58 **"Force Majeure"** means any occurrence beyond the reasonable control of a Party that (a) prevents or substantially interferes with the performance by such Party of any of its obligations hereunder and (b) occurs by reason of any act of God, flood, fire, explosion,

earthquake, strike, lockout, labor dispute, casualty or accident, or war, revolution, civil commotion, act of terrorism, blockage or embargo, or any injunction, law, order, proclamation, regulation, ordinance, demand or requirement of any government or of any subdivision, authority or representative of any such government.

1.59 **"FTE"** means one (1) or more qualified employees of a Party who collectively spend time and effort conducting Enanta Research Activities or Abbott Research Activities, as the case may be, pursuant to the Research Plan or any Development Plan equivalent to the time and effort of one (1) full-time employee for one (1) Calendar Year based on at least [*****] hours of work/[*****] weeks per Calendar Year/forty (40) hours per week of work (less public holidays).

1.60 **"FTE Cost"** means, for any Calendar Quarter during the Research Program Term, the FTE Rate divided by 4, multiplied by the applicable number of FTEs applied during such Calendar Quarter.

1.61 "**FTE Rate"** means during the Research Program Term, [*****] per Calendar Year, or any prorated portion thereof. Notwithstanding the foregoing, if the Parties agree to any extension of the Research Program pursuant to Section 3.8, then, as of the date of such extension and on each anniversary thereafter, the FTE Rate shall be increased by multiplying the FTE Rate applicable on December 31 of the immediately preceding Calendar Year by 1 + ((CPIx -CPIy) / CPIy), where CPIx is the Consumer Price Index for All Urban Consumers in the Boston Metropolitan Area published by the Bureau of Labor Statistics of the United States Department of Labor for December in the immediately preceding Calendar Year and CPIy is the Consumer Price Index for All Urban Consumers in the Boston Metropolitan Area published by the Bureau of Labor Statistics of the United States Department of Labor for the December in the immediately preceding Calendar Year less one. Any such increase shall be rounded to the nearest one hundred US Dollars ($100).

1.62 **"GAAP"** means generally accepted accounting principles as in effect in the United States from time to time.

1.63 **"GLP"** means the then current Good Laboratory Practice Standards promulgated or endorsed by the FDA or in the case of foreign jurisdictions, comparable regulatory standards promulgated or endorsed by the applicable Regulatory Authority, including those procedures expressed or implied in the Regulatory Filings.

1.64 **"GMP"** means the then current Good Manufacturing Practices in accordance with the GMP standards of the European Union and the FDA, as amended from time to time.

1.65 **"Hatch-Waxman Act"** means the Drug Price Competition and Patent Term Restoration Act of 1984, as amended.

1.66 **"HCV Tool Patent License Agreement"** means any license agreement with respect to the practice of HCV Tool Patent Rights by and between either Party and [*****] or any successor entity or predecessor in interest.

1.67 **"IND"** means: (a) an Investigational New Drug Application, as defined in the FDCA and the regulations promulgated thereunder, or any successor application or procedure required to initiate clinical testing of a Compound, Candidate or Product in humans in the United States; (b) a counterpart of an Investigational New Drug Application that is required in any other country or region in the Territory before beginning clinical testing of a Compound, Candidate or Product in humans in such country or region; and (c) all supplements and amendments to any of the foregoing.

1.68 **"Initiation"** means, with respect to a human clinical trial, the first date that a subject is dosed in such clinical trial.

1.69 **"Joint Co-Development and Commercialization Committee"** or **"JDCC"** means the committee of Enanta and Abbott representatives established pursuant to Section 2.3 to coordinate the Development and Commercialization activities of Co-Developed Products within the Co-Development Territory.

1.70 **"Joint Patent Rights"** means Patent Rights that contain one or more claims that cover Joint Technology. For clarification, patents filed before or during the Research Program that cover the Abbott Compounds will be Joint Patent Rights, but excluding the Abbott Compounds listed in Schedule 1.

1.71 **"Joint Steering Committee"** or **"JSC"** means the committee of Enanta and Abbott representatives established pursuant to Section 2.1 to oversee the conduct and progress of the Research Program, the Development Program and the Commercialization of Products.

1.72 **"Joint Technology"** means any Program Invention (a) conceived or first reduced to practice jointly by employees of, or consultants to, Abbott and employees of, or consultants to, Enanta or (b) conceived or first reduced to practice solely by employees of, or consultants to, one Party with the use in any material respect of any Technology, Patent Rights or Proprietary Materials of the other Party. For purposes of clarity, Joint Technology shall include any and all Technology conceived or reduced to practice by Abbott in its conduct of any chemistry activities with respect to Compounds or Abbott Compounds (other than the Abbott Compounds listed in Schedule 1) as part of the Research Program.

1.73 **"Knowledge"** means the [*****] of the chief executive officer or any vice president of Enanta.

1.74 **"Licensed Patent Rights"** means any Enanta Patent Rights and any of Enanta's interest in Joint Patent Rights that contain one or more claims that cover any Compound, Candidate or Product. All Licensed Patent Rights existing as of the Effective Date are described on Schedule 4 attached hereto.

1.75 **"MAA"** means an application filed with the EMEA, or through the mutual recognition procedures in the European Union, for Regulatory Approval to Commercialize a Product as a drug in the European Union, or in any country or territory therein, including decentralized procedures or mutual recognition procedures.

1.76 **"Major Market Country"** [*****].

1.77 **"Marketing and Sales Plan"** means, with respect to each Co-Developed Product, the written plan for the Commercialization of such Co-Developed Product in the Co-Development Territory prepared in accordance with Section 4.2.1, which shall include, without limitation, (a) a regulatory and Commercialization strategy with proposed timelines and sales forecasts, that are, in each case, applicable to such Co-Developed Product and (b) the written plan for the manufacture of such Co-Developed Product in the Co-Development Territory, including, without limitation, expected manufacturing scale-up, formulating, and filing activities to be conducted for such Co-Developed Product as well as a budget and proposed timelines for such activities, as such plan may be amended or updated from time to time.

1.78 **"Materially Used"** means, with respect to Shared Clinical Trial Data, the inclusion of such Shared Clinical Trial Data in the core efficacy registration package of an NDA or equivalent registration package used outside of the Co-Development Territory (as defined as Phase II Clinical Trials and Phase DI Clinical Trials required by a Regulatory Authority to substantiate evidence of both safety and efficacy).

1.79 **"NDA"** means a New Drug Application, as defined in the FDCA and applicable regulations promulgated thereunder, or any successor application or procedure required to sell a Product in the United States.

1.80 **"Net Sales"** means the total amount billed or invoiced on sales of the Product by Abbott or its Affiliates or Sublicensees (including invoiced royalties and any other compensation of any other kind whatsoever) to independent, unrelated Third Parties, including wholesalers, in bona fide arm's length transactions, less the following deductions, in each case related specifically to the Product and incurred in the ordinary course of business and actually allowed or taken by such Third Parties and not otherwise recovered by or reimbursed to Abbott or its Affiliates:

(i) trade, cash and quantity discounts, allowances, adjustments, and rejections, rebates, recalls and returns;

(ii) price reductions or rebates, retroactive or otherwise, imposed by governmental authorities;

(iii) sales, excise, turnover, inventory, value-added, and similar taxes assessed on sales of the Product, but not including any income tax paid by or assessed against Abbott or its Affiliates;

(iv) transportation, importation, shipping, insurance and other handling expenses directly chargeable to the sale of the Product, including any fees for services provided by wholesalers and warehousing chains related to the distribution of the Product;

(v) chargebacks granted to Third Party distributors based on sales to their customers; and

(vi) the portion of any management fees or administration fees paid during the relevant time period to group purchasing organizations, pharmaceutical benefit managers and/or Medicare prescription drug plans relating specifically to the Product.

Subject to the above, Net Sales will be calculated in accordance with Abbott's standard internal policies and procedures, which must be in accordance with GAAP. If consideration in addition to or in lieu of money is received for the sale of the Product on an arm's-length transaction, the fair market value of such consideration must be included in the determination of Net Sales for such a sale. Net Sales will not include sales between or among Abbott and its Affiliates.

For purposes of calculating Net Sales, all Net Sales will be converted into Dollars using the conversion methodology set forth in Section 6.5.7 (Foreign Currency Exchange) consistent with GAAP. The standard conversion methodology is based on monthly averages (the spot rate at the end of the month immediately prior to the reporting month plus the spot rate at the end of the reporting month, divided by two) using open market rates.

If Abbott or its Affiliates appoint Third Party distributors for the Product or grant a license or sublicense to any Person (other than Abbott or any of its Affiliates or Enanta or any of its Affiliates) for manufacturing and selling the Product, Net Sales will include the Net Sales invoiced by Abbott or its Affiliates to such third party distributors and the royalties or other compensation of any other kind whatsoever invoiced by Abbott or its Affiliates to any such other Person, but it will not include any sales of the Product made by any such third party distributors or other Person.

In addition, Net Sales are subject to the following:

(i) [*****].

(ii) [*****].

(iii) For purposes of clarity, the use of any Product in (A) clinical trials, pre-clinical studies or other research or development activities, or disposal or transfer of Products for purposes of a commercially reasonable sampling program, shall not give rise to any Net Sales and (B) a compassionate use program shall not give rise to any deemed sale for purposes of this definition unless [*****].

1.81 **"Patent Rights"** means the rights and interests in and to issued patents and pending patent applications in the HCV protease inhibition area (which, for purposes of this Agreement, include certificates of invention, applications for certificates of invention and priority rights) in any country or region, including all provisional applications, substitutions, continuations, continuations-in-part, divisions, renewals, all letters patent granted thereon, and all reissues, reexaminations and extensions thereof including Hatch-Waxman patent term extensions, Supplemental Protection Certificates, and all foreign counterparts of any of the foregoing.

1.82 **"Person"** means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision, department or agency of a government.

1.83 **"Phase I Clinical Trial"** means a clinical trial conducted in any country or countries that generally provides for the first introduction into humans of an investigational drug with the purpose of assessing its safety, tolerability, toxicity, metabolism, absorption, elimination or other pharmacological action as more fully defined in 21 C.F.R. 312.21(a).

1.84 **"Phase Ib/IIa Clinical Trial"** means the initial clinical trial conducted with a Candidate in HCV infected patients designed to assess virologic potency, pharmacokinetics and tolerability and to support the decision to advance development to Phase IIb.

1.85 **"Phase II Clinical Trial"** means a clinical trial conducted in any country or countries in patients with a particular disease or condition with the purpose of further assessing the safety and tolerability of an investigational drug and initially exploring its efficacy for such disease or condition, as more fully defined in 21 C.F.R. 312.21(b).

1.86 **Phase IIb Clinical Trial"** means, as to a particular Product and indication, the portion of a Phase II Clinical Trial which contains a sufficient number of subjects to generate sufficient data (if successful) to commence a Phase III Clinical Trial of such Product for such indication.

1.87 **"Phase III Clinical Trial"** means a clinical trial conducted in any country or countries in patients with a particular disease or condition with the purpose of establishing the safety and tolerability of an investigational drug and confirming or establishing its efficacy for such disease or condition, as more fully defined in 21 C.F.R. 312.21(c).

1.88 **"Product"** means any pharmaceutical dosage form that is comprised of a Candidate that has obtained Commercialization Regulatory Approval (whether or not such Candidate is the sole active ingredient). The term Product shall include Co-Developed Products and Royalty-Bearing Products.

1.89 **"Product Trademark"** means (a) any trademark or trade name, whether or not registered, or any trademark application, renewal, extension or modification thereto, in the Territory, or any trade dress and packaging, that is applied to or used with Products by Abbott and (b) all goodwill associated therewith, and any promotional materials relating thereto.

1.90 **"Program Invention"** means any Technology (including, without limitation, any process, method of manufacture or composition of matter) that is conceived or first reduced to practice in the conduct of the Research Program or the Development Program.

1.91 **"Program Patent Rights"** means any Patent Rights that contain one or more claims that cover Program Inventions.

1.92 **"Proprietary Materials"** means tangible chemical, biological or physical materials that are furnished by or on behalf of one Party to the other Party in connection with this Agreement, whether or not specifically designated as proprietary by the transferring Party.

1.93 **"Regulatory Approval"** means, with respect to any country or region in the Territory, any approval (including, without limitation, any pricing approval), product and establishment license, registration or authorization of any Regulatory Authority required for the manufacture, use, storage, importation, export, transport or sale of a Product in such country or region.

1.94 **"Regulatory Authority"** means the FDA, or any counterpart of the FDA outside the United States, or any other national, supra-national, regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity with authority over the distribution, importation, exportation, manufacture, production, use, storage, transport, clinical testing or sale of a Candidate or Product.

1.95 **"Regulatory Filings"** means, collectively: (a) all INDs, NDAs, establishment license applications, drug master files, applications for designation of a Product as an "Orphan Product(s)" under the Orphan Drug Act, for "Fast Track" status under Section 506 of the FDCA (21 U.S.C. § 356) or for a Special Protocol Assessment under Section 505(b)(4)(B) and (C) of the FDCA (21 U.S.C. § 355(b)(4)(B)) or all other similar filings (including, without limitation, any counterparts of any of the foregoing in any country region in the Territory) as may be required by any Regulatory Authority for the Development of a Candidate or Commercialization of a Product; (b) all supplements and amendments to any of the foregoing; and (c) all data contained in, and correspondence relating to, any of the foregoing.

1.96 **"Relative Market Size"** means (a) with respect to any Shared Clinical Trial Data derived from a Shared Clinical Trial conducted outside of the Co-Development Territory and Materially Used in the Co-Development Territory, the result obtained by [*****] and (b) with

respect to any Shared Clinical Trial Data derived from a Shared Clinical Trial conducted within the Co-Development Territory and Materially Used in a Regulatory Filing made in a country outside of the Co-Development Territory, the result obtained by [*****]. For purposes of clarity, the [*****] as promptly as possible following the date of the Shared Clinical Trial Notice by a Third Party entity reasonably acceptable to the Parties that performs such market analyses for the biotechnology or pharmaceutical industry.

1.97 **"Research Plan"** means the written plan describing the research activities to be carried out by each Party during each Calendar Year during the Research Program Term in conducting the Research Program pursuant to this Agreement, as such written plan may be amended, modified or updated. The initial Research Plan is attached hereto as Exhibit A, which describes the research activities, and the specific research objectives, milestones and resource allocation requirements, to be carried out by each Party during the first full or partial Calendar Year following the Approval Date. Each amendment, modification and update to the Research Plan shall be set forth in a written document prepared by, or at the direction of, the JSC and approved by the JSC, shall specifically state that it is an amendment, modification or update to the Research Plan and shall be attached to the minutes of the meeting of the JSC at which such amendment, modification or updated was approved by the JSC. Without limiting the nature or frequency of any other amendments, modifications or updates of the Research Plan that may be approved by the JSC, the Research Plan shall be updated at least once prior to the end of each Calendar Year to describe the research activities to be carried out by each Party, and the specific research objectives, milestones and resource allocation requirements, during the next Calendar Year during the Research Program Term in conducting the Research Program pursuant to this Agreement.

1.98 **"Research Program"** means the collaborative research program commencing on the Approval Date and conducted by the Parties pursuant to Section 3.1 and the Research Plan for the purpose of identifying and researching Candidates.

1.99 **"Research Program Term"** means the period beginning on the Approval Date and, subject to Section 3.7, ending on the third anniversary of the Approval Date.

1.100 **"Royalty-Bearing Product"** means (a) any Product that is not a Co-Developed Product and (b) any Co-Developed Product to the extent sold outside of the Co-Development Territory.

1.101 **"Royalty-Bearing Territory"** means (a) with respect to Co-Developed Products, all countries outside of the Co-Development Territory and (b) with respect to Products, all countries within the Territory.

1.102 **"Royalty Term"** means, with respect to each Royalty-Bearing Product in each country in the Royalty-Bearing Territory, the period beginning on the date of First Commercial Sale of such Royalty-Bearing Product in such country and continuing until the later of (a) the last date on which the manufacture, use or sale of such Royalty-Bearing Product in such country

would infringe a Valid Claim included in the Licensed Patent Rights but for the license granted hereunder, (b) ten (10) years from the date of the First Commercial Sale of such Royalty-Bearing Product in such country.

1.103 **"Shared Clinical Trial"** means any clinical trial conducted by or on behalf of a Party the results of which are Materially Used in the Regulatory Filings for a Co-Developed Product that is Commercialized both in the Co-Development Territory and outside of the Co-Development Territory.

1.104 **"Shared Clinical Trial Costs"** means the reasonable out-of-pocket costs and internal costs incurred by a Party (or for its account by an Affiliate or a Third Party) that are specifically attributable to the conduct of a Shared Clinical Trial.

1.105 **"Shared Clinical Trial True-Up Percentage"** means, (a) with respect to any Shared Clinical Trial Data derived from a Shared Clinical Trial conducted outside of the Co-Development Territory and Materially Used in the Co-Development Territory, the result obtained by [*****], and (b) with respect to any Shared Clinical Trial Data derived from a Shared Clinical Trial conducted within the Co-Development Territory and Materially Used outside of the Co-Development Territory, [*****]. A Shared Clinical Trial will be considered conducted within the Co-Development Territory if such trial is filed under a US IND.

1.106 **"Shared Clinical Trial Data"** means all data, results and information produced in the conduct of a Shared Clinical Trial.

1.107 **"sNDA"** means a Supplemental New Drug Application, as defined in the FDCA and applicable regulations promulgated thereunder.

1.108 **"Sublicensee"** means any Third Party to which Abbott grants a sublicense in accordance with Section 8.3.

1.109 **"Sublicense Agreement"** means any agreement by and between Abbott or its Affiliates and a Sublicensee with respect to a Product.

1.110 **"Sublicense Income"** means all payments (including all upfront payments, milestone payments, other consideration and the reasonable monetary value of all non-monetary consideration) received by Abbott from any Sublicensee under a Sublicense Agreement less that portion of the Development Costs incurred by Abbott that is attributable to the conduct of Development activities with respect to the Product in the country or countries covered by the Sublicense Agreement through the date of the grant of the applicable sublicense, and excluding: (a) royalty payments paid by such Sublicensee to Abbott; (b) payments made by a Sublicensee to Abbott in consideration of the issuance of equity or debt securities of Abbott to the extent that the price paid for such equity does not exceed the then fair market value of such equity; and (c) payments made by a Sublicensee to support or fund research and development activities to be undertaken by Abbott pursuant to a budget for sponsored research which has been agreed to with the Sublicensee and based on full-time equivalent or other cost-accounting methodologies that are consistent with then current industry practices.

1.111 **"Successful Completion of Phase Ib/IIa Clinical Study"** means, with respect to any Candidate, the date of [*****]with respect to, all [*****]from the conduct of a Phase Ib/IIa Clinical Trial or other comparable clinical study in any country in the Territory with respect to such Candidate [*****].

1.112 **"Technology"** means, collectively, inventions, discoveries, improvements, trade secrets and proprietary methods, whether or not patentable, including without limitation: (a) methods of production or use of, and structural and functional information pertaining to, chemical compounds; and (b) compositions of matter, data, formulations, processes, techniques, know-how and results (including any negative results).

1.113 **"Territory"** means all countries of the world.

1.114 **"Third Party"** means any Person other than Abbott and Enanta and their respective Affiliates.

1.115 **"Valid Claim"** means any claim of an issued unexpired patent that (a) has not been finally cancelled, withdrawn, abandoned or rejected by any administrative agency or other body of competent jurisdiction, (b) has not been permanently revoked, held invalid, or declared unpatentable or unenforceable in a decision of a court or other body of competent jurisdiction that is unappealable or unappealed within the time allowed for appeal, (c) has not been rendered unenforceable through disclaimer or otherwise, and (d) is not lost through an interference proceeding.

Additional Definitions. In addition, each of the following definitions shall have the respective meanings set forth in the section of this Agreement indicated below:

Definition	Section
Abbott Board	14.17
Abbott Indemnitees	13.1
Acquired Party	14.2(a)
Acquiring Party	14.2(a)
Additional Co-Developed Product	6.4.1(d)
[*****]	[*****]
Additional Product	6.4.1(b)
ADR	Exhibit D
Alliance Manager	2.2
Annual Operating Income	Schedule 6
Annual Research Payment	6.3.1
Applicable Percentage	6.5.3
Arbitration Matter	14.1

Definition	Section
Candidate Designation	3.6
Change of Control Notice	14.2(a)
Claims	13.1
Co-Development and Profit Share Option	5.1
Co-Development Term	6.5.2
Co-Promotion Agreement	5.7.1
CPR	Exhibit D
Disputed Matter	2.1.6
Enanta Board	14.17
Enanta Indemnitees	13.2
Generic Product	6.5.1(d)
HSR Act	14.16
Indemnified Party	13.3
Indemnifying Party	13.3
Infringement	10.2.1(a)(i)
Infringement Notice	10.2.1(a)(i)
Initial Co-Developed Product	6.4.1(c)
Initial Press Release	7.2
Initial Product	6.4.1(a)
Losses	13.1
Novartis	3.3.2
Operating Income Payments	6.5.2
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
Patent Coordinator	9.5
Quarterly Research Payment	6.3.1
Recipient Party	3.7
Roll-Over Payment	5.4
Royalty Payments	6.5.1(a)
Shared Clinical Trial Notice	5.4.1
Shares	6.2
Stock Purchase Agreement	6.2
Sublicense Income Payments	6.5.3
Term	11.1
Third Party Payments	6.5.1(b)
Transferring Party	3.7

2. **ADMINISTRATION OF THE RESEARCH PROGRAM, DEVELOPMENT PROGRAM AND COMMERCIALIZATION**

2.1 **Joint Steering Committee.**

2.1.1 **Establishment.** Enanta and Abbott hereby establish the Joint Steering Committee. The JSC shall have and perform the responsibilities set forth in Section 2.1.4.

2.1.2 **Membership.** Each of Enanta and Abbott shall designate an equal (not less than two (2)) number of representatives to the JSC who shall be members of senior management with decision-making authority. Unless otherwise agreed by the Parties, one (1) representative of each Party shall be designated as Co-Chairs of the JSC. Each Party shall have the right at any time to substitute individuals, on a permanent or temporary basis, for any of its previously designated representatives to the JSC by giving written notice to the other Party; provided such substitute has similar decision-making authority within that Party's organization as the individual being replaced.

2.1.3 **Meetings.**

(a) Schedule of Meetings; Agenda. The JSC shall establish a schedule of times for regular meetings, taking into account the planning needs of the Research Program and Development Program and the responsibilities of the JSC. Special meetings of the JSC may be convened by any member upon not less than [*****] business days (or, if such meeting is proposed to be conducted by teleconference, upon not less than [*****] business days) written notice to the other members; provided that (i) notice of any such special meeting may be waived in writing at any time, either before or after such meeting and (ii) attendance of any member at a special meeting shall constitute a valid waiver of notice from such member, unless such member attends the meeting for the express purpose of objecting to its conduct for failure to provide valid notice. In no event shall the JSC meet less frequently than [*****]. Regular and special meetings of the JSC may be held in person or by teleconference or videoconference; provided that (i) meetings held in person shall alternate between the respective offices of the Parties in Watertown, Massachusetts and Abbott Park, Illinois, or such other locations mutually agreeable to the JSC members and (ii) not less than one (1) meeting per Calendar Year shall be held in person. The Co-Chairs shall alternate responsibility for preparing and circulating to each JSC member an agenda for each JSC meeting not later than [*****] week prior to such meeting.

(b) Quorum; Voting; Decisions. At each JSC meeting, (i) the presence in person of at least one (1) member designated by each Party shall constitute a quorum and (ii) each member who is present shall have one (1) vote on all matters before the JSC at such meeting. All decisions of the JSC shall be made by majority vote; provided, that, any member designated by a Party shall have the right to cast the votes of any of such Party's members on the JSC who are absent from the meeting. Alternatively, the JSC may act by written consent signed by at least one (1) member designated by each Party. Whenever any action by the JSC is called for hereunder during a time period in which the JSC is not scheduled to meet, either Co-Chair

shall cause the JSC to take the action in the requested time period by calling a special meeting or by circulating a written consent. Representatives of each Party or of its Affiliates who are not members of the JSC may attend JSC meetings as non-voting observers with the consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) Minutes. The JSC shall keep minutes of its meetings that record all decisions and all actions recommended or taken in reasonable detail. Drafts of the minutes shall be prepared and circulated to the members of the JSC within a reasonable time after the meeting, not to exceed [*****] business days, and the Chairs shall alternate responsibility for the preparation and circulation of draft minutes. Each member of the JSC shall have the opportunity to provide comments on the draft minutes. The minutes shall be approved, disapproved and revised as necessary at the next JSC meeting or within [*****] days of the meeting, whichever occurs first. Upon approval, the Chair with responsibility for preparing minutes shall circulate the final minutes of each meeting to the members of the JSC.

(d) Expenses. Enanta and Abbott shall each bear all expenses of their respective JSC representatives related to their participation on the JSC and attendance at JSC meetings.

2.1.4 **Responsibilities.** The JSC shall be responsible for overseeing the conduct and progress of the Research Program, the Development Program and the Commercialization of Products. Without limiting the generality of the foregoing, the JSC shall have the following responsibilities:

(a) Reviewing each Research Plan, Development Plan and Marketing and Sales Plan (including all budgets applicable thereto);

(b) with respect to (i) any Research Plan, (ii) any Development Plan that covers a Co-Developed Product, or (iii) any Marketing and Sales Plan that covers a Co-Developed Product, approving such Research Plan, Development Plan and Marketing and Sales Plan;

(c) directing the preparation of and reviewing any amendment to any Research Plan, Development Plan and/or Marketing and Sales Plan and/or budget applicable thereto;

(d) with respect to any amendment to (i) any Research Plan, (ii) any Development Plan that covers a Co-Developed Product, or (iii) any Marketing and Sales Plan that covers a Co-Developed Product, approving such amendment;

(e) monitoring the progress of each Research Plan, Development Plan and Marketing and Sales Plan, and of each Party's activities thereunder;

(f) providing a forum for consensual decision-making with respect to the (i) Research Program, (ii) Development Program for Co-Developed Products and (iii) Commercialization of Co-Developed Products;

(g) reviewing data, reports or other information submitted by either Party with respect to work conducted in the Research Program and the Development Program;

(h) designating Compounds and Abbott Compounds to be Candidates eligible to enter the Development Program in accordance with Section 3.6, and reviewing prioritization of the Development activities in the event multiple Candidates are selected to enter the Development Program;

(i) monitoring the progress of the Commercialization of each Product in accordance with the applicable Marketing and Sales Plan, including, without limitation, reviewing and, to the extent it covers a Co-Developed Product, approving, each annual update to each Marketing and Sales Plan and reviewing all sales forecasts and the results of all efforts in the Co-Development Territory provided by the JDCC;

(j) resolving any dispute as to whether a milestone event for a Product under this Agreement has occurred;

(k) implementing a mutually acceptable mechanism for reporting Adverse Events between the Parties for each Candidate and Product;

(l) developing and discussing strategies for the promotion and marketing of all Co-Developed Products;

(m) implementing the Marketing and Sales Plan that covers any Co-Developed Product;

(n) resolving all issues referred to the JSC by the Alliance Managers and the JDCC; and

(o) making any other decisions as may be delegated to the JSC pursuant to this Agreement or by mutual written agreement of the Parties after the Approval Date and performing such activities as may be delegated to the JSC pursuant to this Agreement, or by mutual written agreement of the Parties after the Approval Date.

2.1.5 **Interests of the Parties.** Notwithstanding any other provisions of this Agreement, all decisions made and all actions taken by the JSC shall be made or taken in the best interest of the Collaboration.

2.1.6 **Dispute Resolution.** The JSC members shall use reasonable efforts to reach agreement on any and all matters for which the JSC is responsible pursuant to Section 2.1.4. In the event that, despite such reasonable efforts, agreement on a particular matter cannot

be reached by the JSC within [*****] days after the JSC first meets to consider such matter (each such matter, a "**Disputed Matter**"), then: (a) if the Disputed Matter involves an Enanta Decision, one of the Enanta members of the JSC shall have the right to make the final decision on such Disputed Matter, but shall only exercise such right in good faith after full consideration of the positions of both Parties; and (b) if the Disputed Matter involves an Abbott Decision or any other matter that is not an Enanta Decision, the Disputed Matter shall be referred to the Designated Senior Officer of each Party, who shall promptly initiate discussions in good faith to resolve the Disputed Matter. If the Disputed Matter is not resolved by such Designated Senior Officers within the first to occur of [*****] days after the date the Designated Senior Officers first met to consider such Disputed Matter or [*****] days after the date the JSC first met to consider such Disputed Matter, the Disputed Matter shall be referred for resolution to the Executive Vice President of Abbott's Pharmaceutical Products Group, who shall have the right to make the final decision on such Disputed Matter, but shall only exercise such right in good faith after full consideration of the positions of both Parties and shall base any such decision, in part, on the principle of maximizing the commercial potential of each Product, but shall not base such decision on providing economic advantage to one Party over the other Party.

2.2 **Affiance Managers.** Each Party shall appoint a person with experience in and abilities with respect to project management and coordination and communication among various divisions and disciplines who shall oversee contact between the Parties for all matters related to the Collaboration between meetings of the JSC (each, an "**Alliance Manager**"). The Alliance Managers shall have such responsibilities as the Parties may mutually agree in writing. Each Party may replace its Alliance Manager at any time by notice in writing to the other Party.

2.3 **Joint Co-Development and Commercialization Committee.**

2.3.1 **Establishment.** As soon as practicable following the exercise by Enanta of a Co-Development and Profit-Share Option with respect to a Compound or Candidate, as the case may be, in accordance with Section 5.1, Enanta and Abbott shall establish the Joint Co-Development and Commercialization Committee which shall have and perform the responsibilities set forth in Section 2.3.4.

2.3.2 **Membership.** Each of Enanta and Abbott shall designate an equal (not less than two (2)) number of representatives to the JDCC. Unless otherwise agreed by the Parties, Abbott shall designate one (1) of its designees as the Chairman. Each Party shall have the right at any time to substitute individuals, on a permanent or temporary basis, for any of its previously designated representatives to the JDCC by giving written notice to the other Party.

2.3.3 **Meetings.**

(a) Schedule of Meetings; Agenda. The JDCC shall establish a schedule of times for regular meetings, taking into account, without limitation, its responsibilities

hereunder and the planning needs for the Co-Developed Products. Special meetings may be convened by any member of the JDCC upon [*****] days (or, if such meeting is proposed to be conducted by teleconference, upon [*****] days) written notice to the other members; provided that (1) notice of any such special meeting may be waived in writing at any time, either before or after such meeting, and (ii) attendance of any member at a special meeting shall constitute a valid waiver of notice from such member, unless such member attends the meeting for the express purpose of objecting to its conduct for failure to provide valid notice. If formed, in no event shall the JDCC meet less frequently than [*****]. Regular and special meetings of the JDCC may be held in person or by teleconference or videoconference; provided, that, meetings held in person shall alternate between the respective offices of the Parties in Watertown, Massachusetts and Abbott Park, Illinois. The Chairman shall prepare and circulate to each JDCC member an agenda for each JDCC meeting not later than one (1) week prior to such meeting.

(b) Quorum; Voting; Decisions. At each JDCC meeting, (i) the presence in person of at least one (1) member designated by each Party shall constitute a quorum and (ii) each member who is present shall have one (1) vote on all matters before the JDCC at such meeting. All decisions of the JDCC shall be made by majority vote; provided, that, any member designated by a Party shall have the right to cast the votes of any of such Party's members on the JDCC who are absent from the meeting. Alternatively, the JDCC may act by written consent signed by at least one (1) member designated by each Party. Whenever any action by the JDCC is called for hereunder during a time period in which the JDCC is not scheduled to meet, the Chairman shall cause the JDCC to take the action in the requested time period by calling a special meeting or by circulating a written consent. Representatives of each Party or of its Affiliates who are not members of the JDCC may attend JDCC meetings as non-voting observers with the consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

2.3.4 **Responsibilities**. The JDCC shall be responsible for overseeing the Development and Commercialization of Co-Developed Products in the Co-Development Territory. Without limiting the generality of the foregoing, the JDCC shall have the following responsibilities:

(a) the development and discussion of strategies for the Development and Commercialization of each Co-Developed Product in the Co-Development Territory, including allocation of responsibilities for such Development and Commercialization activities;

(b) reviewing and discussing a Marketing and Sales Plan for each Co-Developed Product in the Co-Development Territory;

(c) coordinating the Development and Commercialization efforts of both Parties in the Co-Development Territory with respect to Co-Developed Products. For purposes of clarity, the JDCC shall not be responsible for coordinating communications with Regulatory Authorities, which is the sole responsibility of Abbott, however, Abbott will work directly with a regulatory liaison to be designated by Enanta on coordinating key regulatory FDA

communications on Co-Developed Products and will keep Enanta's liaison informed as to other regulatory proceedings on Co-Developed Products that will materially affect approvals or product labeling in the Co-Developed Territory. For clarity, this would not apply to routine regulatory submissions or communications necessary to ensure regulatory compliance with FDA guidelines. Abbott will keep the JDCC informed of key regulatory communications involving key regulatory filings and milestone meetings as specified in Section 4.5.5.

(d) reviewing and providing input in the preparation of a Marketing and Sales Plan containing a Co-Promotion Plan for each Co-Developed Product in the Co-Development Territory;

(e) reviewing and providing input on the short-term and long-term sales forecasts for Co-Developed Products in the Co-Developed Territory;

(f) presenting sales forecasts and the results of all efforts in the Co-Development Territory to the JSC as needed, but no less often than two (2) times per Calendar Year;

(g) coordinating the Detailing efforts of both Parties in the Co-Development Territory with respect to Co-Developed Products;

(h) overseeing all recalls, market withdrawals and any other corrective actions related to Co-Developed Products in the Co-Development Territory;

(i) receiving and providing to the Parties sales reports pertaining to Co-Developed Products in the Co-Developed Territory;

(j) approving all Third Parties to be engaged by either Party to provide Representatives to Co-Promote Co-Developed Products in the Co-Developed Territory;

(k) reviewing and approving any ingredients that are therapeutically or biologically active that are proposed by either Party for inclusion with a Co-Developed Product to create a Combination Product; and

(l) performing such activities as may be delegated to the JDCC pursuant to this Agreement, or by mutual written agreement of the Parties after the Approval Date.

2.3.5 **Dispute Resolution.** The JDCC members shall use reasonable efforts to reach agreement on any and all matters for which the JDCC is responsible pursuant to Section 2.3.4. In the event that, despite such reasonable efforts, agreement on a particular matter cannot be reached by the JDCC within [*****] days after the JDCC first meets to consider such matter, then the Chairman of the JDCC shall bring such matter to the JSC for a final decision in accordance with Section 2.1.6.

3. **RESEARCH PROGRAM**

3.1 **Objectives of the Research Program.** The objectives of the Research Program shall be the identification of one (1) or more Compounds or Abbott Compounds suitable for further Development as Candidates and for Commercialization as Products.

3.2 **Research Plan.** The initial Research Plan is attached hereto as Exhibit A. For each Calendar Year during the Research Program Term commencing with the second full Calendar Year, the Research Plan shall be amended and updated by the Parties, which amendments and updates shall be submitted to and approved by the JSC in accordance with Section 2.1.4. Each such amendment shall: (a) set forth (i) the research objectives and activities to be performed for the Calendar Year covered by the update with reasonable specificity; (ii) the Party that shall be responsible for performing such activities; (iii) a timeline and budget for such activities; and (iv) with respect to Enanta Research Activities, the number of FTEs estimated to be required to perform such Enanta Research Activities; and (b) shall be consistent with the terms of this Agreement.

3.3 **Conduct of Research Program.**

3.3.1 **Abbott Responsibilities.** During the Research Program Term, Abbott will (a) use Commercially Reasonable Efforts to conduct the Abbott Research Activities assigned to it in each Research Plan and (b) commit such other resources as are reasonably necessary to conduct such Abbott Research Activities and achieve the goals of the Research Program.

3.3.2 **Enanta Responsibilities.** During the Research Program Term, Enanta will (a) use Commercially Reasonable Efforts to conduct the Enanta Research Activities assigned to it in each Research Plan and (b) commit to the Research Program at least [*****] FTEs for each of the first [*****] years of the Research Program Term and such other resources for the remainder of the Research Term as are reasonably necessary to conduct such Enanta Research Activities and achieve the goals of the Research Program; provided, that, Enanta shall not be required to commit FTEs to the Research Program prior to the Approval Date.

3.3.3 **Compliance.** Each Party shall perform its obligations under each Research Plan in good scientific manner and in compliance in all material respects with all Applicable Laws. With respect to each activity performed under the Research Plan that will or could reasonably be expected to be submitted to a Regulatory Authority in support of a Regulatory Filing or Drug Application Approval, the Party performing such activity shall comply in all material respects with the regulations and guidance of the FDA that constitute Good Laboratory Practice or Good Manufacturing Practice or, if and as appropriate under the circumstances, International Conference on Harmonization (ICH) guidance or other comparable regulation and guidance of any Regulatory Authority in any country or region in the Territory. Each Party shall be solely responsible for paying the salaries and benefits of its employees and consultants conducting its activities under the Research Plan.

3.3.4 **Cooperation.** Scientists at Enanta and Abbott shall cooperate in the performance of the Research Program and, subject to the terms of this Agreement and any confidentiality obligations to Third Parties, shall exchange such data, information and materials as is reasonably necessary for the other Party to perform its obligations under the Research Plan.

3.4 **Records.**

3.4.1 **Record Keeping.**

(a) Research Program Records. Each Party shall maintain records of its activities under the Research Program in sufficient detail, in good scientific manner and otherwise in a manner that reflects all work done and results achieved in the performance of the Research Program. Subject to Article 7, each Party shall provide the other Party with access during normal business hours and upon reasonable advance notice to inspect and copy such records to the extent reasonably required for the performance of the requesting Party's obligations and exercise of its rights under this Agreement.

(b) Record Keeping Policies. Without limiting the generality of Section 3.4.1(a), each Party agrees to maintain a policy that requires its employees and consultants to record and maintain data and information developed during the Research Program in standard laboratory notebooks that are dated and corroborated by non-inventors on a regular, contemporaneous basis and otherwise in a manner designed to establish the earliest date of invention or reduction to practice.

3.5 **Reports.** The Parties shall keep the JSC regularly informed of the progress of the Research Program and shall present to the JSC all data and results generated from such efforts. Without limiting the generality of the foregoing, each Party shall, at least once each Calendar Quarter during the Research Program Term, provide: (a) reports to the JSC in reasonable detail regarding the status of its activities under such Research Program; (b) advise the JSC of its identification of any Compound or Abbott Compound it reasonably determines should be Developed as a Candidate and provide the JSC with any supporting data applicable to such Compound or Abbott Compound so as to enable the JSC to determine whether such Compound or Abbott Compound should be approved by the JSC as a Candidate; and (c) provide such additional information that it has in its possession as may be reasonably requested from time to time by the JSC.

3.6 **Selection of Candidates.** Within [*****] days after its receipt of each report from a Party pursuant to Section 3.5(b) identifying a Compound or Abbott Compound which such Party determines be Developed as a Candidate, the JSC shall (i) review such supporting data and information using standards and criteria to be developed by the JSC, and (ii) if it determines that a Candidate has been identified, notify the Parties in writing of such determination (each, a "**Candidate Designation**"). Upon the issuance by the JSC of a Candidate Designation for a Compound or Abbott Compound, (a) such Compound or Abbott Compound shall be deemed to be a Candidate for purposes of this Agreement and (b) the Parties shall, as

promptly as possible, prepare and submit to the JSC for its review and, if such Candidate is a Co-Developed Product for its approval, a Development Plan with respect to the Development activities to be conducted with respect to such Candidate. For purposes of clarity, the Parties hereby acknowledge and agree that no Compound or Abbott Compound may be Developed under the Development Program unless and until it is designated as a Candidate by the JSC.

3.7 **Supply of Proprietary Materials.** From time to time during the Research Program Term, either Party (a "**Transferring Party**") may supply the other Party (a "**Recipient Party**") with Proprietary Materials of the Transferring Party for use in the Research Program. In connection therewith, each Recipient Party hereby agrees that: (a) it shall not use such Proprietary Materials for any purpose other than exercising its rights or performing its obligations hereunder; (b) it shall use such Proprietary Materials only in compliance with all Applicable Laws; (c) it shall not transfer any such Proprietary Materials to any Third Party without the prior written consent of the Transferring Party, except as expressly permitted hereby; (d) it shall not acquire any right, title or interest in or to such Proprietary Materials as a result of such supply by the Transferring Party; and (e) upon the expiration or termination of the Research Program Term, it shall, if and as instructed by the Transferring Party, either destroy or return any such Proprietary Materials that are not the subject of the grant of a continuing license hereunder.

3.8 **Research Program Term.** Subject to Section 11.2.1, the Research Program may be extended (a) for an additional period of one (1) year by Abbott by providing not less than six (6) months' prior written notice to Enanta and (b) for one (1) or more periods of one (1) year each thereafter by either Party providing not less than six (6) months' prior written notice to the other Party, subject to the Parties reaching mutual agreement on all of the terms and conditions applicable to any such extension. In the event this Agreement is terminated prior to the end of the Research Program Term, the effective date of termination of the Research Program Term shall be the same date as the termination of this Agreement.

4. DEVELOPMENT AND COMMERCIALIZATION

4.1 Development of Candidates.

4.1.1 **Development Plans.** A Development Plan and budget for each Candidate for the balance of the Calendar Year during which the Compound or Abbott Compound is designated by the JSC as a Candidate shall be prepared by Abbott and submitted to the JSC promptly after the designation of such Compound or Abbott Compound as provided in Sections 2.1.4(h) and 3.6. Thereafter, for each Calendar Year during the Development Program, an updated Development Plan and budget for each Candidate shall be prepared by Abbott and submitted to the JSC as provided in Section 2.1.4(a) or (b), as applicable. To the extent JSC approval is required, the Parties shall manage the preparation of each Development Plan and budget in a manner designed to obtain such JSC approval no later than [*****] days prior to the end of the then-current Calendar Year. Each Development Plan and amendment thereto shall: (a) set forth (i) the Development objectives, activities, priorities, timelines, budget and resources for the Calendar Year covered by the Development Plan with reasonable specificity, (ii) the

Development objectives and activities to be performed for each Calendar Year period covered by the Development Plan with reasonable specificity, broken down by Calendar Quarters, (iii) the Party that shall be responsible for performing such activities, (iv) a timeline for such activities and (v) the expected Development Costs over such Calendar Year; and (b) be consistent with the other terms of this Agreement.

4.1.2 **Responsibility for the Development of Candidates.** Unless otherwise set forth in any Development Plan; Abbott shall have the sole right and responsibility for all aspects of the Development of Candidates in accordance with the applicable Development Plan in the Territory, including, without limitation, (a) the conduct of: (i) all IND-enabling non-clinical studies for Candidates; and (ii) all activities related to the conduct of human clinical trials (including, without limitation, Phase I Clinical Trials, Phase II Clinical Trials and Phase III Clinical Trials), including the manufacture of all clinical trial materials, (b) making all Regulatory Filings for Candidates and filing all Drug Approval Applications and otherwise seeking all Regulatory Approvals for Candidates, as well as all correspondence and communications with Regulatory Authorities regarding such matters, subject in each case to Section 4.5.5, and (c) reporting all Adverse Events to Regulatory Authorities, if and to the extent required by Applicable Laws. Abbott shall own all Regulatory Filings and Drug Approval Applications for Candidates, subject to Section 11.3.

4.2 **Commercialization of Products.**

4.2.1 **Marketing and Sales Plans.** Within [*****] days of the Initiation of a Phase III Clinical Trial with respect to each Candidate, Abbott shall prepare and provide to the JSC for its review a Marketing and Sales Plan for each Candidate, and approval, if such Marketing and Sales Plan pertains to a Co-Developed Product. Thereafter, for each Calendar Year during the Term, the Marketing and Sales Plan for each Candidate or Product, as the case may be, shall be updated by Abbott and submitted to the JSC for its approval in accordance with Section 2.1.4(a) or (b), as applicable. Each update to the Marketing and Sales Plan shall set forth: (a) the Commercialization objectives and activities to be performed for the Calendar Year covered by the Marketing and Sales Plan with reasonable specificity; (b) the manufacturing scale-up, formulating and filing requirements for each Candidate or Product, as the case may be, to be performed for the Calendar Year with reasonable specificity: and (c) a timeline for such activities.

4.2.2 **Responsibility for Commercialization of Products.** Subject to the exercise by Enanta of a Co-Development and Profit Share Option and unless otherwise set forth in any Marketing and Sales Plan, Abbott shall have the sole right and responsibility for all aspects of the Commercialization of Products, in accordance with the applicable Marketing and Sales Plan in the Field. Without limiting the foregoing, Abbott shall have the sole right and responsibility for (a) the conduct of: (i) all activities relating to the manufacture and supply of Products (including all required process development and scale up work with respect thereto); and (ii) all pre-marketing, marketing, promotion, FDA DDMAC interactions, sales, distribution, import and export activities (including securing reimbursement, sales and marketing and

conducting any post-marketing trials or post-marketing safety surveillance or maintaining databases), subject to the oversight of the JSC and (b) for: (i) subject to Section 4.5.5, making all Regulatory Filings for Candidates and filing all Drug Approval Applications and otherwise seeking all Regulatory Approvals for Products, as well as all correspondence and communications with Regulatory Authorities regarding such matters; (ii) reporting all Adverse Events to Regulatory Authorities if and to the extent required by Applicable Laws; and (iii) subject to making the Co-Development Payments to Enanta for Co-Developed Products contemplated by Section 6.4.1(b). Abbott shall own all Regulatory Approvals for Products, subject to Section 11.3.

4.2.3 **Manufacture and Supply of Products.** Abbott shall be responsible for manufacturing or having manufactured through Third Party contract manufacturers, any materials (including, without limitation, all Candidates) as may be required for all pre-clinical and clinical studies necessary to obtain Regulatory Approval of Products and any materials and quantities of each Candidate as may required for all pre-clinical and clinical studies applicable to such Candidates.

4.3 **Development and Commercialization Diligence.** Abbott shall use Commercially Reasonable Efforts during the Term to Develop Candidates and Commercialize Products in the Field and in the Territory. Without limiting the foregoing, Abbott shall seek Regulatory Approvals for, and Commercialize, each Product in all of the Major Market Countries and in every other country in the Territory identified in the Marketing and Sales Plan. If Enanta at any time believes that Abbott is not meeting its diligence obligations pursuant to this Section 4.3, Enanta may give written notice to Abbott requesting written justification, in the form of detailed reasons, that would support the proposition that Abbott is meeting such diligence obligations. In such event, Abbott shall provide such written justification to Enanta within [*****] days after such notice is given. In the event that Enanta does not receive such justification within such [*****] day period or does not agree with such justification, then Enanta shall have the right, in its sole discretion, to pursue a declaration of breach and seek available remedies under Section 11.3.6 or any or all other rights or remedies that it may have under this Agreement, at law or in equity.

4.4 **Compliance.** Each Party shall perform its obligations under each Development Plan in good scientific manner and under each Marketing and Sales Plan using Commercially Reasonable Efforts, and both in compliance in all material respects with all Applicable Laws; provided that with respect to each activity performed under a Development Plan and under a Marketing and Sales Plan that will or would reasonably be expected to be submitted to a Regulatory Authority in support of a Regulatory Filing or Drug Approval Application, such Party shall comply in all material respects with, if and as applicable, the regulations and guidance of the FDA that constitute Good Laboratory Practice, Good Manufacturing Practice or Good Clinical Practice (or, if and as appropriate under the circumstances, International Conference on Harmonization (ICH) guidance or other comparable regulation and guidance of any Regulatory Authority in any country or region in the Territory).

4.5 **Reports; Information; Updates.**

4.5.1 **Development Reports.** Abbott shall keep the JSC regularly informed of the progress of its efforts to Develop Compounds in the Field and in the Territory. Without limiting the generality of the foregoing, Abbott shall, at least once per Calendar Quarter, provide the JSC with reports in reasonable detail regarding the status of all pre-clinical IND-enabling studies and activities (including toxicology and pharmacokinetic studies), clinical trials and other activities conducted under each Development Plan, together with summary data and results and raw data made available if requested for each such pre-clinical IND-enabling study or activity, clinical trial and such additional information that it has in its possession as may be reasonably requested from time to time by the JSC.

4.5.2 **Commercialization Reports.** Abbott shall keep the JSC regularly informed of the progress of its efforts to Commercialize Products in the Field and in the Territory. Without limiting the generality of the foregoing, Abbott shall provide Enanta with semi-annual written updates to each Marketing and Sales Plan, which shall (a) summarize Abbott's efforts to Commercialize Products, (b) identify the Regulatory Filings and Drug Approval Applications with respect to Candidates that Abbott or any of its Affiliates or Sublicensees have filed in the prior twelve (12) month period or reasonably expect to make in the following twelve (12) month period, (c) identify the Regulatory Approvals with respect to Products that Abbott or any of its Affiliates or Sublicensees have obtained in the prior twelve (12) month period or reasonably expect to obtain in the following twelve (12) month period, and (d) summarize all clinical and other data generated by Abbott with respect to Products. In addition, Abbott shall provide such additional information that it has in its possession as may be reasonably requested from time to time by the JSC regarding the Commercialization of any Product.

4.5.3 **Supply of Products for Development and Commercialization.** Abbott shall be solely responsible, at its sole cost for manufacturing or having manufactured through Third Party contract manufacturers, any and all Products for Commercialization. For purposes of clarification, manufacturing costs for Co-Developed Products are referenced in Sec. 1.37 "Development Costs" and Schedule 6 "Cost of Goods".

4.5.4 **Adverse Event Reports.** Within ninety (90) days after the date of this Agreement, the Parties shall enter into an agreement to initiate a process for the exchange of adverse event safety data in a mutually agreed format, including, but not limited to, post-marketing spontaneous reports received by the Party or its Affiliates in order to monitor the safety of the Product and to meet reporting requirements with any applicable Regulatory Authority.

4.5.5 **Preparation and Review of Regulatory Filings and Correspondence.**

(a) Preparation of Drug Approval Applications. Abbott shall consult with Enanta in good faith in the preparation of all Drug Approval Applications for Candidates.

Abbott shall consider all comments of Enanta in good faith, taking into account the best interests of the Collaboration and of the Development of the applicable Candidate and Commercialization of the corresponding Product on a global basis.

(b) Regulatory Meetings; Review of Regulatory Filings and Correspondence. Abbott shall use Commercially Reasonable Efforts to provide Enanta with at least [*****] days advance notice of any key meetings with the FDA or other Regulatory Authority regarding a Drug Approval Application relating to, or Regulatory Approval for, any Candidate or Product, as the case may be, and provide Enanta with material related to such meeting. Enanta may elect to send one (1) individual reasonably acceptable to Abbott to participate as an observer (at Enanta's sole cost and expense) in meetings with the FDA. In addition, Abbott shall provide Enanta with initial IND filings or Drug Approval Applications sufficiently in advance of submission so that Enanta may review and comment on the substance of such Regulatory Filing or other document or correspondence. In addition, Abbott shall promptly provide Enanta with copies of any FDA milestone meetings or NDA labeling discussions pertaining to any Candidate or Product. If Enanta has not commented on such Regulatory Filing or other document or correspondence within [*****] days after it is provided to Enanta, then Enanta shall be deemed to have no comments on such Regulatory Filing or other documents or correspondence. Abbott shall consider all comments of Enanta in good faith, taking into account the best interests of the Collaboration and of the Development of the applicable Candidate or Commercialization of the corresponding Product on a global basis.

For a Co-Developed Product, Abbott shall notify Enanta of any material communication with any Regulatory Authority regarding drug approval, drug labeling, or safety matters and shall promptly provide copies of any material document or other material correspondence received from any Regulatory Authority.

4.6 **Product Recalls.** In the event that any Regulatory Authority issues or requests a recall or takes similar action in connection with a Co-Developed Product, or in the event a Party reasonably believes that an event, incident or circumstance has occurred that may result in the need for a recall, market withdrawal or other corrective action regarding a Co-Developed Product, such Party shall promptly advise the other Party thereof by telephone or facsimile. Following such notification, Abbott shall decide and have control of whether to conduct a recall or market withdrawal (except in the event of a recall or market withdrawal mandated by a Regulatory Authority, in which case it shall be required) or to take other corrective action in any country and the manner in which any such recall, market withdrawal or corrective action shall be conducted; provided that Abbott shall keep Enanta regularly informed regarding any such recall, market withdrawal or corrective action. Abbott shall bear all expenses of any such recall, market withdrawal or corrective action (including, without limitation, expenses for notification, destruction and return of the affected Co-Developed Product and any refund to customers); provided, that, any such expenses shall be allocable as Co-Developed Costs or Commercialization Expenses and shared by the Parties in accordance with Section 5.3.

4.7 **Product Labeling.** All product labels for Products shall include the names and logos of both Abbott and Enanta, to the extent consistent with the Applicable Laws of any country in which Products are sold.

5. CO-DEVELOPMENT AND PROFIT SHARE OPTION

5.1 **Exercise of Co-Development and Profit Share Option.** Enanta shall have the option (the "**Co-Development and Profit Share Option**"), but not the obligation, to co-develop and share in the profits of any Product in the Co-Development Territory by providing written notice to Abbott at any time during the Co-Development and Profit Share Option Period, which notice shall identify the Compound or Candidate, as the case may be.

5.2 **Effect of Exercise.** If Enanta exercises the Co-Development and Profit Share Option with respect to a Compound or Candidate, as the case may be, as described in Section 5.1 then: (a) that Compound or Candidate, as the case may be, will thereafter be deemed to be a Co-Developed Product for purposes of this Agreement; (b) the Parties shall prepare and provide to the JSC for its review and approval a Marketing and Sales Plan for such Co-Developed Product within the Co-Development Territory which shall be updated and submitted by the Parties to the JSC not less than annually; (c) Abbott shall provide Enanta, as promptly as possible thereafter, with Abbott's revised non-binding, good faith estimate of Development Costs it expects to incur with respect to that Co-Developed Product within the Co-Development Territory for each Calendar Quarter for the next five (5) Calendar Years; (d) except with respect to the allocation of Shared Clinical Trial Costs in accordance with Section 5.4, Enanta shall be responsible for the Enanta Co-Development Percentage of all Development Costs applicable to that Co-Developed Product incurred on and after the Co-Development and Profit Share Option Exercise Date within the Co-Development Territory; (e) Enanta shall have the right to employ a number of Enanta Representatives to Co-Promote such Co-Developed Product in the Co-Development Territory equal to the Enanta Co-Development Percentage; (f) the Parties shall negotiate a Co-Promotion Agreement for such Co-Developed Product in accordance with Section 5.7; and (g) Enanta shall receive the Enanta Co-Development Percentage of all Operating Income derived from that Co-Developed Product in accordance with Section 6.5.2. The Parties hereby acknowledge and agree that either Party shall have the right to propose the addition of other therapeutically or biologically active ingredients for inclusion with a Co-Developed Product to create a Combination Product. Enanta and Abbott will negotiate in good faith on the terms for the development and commercialization of a Combination Product created from a Co-Developed Product that have not been contemplated in this Agreement.

5.3 **Reconciliation and Auditing of Development Costs.**

5.3.1 **Reconciliation of Development Costs.** Within [*****] days following the end of each Calendar Quarter following the exercise of the Co-Development and Profit Share Option applicable to a given Co-Developed Product, Abbott shall submit to JSC a written report setting forth in reasonable detail all Development Costs incurred by Abbott over such Calendar Quarter. Within [*****] days following the JSC's receipt of such written reports, the JSC shall

prepare and submit to Enanta a written report setting forth in reasonable detail the calculation of the net amount owed by Enanta to Abbott in order to ensure the appropriate sharing of the Development Costs in accordance with the Enanta Co-Development Percentage and the Abbott Co-Development Percentage, respectively. Enanta shall pay the net amount to Abbott within [*****] days after the distribution by the JSC of such written report.

5.3.2 **Records; Audit Rights.** Abbott shall keep and maintain for [*****] years complete and accurate records of Development Costs incurred with respect to Co-Developed Products in sufficient detail to allow confirmation of same by Enanta. Enanta shall have the right for a period of [*****] years after such Development Cost is reconciled in accordance with Section 5.2 to inspect or audit, or to appoint, at its expense, an independent certified public accountant reasonably acceptable to Abbott to inspect or audit, the relevant records of Abbott and its Affiliates to verify that the amount of such Development Costs was correctly determined. Abbott and its Affiliates shall each make its records available for inspection or audit by such independent certified public accountant during regular business hours at such place or places where such records are customarily kept, upon reasonable notice from Enanta, solely to verify that Development Costs hereunder were correctly determined; provided that Enanta shall not have the right to inspect or audit any Calendar Year more than [*****] or more than [*****] years after the end of such Calendar Year or to conduct more than [*****] such audit in any [*****] month period. All records made available for inspection or audit shall be deemed to be Confidential Information of Abbott. The results of each inspection or audit, if any, shall be binding on both Parties. In the event there was an error in the amount of Development Costs reported by Abbott hereunder, (a) if the amount of Development Costs was over-reported, Abbott shall promptly (but in any event no later than [*****] days after Abbott's receipt of the independent accountant's report so concluding) make payment to Enanta of the over-reported amount and (b) if the amount of Development Costs was underreported, Enanta shall promptly (but in any event no later than [*****] days after Enanta's receipt of the independent accountant's report so concluding) make payment to Abbott of the underreported amount. Enanta shall bear the full cost of such audit unless such audit discloses an over-reporting by Abbott of more than [*****] of the aggregate amount of Development Costs reportable in any Calendar Year, in which case Abbott shall reimburse Enanta for all costs incurred by Enanta in connection with such inspection or audit.

5.4 **Allocation of Shared Clinical Trial Costs.**

5.4.1 **Use of Shared Clinical Trial Data**. On and after the date of exercise by Enanta of its Co-Development and Profit Share Option for a Co-Developed Product and continuing for the Term of this Agreement [*****], whichever date is earlier, each Party shall provide written notice to the other Party to the extent it Materially Used any Shared Clinical Trial Data (the "**Shared Clinical Trial Notice**").

5.4.2 **True- Up of Clinical Trial Costs.** Within [*****] days of the end of each Calendar Year following the date of the Shared Clinical Trial Notice, each Party shall submit to JSC a written report setting forth in reasonable detail all Shared Clinical Trial Costs

incurred by such Party over such Calendar Year. Within [*****] days following the JSC's receipt of such written reports, the JSC shall prepare and submit to each Party a written report setting forth in reasonable detail the calculation of the net amount owed by a Party to the other Party in order to ensure the appropriate sharing of the Shared Clinical Trial Costs [*****]. The net amount payable shall be due within [*****] days after receipt of any such accounting.

5.4.3 **Data Audit.** Promptly following the submission of each Regulatory Filing, and any amendments or supplements thereto, the Party making such submission shall provide a full and complete copy of such filing to the other Party for purposes of determining whether the submitting Party has Materially Used the other Party's Shared Clinical Trial Data without having paid its applicable Shared Clinical Trial Cost Sharing Percentage associated with such Shared Clinical Trial Data. In the event that a Party Materially Used the other Party's Shared Clinical Trial Data in such submission, the submitting Party shall immediately pay its applicable Shared Clinical Trial Cost Sharing Percentage to the other Party upon written request by the other Party.

5.5 **Roll-Over Payments.** If, in any Calendar Quarter, the actual Development Costs incurred by Enanta with respect to a Co-Developed Product for that Calendar Quarter exceeds by greater than [*****] Abbott's good faith estimate of Development Costs for that Co-Developed Product for that Calendar Quarter, Enanta may, upon written notice to Abbott, delay payment of its share of any such excess until the subsequent Calendar Year (the "**Roll-Over Payment**"). Enanta shall make the Roll-Over Payment in two (2) equal amounts over the first two (2) consecutive Calendar Quarters of the subsequent Calendar Year.

5.6 [*****].

5.7 **Co-Promotion.**

5.7.1 **Preparation and Execution of Co-Promotion Agreement.** As soon as practicable but no later than the date of completion of a Phase III Clinical Trial with respect to a Co-Developed Product, the Parties shall complete and execute a Co-Promotion Agreement (the "**Co-Promotion Agreement**") which shall provide for the terms applicable to such Co-Promotion and shall conform in all material respects with the terms and conditions set forth in Schedule 5 attached hereto and such additional provisions as are usual and customary for inclusion in a co-promotion agreement between companies in the pharmaceutical industry of comparable sizes to the respective Parties. Such additional terms shall supplement and shall not materially expand, limit or change the terms set forth on Schedule 5. The Parties shall negotiate the Co-Promotion Agreement in good faith and with sufficient diligence as is required to execute and deliver the Co-Promotion Agreement within [*****] days of commencing negotiations.

5.7.2 **Dispute Resolution.** In the event the Parties fail to execute and deliver the Co-Promotion Agreement within the [*****] day period described in Section 5.6.1, the Parties shall (a) use reasonable efforts to complete such negotiations and to execute and deliver the Co-Promotion Agreement as soon as possible after such [*****] day period and (b) without

limiting the generality of the foregoing, after the expiration of such [*****] day period, each produce a list of issues on which they have failed to reach agreement and submit its list to the JSC to be resolve in accordance with Section 2.1.6. Notwithstanding the foregoing, the Parties shall, upon the request by either Party during the negotiation period, discuss in good faith whether to enter into an agreement with a Third Party to Co-Promote the Co-Developed Product, in which case, Enanta shall share in the consideration received from such Third Party in accordance with the Enanta Co-Development Percentage.

5.7.3 **Co-Promotion Plan.** The JDCC shall prepare a Co-Promotion Plan for each Co-Developed Product for the Co-Development Territory which shall include, but not be limited to, (a) demographics and market dynamics, market strategies, and estimated launch date of such Co-Developed Product in the Co-Development Territory, (b) a sales and expense forecast (including at least five (5) years of estimated sales and expenses), manufacturing plans and targeted label claims for such Co-Developed Product in the Co-Development Territory, (c) a marketing plan (including five (5) year advertising and Detailing forecasts and pricing strategies) for such Co-Developed Product in the Co-Development Territory, and (d) a five (5) year budget for such Co-Developed Product for the Co-Development Territory. The Co-Promotion Plan and annual written updates thereto shall be submitted to the JDCC for review by a date to be established by the JDCC, taking into account Abbott's and Enanta's annual budget planning calendars, but no later than December 31 of each Calendar Year.

6. CONSIDERATION AND FUNDING

6.1 **Upfront Fee.** On the Approval Date, Abbott shall be obligated to pay Enanta a non-refundable, non-creditable fee in the amount of Forty-Four Million Seven Hundred Thousand Dollars (US $44,700,000). [*****] of this fee is payable by wire transfer of immediately available funds on the first business day following the Approval Date. [*****] of this fee is payable by wire transfer on the first anniversary of the first business day following the Approval Date.

6.2 **Purchase of Equity; Participation Right.** In partial consideration of the rights granted by Enanta to Abbott hereunder, Abbott agrees to purchase from Enanta, and Enanta hereby agrees to issue and sell to Abbott, shares of Series G Preferred Stock, $.001 par value per share (the "Shares"), of Enanta for an aggregate purchase price of Twelve Million Five Hundred Thousand Dollars (US $12,500,000). Abbott shall be obligated to make such payment to Enanta on the Approval Date. Such payment is payable by wire transfer of immediately available funds on the first business day following the Approval Date and pursuant to the terms and subject to the conditions set forth in the Stock Purchase Agreement attached hereto as Exhibit B (the "**Stock Purchase Agreement**").

6.3 **R&D Funding.**

6.3.1 **FTE Costs.** Beginning on the first day of the third year of the Research Program Term and on the first day of each subsequent Calendar Quarter during the Research

Program Term, Abbott shall make a payment equal to [*****] ("**Quarterly Research Payment**", which is equal to [*****] per Calendar Year (the "**Annual Research Payment**")). For the third year of the Research Program Term (and any subsequent years of the Research Program Term, if extended as per Section 3.8), Enanta shall provide Abbott with an annual reconciliation statement that specifies the actual number of FTEs for that third (and subsequent, if applicable) year of the Research Program Tenn. If, with respect to that third (and subsequent, if applicable) year of the Research Program Term, the FTE Cost attributable to the number of FTEs specified in the annual reconciliation statement for such third (and subsequent, if applicable) year of the Research Program Term is less than the Annual Research Payment for such third (and subsequent, if applicable) year of the Research Program Term, Abbott shall have the right to apply the excess paid by it towards the FTE Cost due to Enanta in subsequent years of the Research Program Teini, if any, until such balance is zero. If the Research Program Term ends before such balance is zero, Enanta will pay such excess payment to Abbott within thirty (30) days after the end of the Research Program Term. If, with respect to that third (and subsequent, if applicable) year of the Research Program Term, the FTE Cost attributable to the number of FTEs specified in the annual reconciliation statement for such third (and subsequent, if applicable) year of the Research Program Term is more than the Annual Research Payment for such third (and subsequent, if applicable) year of the Research Program Term, Enanta shall be solely responsible for such excess FTE Cost.

6.3.2 **Research Funding Audit Rights.** Enanta shall keep complete and accurate books and financial records pertaining to its costs and expenses of conducting the Research Program, which books and financial records shall be kept in accordance with GAAP and shall be retained by Enanta until [*****] years after the end of the Calendar Year to which they pertain. Abbott shall have the right to appoint, at its expense, an independent certified public accountant reasonably acceptable to Enanta to inspect or audit, the books and financial records of Enanta relating to its costs and expenses of conducting the Research Program during any Calendar Year; provided that Abbott shall not have the right to inspect or audit any Calendar Year more than [*****] or more than [*****] years after the end of such Calendar Year or to conduct more than [*****] such audit in any [*****] month period. All books and financial records made available for inspection or audit shall be deemed to be Confidential Information of Enanta. The results of each inspection or audit, if any, shall be binding on both Parties. In the event there was an error in the amount of FTE Costs reported by Enanta hereunder, (a) if the amount of FTE Costs was over-reported, Enanta shall promptly (but in any event no later than [*****] days after Enanta's receipt of the independent accountant's report so concluding) make payment to Abbott of the over-reported amount and (b) if the amount of FTE Costs was underreported, Abbott shall promptly (but in any event no later than [*****] days after Abbott's receipt of the independent accountant's report so concluding) adjust its records to reduce the balance of any excess payment by the amount of the under-reported amount. Abbott shall bear the full cost of such audit unless such audit discloses an over-reporting by Enanta of more than [*****] of the aggregate amount of FTE Costs reportable in any Calendar Year, in which case Enanta shall reimburse Abbott for all costs incurred by Abbott in connection with such inspection or audit.

6.4 **Milestone Payments.**

6.4.1 **Milestones.**

(a) First Product. Abbott shall make each of the following non-refundable, non-creditable payments to Enanta within thirty (30) days after the occurrence of each of the following milestone events for the first Candidate or Product, as the case may be, that is not a Co-Developed Product (the "Initial Product"):

Milestone Event	Milestone Payment
Successful Completion of Phase Ib/IIa Clinical Study	$ 40 million
Initiation of first Phase III Clinical Trial	$ 15 million
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

(b) **Additional Products.** To the extent that one (1) or more additional Candidates or Products, as the case may be, are Developed and Commercialized following receipt of Commercialization Regulatory Approval of the first Product, Abbott shall make each of the following non-refundable, non-creditable payments to Enanta within thirty (30) days after the occurrence of each of the following milestone events for each additional Product that is not a Co-Developed Product (each, an "**Additional Product**"):

[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

(c) **First Co-Developed Product.** In lieu of the payments to be made by Abbott pursuant to Section 6.4.1(a), Abbott shall make each of the following non-refundable, non-creditable payments to Enanta within thirty (30) days after the occurrence of each of the following milestone events in the event the first Candidate or Product, as the case may be, is a Co-Developed Product (the "**Initial Co-Developed Product**"):

Milestone Event	Milestone Payment
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

Notwithstanding the foregoing, in the event that Enanta exercises a Co-Development and Profit-Share Option with respect to a Candidate or Product, as the case may be, the milestone payments applicable under this Section 6.4.1(c) shall be reduced in the aggregate by [*****] for the first to occur of (i) filing of the first Regulatory Filing for such Co-Developed Product in the European Union, (ii) the first Commercialization Regulatory Approval in Japan received for such Co-Developed Product and (iii) the first Commercialization Regulatory Approval in the European Union received for such Co-Developed Product. The forgoing reduction shall only apply to the Initial Co-Developed Product.

(d) **Additional Co-Developed Products.** In lieu of the payments to be made by Abbott pursuant to Section 6.4.1(b), to the extent that one (1) or more Co-Developed Products are Developed and Commercialized following receipt of Commercialization Regulatory Approval of the first Product, regardless of whether the first Product is an Initial Product or an Initial Co-Developed Product, Abbott shall make each of the following non-refundable, non-creditable payments to Enanta within thirty (30) days after the occurrence of each of the following milestone events for each additional Co-Developed Product (each, an "**Additional Co-Developed Product**"):

[*****]	[*****]
[*****]	[*****]

6.4.2 **Milestone Payments and Notices.** Abbott shall provide Enanta with prompt written notice upon each achievement of a milestone event set forth in Section 6.4.1, which notice shall include a description of the applicable milestone event. In the event that, notwithstanding the fact that Abbott has not given such a notice, Enanta believes any such milestone event has occurred, it shall so notify Abbott in writing and shall provide to Abbott data, documentation or other information that supports its belief. Any dispute under this Section 6.4.2 that relates to whether a milestone event has been achieved shall be referred to the JSC to be resolved in accordance with Section 2.1.6. In the event Abbott proceeds to the next stage of Development for a Candidate, any milestone payments that were not paid for any prior stages of Development that are otherwise applicable to such Candidate, shall also be due and payable. For example, if a Phase IIb Clinical Trial is initiated without payment of the Successful Completion of Phase Clinical Study, then the Successful Completion of Phase Ib/IIa Clinical Study will be deemed to have occurred and will be paid in full upon payment of the milestone payable upon the submission of the first NDA filing.

6.5 **Payment of Royalties; Operating Income Payments; Sublicense Income Payments; Accounting and Records.**

6.5.1 **Payment of Royalties.**

(a) Payment of Royalties. Abbott shall pay Enanta a royalty based on Annual Net Sales of each Royalty-Bearing Product commencing with the Calendar Year (or partial Calendar Year) in which the First Commercial Sale of such Royalty-Bearing Product occurs and ending upon the expiration of the Royalty Term for such Royalty-Bearing Product, at the following rates (such royalty payments, the "**Royalty Payments**"):

Annual Net Sales	Royalty Rate
Up to (but not including) [*****]	[*****]
Equal to or greater than [*****] and up to (but not including) [*****]	[*****]
Equal to or greater than [*****] and up to (but not including) [*****]	[*****]
Equal to or greater than [*****] and up to (but not including) [*****]	[*****]
Equal to or greater than [*****]	20%

For example, if Annual Net sales of a Royalty-Bearing Product were [*****], the royalty payment would be [*****].

(b) Offsets for Third Party Payments. In the event Abbott, in order to practice the license granted to it under Section 8.2.1 of this Agreement in any country in the applicable portion of the Territory in which royalties are payable as provided in Section 6.5.1, is required to and actually makes royalty payments to any Third Party ("**Third Party Payments**") in order to obtain a license to an issued patent or patents in the absence of which the Compound portion of the Royalty Bearing Product could not legally be researched, Developed, manufactured, imported, sold, exported, or otherwise exploited in such country (as evidenced, to the extent reasonably requested by Enanta, by an opinion of patent counsel), then the royalties payable to Enanta for such Royalty-Bearing Product under this Agreement with respect to such country may be reduced by [*****] of the amount of such Third Party Payments. Notwithstanding the foregoing, (i) [*****], and (ii) such reductions shall in no event reduce the royalty that would otherwise be payable for such Royalty-Bearing Product under Section 6.5.1 with respect to such country by more than [*****] of the amount otherwise payable with respect to Net Sales of such Royalty-Bearing Product in such country.

(c) No Patent Coverage. Notwithstanding Section 6.5.1(a), if any Royalty-Bearing Product is sold in a country and is not covered by a Valid Claim of the Licensed Patent Rights, Abbott Patent Rights or Joint Patent Rights in such country, the royalty rate in such country shall be reduced by [*****] of the rates set forth above, continuing until the last day of the Royalty Term with respect to such Royalty-Bearing Product; provided, that, in the event the royalty rate on a Royalty-Bearing Product is reduced in a country under this Section 6.5.1(c) and is subsequently covered by a Valid Claim under the Licensed Patent Rights, Abbott Patent Rights or Joint Patent Rights in such country, (i) the full royalty rates otherwise applicable under Section 6.5.1(a) shall be reinstated for the remainder of the Royalty Term, and (ii) for any period of time that the royalty rate on a Royalty-Bearing Product is reduced but a pending patent

application exists which subsequently results in such Valid Claim, Abbott shall make a one-time payment to Enanta in an amount equal to the difference between (A) the amounts that would have been payable under full royalty rates applicable under Section 6.5.1(a) during such time, and (B) amounts that were paid under the royalty rates applicable under this Section 6.5.1(c) during such time.

(d) Generic Products. In the event one or more Third Parties sell a Generic Product (as defined below) in a country in which a Royalty-Bearing Product is then being sold, then, during the period in which sales of the Generic Product by such Third Parties in the aggregate are equal to at least [*****] of Abbott's volume-based or revenue-based market share of the Royalty-Bearing Product in such country (as measured by prescriptions or other similar information available in such country), all applicable royalties in effect with respect to such Royalty-Bearing Product in such country as specified in Section 6.4.1 shall be reduced by [*****]. Notwithstanding the foregoing, Abbott's obligation to pay royalties at the full royalty rates shall be reinstated on the first day of the Calendar Quarter immediately following the Calendar Quarter in which sales of such Generic Product account for less than [*****] of Abbott's volume-based or revenue-based market share in such country. For purposes of this Section 6.5.1(d), a "**Generic Product**" means a pharmaceutical product that (i) is not covered by a Valid Claim under the Licensed Patent Rights, Abbott Patent Rights or Joint Patent Rights in the relevant country, (ii) contains the same active ingredient as a Royalty-Bearing Product and (iii) is bioequivalent to such Royalty-Bearing Product.

(e) Combination Products. For each Royalty-Bearing Product that is a Combination Product, the Parties shall, on a country-by-country basis, agree to an appropriate adjustment to Net Sales to reflect a good faith determination of the relative value of each pharmaceutically active ingredient, based on the estimated fair market value of each such therapeutically or biologically active ingredient, as follows: (a) In the case of a Combination Product for which a Royalty-Bearing Product and each of the other therapeutically or biologically active ingredients contained in the Combination Product are sold separately in such country by Abbott, Net Sales shall be determined by [*****]; (b) In the case of a Combination Product for which the Royalty-Bearing Product is sold separately in such country but the non-Royalty-Bearing Product therapeutically or biologically active ingredients contained in the Combination Product are not sold separately by Abbott in such country, Net Sales shall be calculated by [*****]; and (c) If in a country neither the Royalty-Bearing Product nor the therapeutically or biologically active ingredients contained in the combination product are sold separately in said country by Abbott, Net Sales of the Royalty-Bearing Product fanning part of the Combination Product shall be reasonably determined by [*****]. In the case where the Parties are unable to agree on [*****], the Parties shall agree upon an internationally recognized independent certified public accountant who shall make such determination and whose determination shall be final and binding on the Parties.

(f) Know-How Payments. The Parties hereby acknowledge and agree that any royalties that are payable for a Royalty-Bearing Product under 6.5.1 (c) for which no Patent Rights exist shall be in consideration of: (i) Enanta's expertise and know-how concerning

the identification of Compounds in the Field, and its other Compound-related development activities conducted prior to the Effective Date; (ii) the performance by Enanta of the Research Program; (iii) the disclosure by Enanta to Abbott of results obtained in the Research Program; (iv) the licenses granted to Abbott hereunder with respect to Licensed Technology and Joint Technology that are not within the claims of any Patent Rights Controlled by Enanta; (v) the restrictions on Enanta in Section 8.5; and (vi) the "head start" afforded to Abbott by each of the foregoing.

(g) Payment Dates and Reports. Abbott shall make Royalty Payments within [*****]. All payments shall be made by wire transfer to the credit of such bank account as shall be designated in writing from time to time by Enanta. Abbott shall also provide, at the same time each such payment is made, a report showing: (i) the Net Sales of each Royalty-Bearing Product by country in the Territory; (ii) the basis for any deductions from gross amounts billed or invoiced to determine Net Sales; (iii) the applicable royalty rates for such Royalty-Bearing Product; (iv) the exchange rates used in calculating any of the foregoing; and (v) a calculation of the amount of royalty due to Enanta.

6.5.2 **Operating Income Payments.** Enanta shall receive from Abbott, in lieu of receiving any Royalty Payments with respect to each Co-Developed Product in the Co-Development Territory, the Enanta Co-Development Percentage of all Annual Operating Income derived from sales of that Co-Developed Product in the Co-Development Territory (such payments, the "**Operating Income Payments**") for as long as there are sales by Abbott, its Affiliates and Sublicensees of such Co-Developed Product (the "**Co-Development Term**"). Within thirty (30) days following the end of each Calendar Quarter commencing on and after the date of First Commercial Sale of each Co-Developed Product, (a) Enanta shall submit to the JSC a statement identifying all Commercialization Expenses and License Fees incurred by it with respect to such Co-Developed Product in the Co-Development Territory and (b) Abbott shall submit to the JSC a statement identifying the Net Sales, Cost of Goods, freight, Third Party Payments, R&D and all Commercialization Expenses incurred by it with respect to such Co-Developed Product. Within forty-five (45) days following the end of the Calendar Quarter, the JSC shall submit to the Parties a written report setting forth in reasonable detail (c) the calculation of Operating Income, determined in accordance with Schedule 6 attached hereto and (d) the calculation of the amount of Operating Income payable to Enanta in accordance with the Enanta Co-Development Percentage for that Co-Developed Product taking into account Enanta's expenditures for the period. Abbott shall make the Operating Income Payments to Enanta within thirty (30) days following the issuance of such written report.

6.5.3 **Sublicense Income Payments.** Abbott shall pay Enanta the Applicable Percentage of all Sublicense Income received by Abbott under Sublicense Agreements with respect to Products ("**Sublicense Income Payments**"). As used herein, the term "**Applicable Percentage**" shall mean [*****]. Abbott shall make all Sublicense Income Payments within thirty (30) days of the end of the Calendar Quarter commencing with the first Calendar Quarter in which any Sublicense Income is received.

6.5.4 **Records; Audit Rights.** Abbott and its Affiliates and Sublicensees shall keep and maintain for [*****] years from the date of each Royalty Payment, Operating Income Payment and Sublicense Income Payment complete and accurate records of gross sales and Net Sales by Abbott and its Affiliates and Sublicensees of each Product, in sufficient detail to allow Royalty Payments, Operating Income Payments and Sublicense Income Payments to be determined accurately. Enanta shall have the right for a period of [*****] years after receiving any such payment to inspect or audit, or to appoint at its expense an independent certified public accountant reasonably acceptable to Abbott to inspect or audit the relevant records of Abbott and its Affiliates and Sublicensees to verify that the amount of such payment was correctly determined. Abbott and its Affiliates and Sublicensees shall each make its records available for inspection or audit by such independent certified public accountant during regular business hours at such place or places where such records are customarily kept, upon reasonable notice from Enanta, solely to verify that Royalty Payments and Sublicense Income Payments were correctly accounted for or determined. Enanta shall not exercise such inspection or audit right [*****]. All records made available for inspection or audit shall be deemed to be Confidential Information of Abbott. The results of each inspection or audit, if any, shall be binding on both Parties. In the event there was an underpayment by Abbott, Abbott shall promptly (but in any event no later than [*****] days after Abbott's receipt of the independent accountant's report so concluding) make payment to Enanta of any shortfall, together with the interest payment as provided in Section 6.5.5. In the event that there was an overpayment by Abbott, Enanta shall promptly (but in any event no later than [*****] days after Enanta's receipt of the independent accountant's report so concluding) refund to Abbott the excess amount. Enanta shall bear the full cost of such audit unless such audit discloses an underreporting by Abbott of more than [*****] of the aggregate amount of Royalty Payment or Sublicense Income Payments payable in any Calendar Year, in which case Abbott shall reimburse Enanta for all costs incurred by Enanta in connection with such inspection or audit.

6.5.5 **Overdue Royalties, Operating Income Payments and Milestones.** All Royalty Payments, Operating Income Payments and Sublicense Income Payments not made within the time period set forth in Section 6.5.1, 6.5.2 and 6.5.3, and all milestone payments not made within the time period specified in Section 6.4.1, shall bear interest at a rate of [*****] percent ([*****]%) per month from the due date until paid in full or, if less, the maximum interest rate permitted by Applicable Laws. Any such overdue Royalty Payment, Sublicense Income Payment, Operating Income Payment or milestone payment shall, when made, be accompanied by, and credited first to, all interest so accrued.

6.5.6 **Withholding Taxes.** All payments made by Abbott hereunder shall be free and clear of any taxes, duties, levies, fees or charges except for applicable withholding taxes, if any. Abbott shall make any applicable withholding payments due from Enanta on its behalf and shall promptly thereafter provide Enanta with written documentation of any such payment sufficient to enable Enanta to satisfy the requirements of the United States Internal Revenue Service with regard to an application for a foreign tax credit for such payment.

6.5.7 **Foreign Currency Exchange.** All Royalty Payments, Operating Income Payments and Sublicense Income Payments shall be payable in full in United States Dollars, regardless of the countries in which sales are made. For the purpose of computing Net Sales for Products sold in any currency other than United States Dollars, the quarterly Royalty Payment will be calculated as follows:

(A/B) x C= United States Dollars Royalty Payment on Net Sales sold in any currency other than United States Dollars during a Calendar Quarter, where

A= foreign "Net Sales" (as defined above) in such Calendar Quarter expressed in such foreign currency;

B= foreign exchange conversion rate, expressed in local currency of the foreign country per United States Dollar (using, as the applicable foreign exchange rate, the average of the monthly average rates for that Calendar Quarter as published by Bloomberg, and if Bloomberg is not available then another similar third party source); and

C= the royalty rate(s) applicable to such Net Sales under this Agreement.

6.6 **No Other Compensation.** The Parties hereby agree that the terms of this Agreement and the Stock Purchase Agreement fully define all consideration, compensation and benefits, monetary or otherwise, to be paid, granted or delivered by each Party to the other Party in connection with the transactions contemplated herein. Neither Party has previously paid or entered into any other commitment to pay, whether orally or in writing, any employee of the other Party, directly or indirectly, any consideration, compensation or benefits, monetary or otherwise, in connection with the transactions contemplated herein.

6.7 **Enanta Payments.** Notwithstanding anything to the contrary in any of Section 6.4 or Section 6.5, Enanta shall be solely responsible for any and all payments to be made to [*****] pursuant to the terms and conditions set forth in that certain [*****] by and between Enanta and [*****], other than any payments for use of [*****] HCV Tool Patent License under the terms of such [*****] existing on the Effective Date, which will be the sole responsibility of Abbott to the extent that the HCV Tool Patent License is used by either Party pursuant to this Agreement.

7. TREATMENT OF CONFIDENTIAL INFORMATION; PUBLICITY; NON-SOLICITATION

7.1 **Confidentiality.**

7.1.1 **Confidentiality Obligations.** Enanta and Abbott each recognizes that the other Party's Confidential Information constitutes highly valuable assets of such other Party. Enanta and Abbott each agrees that, subject to Section 7.1.2, during the Term and for an additional five (5) years thereafter, it will not disclose or use, and will cause its Affiliates and sublicensees not to disclose or use, any Confidential Information of the other Party, except as

expressly permitted hereunder. In fulfilling its obligations of confidentiality under this Article 7, each Party shall take such action, and shall cause its Affiliates and sublicensees to take such action, to preserve the confidentiality of the other Party's Confidential Information as such Party would customarily take to preserve the confidentiality of its own Confidential Information.

7.1.2 **Limited Disclosure.** Enanta and Abbott each agrees (a) that disclosure of its Confidential Information or any transfer of its Proprietary Materials may be made by the other Party to any employee, consultant, director or Affiliate of such other Party to enable such other Party to exercise its rights or to carry out its responsibilities under this Agreement; provided that any such disclosure or transfer shall only be made to Persons who are bound by written obligations as described in Section 7.1.3, and (b) disclosure of its Confidential Information may be made by the other Party (1) on a need-to-know basis to such other Party's legal and financial advisors, or (ii) as reasonably necessary in connection with an actual or potential (A) permitted sublicense of such other Party's rights hereunder, (B) debt or equity financing of such other Party or (C) Change of Control involving such other Party, provided, in any case, the Person receiving such Confidential Information of the other Party agrees in writing to maintain the confidentiality of such Confidential Information of the other Party with terms at least as restrictive as those contained in Section 7.1.1. In addition, each Party agrees that the other Party may disclose such Party's Confidential Information (a) as reasonably necessary to file, prosecute or maintain Patent Rights, or to file, prosecute or defend litigation related to Patent Rights, in accordance with this Agreement or (b) as required by Applicable Laws; provided that, in the case of any disclosure under this clause (b), the Disclosing Party shall (i) provide the other Party with written notice not less than five (5) business days prior to such disclosure and provide the other Party with an opportunity to comment on any such required disclosure, (ii) if requested by such other Party, seek, or cooperate in all reasonable respects with such other Party's efforts to obtain, confidential treatment or a protective order with respect to any such disclosure to the extent available at such other Party's expense, and (iii) use good faith efforts to incorporate the comments of such other Party in any such disclosure or request for confidential treatment or protective order.

7.1.3 **Employees and Consultants.** Enanta and Abbott each represents that all of its employees and consultants, and all of the employees and consultants of its Affiliates or sublicensees, who participate in the activities of the Collaboration or have access to Confidential Information of the other Party are or will, prior to their participation or access, be bound by written obligations to maintain such Confidential Information in confidence and not to use such information except as expressly permitted hereunder. Each Party agrees to use, and to cause its Affiliates and sublicensees to use, reasonable efforts to enforce such obligations.

7.2 **Publicity.** The Parties acknowledge that the terms of this Agreement constitute Confidential Information of each Party and may not be disclosed except as permitted by Section 7.1.2. Notwithstanding anything to the contrary in Section 7.1, the Parties, after approval of this Agreement by the Abbott Board, Abbott's Chief Executive Officer and the Enanta Board and agreement by both Parties, shall file the press release attached hereto as Exhibit C (the "**Initial Press Release**") and, once the Initial Press Release is disclosed by either Party, then either Party may make subsequent public disclosure of the specific contents of such press release without

further approval of the other Party. Thereafter, except as may be required by Applicable Laws, neither Party shall publish, present or otherwise disclose publicly any material related to the Research Program, the Development of a Candidate or the Commercialization of a Product without the prior written consent of the other Party; provided, that notwithstanding the foregoing, (a) either Party shall be permitted to publish such material in scientific journals or present such material at scientific conferences in accordance with Section 7.3, (b) Abbott shall control interactions with the FDA DDMAC regarding publicity of marketed products, as provided in Section 4.2.2, and (c) Abbott and Enanta agree that it shall not unreasonably withhold, condition or delay its consent to any request by the other Party to publish, present or otherwise announce publicly developments in the Research Program, the Development of Candidates or the Commercialization of Products.

7.3 **Publications and Presentations.** The Parties acknowledge that scientific publications must be strictly monitored to prevent any adverse effect from premature publication or dissemination of results of the activities hereunder. Except as required by Applicable Laws, each Party agrees that it shall not publish or present, or permit to be published or presented, the results of the Research Program, the Development of a Candidate or the Commercialization of a Product, including, but not limited to, studies or clinical trials carried out by such Party as part of the Collaboration, without the prior review by and the approval of the JSC in accordance with Section 2.1. Each Party shall provide to the JSC the opportunity to review any of the submitting Party's proposed abstracts, manuscripts or presentations (including information to be presented verbally) which relate to the Research Program, the Development of a Candidate or the Commercialization of a Product at least [*****] days prior to its intended presentation or submission for publication, and such submitting Party agrees, upon written request from the TSC within such [*****] day period, not to submit such abstract or manuscript for publication or to make such presentation until the other Party is given up to [*****] days from the date of such written request to seek appropriate patent protection for any material in such publication or presentation which the JSC reasonably believes is patentable. Once such abstracts, manuscripts or presentations have been reviewed by the JSC, the same abstracts, manuscripts or presentations do not have to be provided again to the JSC for review for a later submission for publication. Each Party also shall have the right to require that its Confidential Information that is disclosed in any such proposed publication or presentation be deleted prior to such publication or presentation. In any permitted publication or presentation by a Party, the other Party's contribution shall be duly recognized, and co-authorship shall be determined in accordance with customary industry standards.

7.4 **Prohibition on Solicitation.** Without the written consent of the other Party, neither Party nor its Affiliates shall, for a period of [*****] years from the Approval Date, solicit (directly or indirectly) any employee of the other Party or its Affiliates who participated in the Research Program at any time. This provision shall not restrict either Party or its Affiliates from advertising employment opportunities in any manner that does not directly target the other Party or its Affiliates.

8. **LICENSE GRANTS; EXCLUSIVITY**

8.1 **Research Licenses.**

8.1.1 **Enanta Grant.** Enanta hereby grants to Abbott and its Affiliates during the Research Term a non-exclusive, royalty-free, worldwide license, with the limited right to grant sublicenses as provided in Section 8.3.1(a), under Enanta Technology, Enanta Patent Rights, Licensed Patent Rights and Enanta's interest in Joint Technology and Joint Patent Rights for the sole purpose of conducting Abbott Research Activities under the Research Program in accordance with the Research Plan.

8.1.2 **Abbott Grant.** Abbott hereby grants to Enanta and its Affiliates during the Research Term, a non-exclusive, royalty-free, worldwide license, with the limited right to grant sublicenses as provided in Section 8.3.1(b), under Abbott Technology, Abbott Patent Rights and Abbott's interest in Joint Technology and Joint Patent Rights for the sole purpose of conducting Enanta Research Activities under the Research Program in accordance with the Research Plan.

8.2 **Development and Commercialization Licenses**.

8.2.1 **Enanta Grant.** Enanta hereby grants to Abbott during the Term an exclusive, royalty-bearing license, including the right to grant sublicenses as provided in Section 8.3, under Enanta Technology, Enanta Patent Rights, Licensed Patent Rights and Enanta's interest in Joint Technology and Joint Patent Rights, for the sole purpose of Developing Candidates and Commercializing Products in the Field in the Territory; provided, that, Enanta shall retain such rights as may be necessary to Develop and Commercialize Co-Developed Products in the Field and in the Co-Development Territory.

8.2.2 **Abbott Grants**.

(a) Commercialization License. Abbott hereby grants to Enanta during the Term a co-exclusive (together with Abbott), royalty-free, fully paid license, without the right to grant sublicenses, under Abbott Technology, Abbott Patent Rights and Abbott's interest in Joint Technology and Joint Patent Rights for the sole purpose of Developing and Commercializing Co-Developed Products in the Field in the Co-Development Territory.

(b) Abbott Improvements. Subject to Section 8.5, Abbott hereby grants to Enanta a co-exclusive (together with Abbott), fully paid, royalty-free license, including the right to grant sublicenses, under Abbott's interest in Abbott Improvements to develop, make, have made, use, sell, have sold, offer for sale, import, have imported, export and have exported, and otherwise exploit for all uses in the Field, any product that is not a Compound, Candidate or Product.

8.3 **Right to Sublicense.**

8.3.1 **Research Licenses.**

(a) Abbott Right to Sublicense. Abbott shall have the right to grant sublicenses under the license granted to it under Section 8.1.1 solely to Third Party subcontractors engaged by Abbott to perform designated support functions related to the conduct of Abbott Research Activities under the Research Program and the Development of Candidates under the Development Program; provided however, that (i) Abbott shall obtain the prior approval of the JSC to each sublicense grant; (ii) Abbott shall remain responsible for the satisfactory accomplishment of such work in accordance with the teuus and conditions of this Agreement; and (iii) each such subcontractor shall enter into a written agreement binding such subcontractor to the obligations Abbott has to Enanta under this Agreement (and containing such other provisions as are normal and customary for similar types of agreements).

(b) Enanta Rights to Sublicense. Enanta shall have the right to grant sublicenses under the license granted to it under Section 8.1.2 solely to Third Party subcontractors engaged by Enanta to perform designated support functions related to the conduct of Enanta Research Activities under the Research Program; provided however, that (i) Enanta shall obtain the prior approval of the JSC to each sublicense grant; (ii) Enanta shall remain responsible for the satisfactory accomplishment of such work in accordance with the terms and conditions of this Agreement; and (iii) each such subcontractor shall enter into a written agreement binding such subcontractor to the obligations Enanta has to Abbott under this Agreement (and containing such other provisions as are normal and customary for similar types of agreements).

8.3.2 Commercialization License. Abbott shall have the right to grant sublicenses under the license granted to it under Section 8.2.1 to any Affiliate of Abbott and to any Third Party with respect to any Product, other than any Co-Developed Product in the Co-Development Territory after which time Enanta has exercised its Co-Development and Profit Share Option with respect to such Co-Developed Product; provided, that: (a) it shall be a condition of any such sublicense that such Sublicensee agrees to be bound by all terms of this Agreement applicable to the Development of Candidates and the Commercialization of Products in the Field in the Territory (including, without limitation, Article 7); (b) Abbott shall provide written notice to Enanta of any such proposed sublicense at least thirty (30) days prior to such execution; and (c) Abbott shall not be relieved of any of its obligations pursuant to this Agreement as a result of such sublicense.

8.4 **No Other Rights.** Abbott shall have no rights to use or otherwise exploit Enanta Technology, Enanta Patent Rights or Enanta Materials, and Enanta shall have no rights to use or otherwise exploit Abbott Technology, Abbott Patent Rights or Abbott Materials, in each case, except as expressly set forth herein.

8.5 **Exclusivity.**

8.5.1 **Enanta.**

(a) Exclusivity. During the Research Term, and thereafter during the remainder of the Term for so long as a Candidate or Product is being actively Developed or Commercialized, respectively, for use in the Field, Enanta shall not, and shall cause each of its Affiliates to not: (a) conduct any activity, either on its own, or with, for the benefit of, or sponsored by any Third Party, that is designed to research, Develop or Commercialize any Compound or any Candidate or Product derived therefrom for use in the Field; (b) grant any license or other rights to any Third Party to utilize any Technology or Patent Rights Controlled by Enanta or any of its Affiliates for the express purpose of researching, Developing or Commercializing any Compound or Candidate or Product derived therefrom for use in the Field; or (c) in-license from any Third Party any Technology or Patent Rights Controlled by such Third Party, for the express purpose of researching, Developing or Commercializing any Compound or any Candidate or Product derived therefrom for use in the Field, except in any case as is necessary to advance the Research Program, the Development Program or the Commercialization of Products as set forth herein. Without limiting the generality of the foregoing, there shall be no restriction on Enanta hereunder with regard to (y) the use of Abandoned Compounds outside the Field during the Term or (b) the use of Abandoned Compounds, whether within or outside of the Field, after the expiration of the Term.

(b) Exclusivity Exception. Notwithstanding anything to the contrary in this Agreement, Section 8.5.1(a) shall not be deemed to restrict or prevent Enanta from conducting any activity under that certain License and Option Agreement dated as of May 4, 2005 by and between Enanta and Chiron Corporation.

8.5.2 **Abbott.**

(a) Exclusivity. During the Research Term, and thereafter during the remainder of the Term for so long as a Candidate or Product is being actively Developed or Commercialized, respectively, for use in the Field, Abbott shall not, and shall cause each of its Affiliates to not: (a) conduct any activity, either on its own, or with, for the benefit of, or sponsored by any Third Party, that is designed to research, Develop or Commercialize any Compound or any Candidate or Product derived therefrom for use in the Field; (b) grant any license or other rights to any Third Party to utilize any Technology or Patent Rights Controlled by Abbott or any of their respective Affiliates for the express purpose of researching, Developing or Commercializing any Compound or any Candidate or Product derived therefrom for use in the Field; or (c) in-license from any Third Party any Technology or Patent Rights Controlled by such Third Party, for the express purpose of researching, Developing or Commercializing any Compound or any Candidate or Product derived therefrom for use in the Field, except in any case as is necessary to advance the Research Program, the Development Program or the Commercialization of Products as set forth herein and as described in Section 8.5.2(b).

(b) Exclusivity Exception. Notwithstanding anything to the contrary in this Agreement, Section 8.5.2(a) shall not be deemed to restrict or prevent Abbott from entering into non-exclusive license agreements with Third Parties with respect to the use of [*****], Abbott shall (i) provide Enanta with written notice of such license grant and (ii) pay Enanta a royalty equal to [*****] of all royalty payments received by Abbott under such license agreement for a co-formulation of an Additional Compound in each country in the Territory in which a Product is then being Commercialized, commencing with the Calendar Year (or partial Calendar Year) in which the First Commercial Sale of such Additional Compound occurs and ending upon the date on which the Product or the Additional Product is no longer being Commercialized in such country.

9. INTELLECTUAL PROPERTY RIGHTS

9.1 **Disclosure of Program Inventions.** Each of Enanta and Abbott shall promptly provide the other Party, through the Patent Coordinators (as defined in Section 9.5), with written notice concerning all Program Inventions that are conceived or reduced to practice by employees or consultants of such Party or its Affiliates, alone or jointly with employees or consultants of the other Party or its Affiliates or any Third Party.

9.2 **Enanta Intellectual Property Rights.** Enanta shall have sole and exclusive ownership of all right, title and interest on a worldwide basis in and to any and all Enanta Technology and Enanta Patent Rights.

9.3 **Abbott Intellectual Property Rights.** Abbott shall have sole and exclusive ownership of all right, title and interest on a worldwide basis in and to any and all Abbott Technology and Abbott Patent Rights,

9.4 **Joint Technology Rights.** Abbott and Enanta shall jointly own all Joint Technology and Joint Patent Rights, subject to the rights of, and the licenses granted to, each Party hereunder.

9.5 **Patent Coordinators.** Enanta and Abbott shall each appoint a patent coordinator reasonably acceptable to the other Party (each, a "**Patent Coordinator**"), who shall serve as such Party's primary liaison with the other Party on matters relating to patent filing, prosecution, maintenance and enforcement. Each Party may replace its Patent Coordinator at any time by notice in writing to the other Party.

9.6 **Inventorship.** In case of a dispute between Enanta and Abbott over inventorship, such dispute shall be resolved by application of United States patent law by patent counsel selected by the JSC who (and whose firm) is not at the time of the dispute, and was not at any time during the five (5) years prior to such dispute, performing services for either of the Parties. The Parties shall share equally the expenses of such patent counsel.

10. **FILING, PROSECUTION AND MAINTENANCE OF PATENT RIGHTS**

10.1 **Patent Filing, Prosecution and Maintenance.** Subject to the foregoing, the responsibility for filing, prosecuting and maintaining Patent Rights shall be as follows:

10.1.1 **Licensed Patent Rights.** Subject to Section 10.1.3, Enanta, acting through patent counsel or agents of its choice, shall be solely responsible, at its sole cost and expense, for the preparation, filing, prosecution and maintenance of the Licensed Patent Rights. In accordance with Section 10.1.5, Enanta will collaborate with Abbott on the preparation, filing and prosecution of the Licensed Patent Rights worldwide by providing Abbott with copies of any substantive office actions and setting up meetings with respective Patent Coordinators to discuss strategies and responses.

10.1.2 **Enanta Patent Rights.** Enanta, acting through patent counsel of its choice, shall be responsible, at its sole cost and expense, for the preparation, filing, prosecution and maintenance of all Enanta Patent Rights.

10.1.3 **Abbott Patent Rights.** Abbott, acting through patent counsel of its choice, shall be responsible, at its sole cost and expense, for the preparation, filing, prosecution and maintenance (a) of all Abbott Patent Rights and (b) commencing on the date of receipt of Commercialization Regulatory Approval with respect to a Product and continuing for the remainder of the applicable Royalty Term, of any Licensed Patent Rights that contain one or more claims that cover such Product.

10.1.4 **Joint Patent Rights.** The JSC shall determine the jurisdictions within the Territory in which patent applications will be filed with respect to Joint Patent Rights and the Party that shall be responsible for the preparation, filing, prosecution and maintenance of Joint Patent Rights. The Parties will share equally all expenses incurred by the filing Party for the preparation, filing, prosecution and maintenance of such Joint Patent Rights.

10.1.5 **Information and Cooperation.** Each filing Party shall (a) regularly provide the other Party with copies of all patent applications filed hereunder and other material submissions and correspondence with the patent offices, in sufficient time to allow for review and comment by the other Party and (b) provide the other Party and its patent counsel with an opportunity to consult with the filing Party and its patent counsel regarding the filing and contents of any such application, amendment, submission or response. The filing Party hereby agrees that the advice and suggestions of the other Party and its patent counsel shall be taken into reasonable consideration by the filing Party and its patent counsel in connection with each filing. Each Party shall, upon request from the filing Party and at the filing Party's sole cost, reasonably cooperate with the filing Party in connection with such patent filing activities.

10.1.6 **Abandonment.** If either Party decides to expressly abandon or to allow to purposely lapse any of the Patent Rights covering any Program Inventions in any country or region in the Territory that specifically cover any Compound, Candidate or Product or

specifically cover the manufacture or formulation or the delivery or use of a Compound, Candidate or Product in the Field, such Party shall inform the other Party of such decision promptly and, in any event, so as to provide the other Party a reasonable amount of time to meet any applicable deadline to establish or preserve such Patent Rights in such country or region. The other Party shall have the right to assume responsibility for continuing the prosecution of such Patent Rights in such country or region and paying any required fees to maintain such Patent Rights in such country or region or defending such Patent Rights, in the latter case only at the other Party's sole expense, through patent counsel or agents of its choice. The Party taking over the responsibility will not become an assignee of any such Patent Rights as a result of such Party's assumption of any such responsibility. Upon transfer of a Party's responsibility for prosecuting, maintaining and defending any of the Patent Rights to the other Party under this Section 10.1.6, the transferring Party shall promptly deliver to the other Party copies of all necessary files related to the Patent Rights with respect to which responsibility has been transferred and shall take all actions and execute all documents reasonably necessary for the other Party to assume such prosecution, maintenance and defense.

10.2 **Legal Actions.**

10.2.1 **Third Party Infringement.**

(a) In General.

(i) Notice. In the event either Party becomes aware of (A) any possible infringement of any Licensed Patent Rights, Enanta Program Patent Rights or Abbott Program Patent Rights through the Development of a Candidate or the Commercialization of a Product, or (B) the submission by any Third Party of an abbreviated new drug application under the Hatch-Waxman Act for a product that includes a Compound, Candidate or a Product (each, an "**Infringement**"), that Party shall promptly notify the other Party and provide it with all details of such Infringement of which it is aware (each, an "**Infringement Notice**").

(ii) Licensed Patent Rights. Both Abbott and Enanta shall have the unilateral right to enforce any and all Licensed Patent Rights on any Product following the First Commercial Sale of such Product. All costs, including, without limitation, attorneys' fees, relating to such legal proceedings or other action shall be borne by the party enforcing such rights. In the event such an Infringement relates to any Licensed Patent Rights on any Compound, Candidate or Product prior to the First Commercial Sale of such Product, Enanta shall have the first right (not the obligation) to enforce such claim with respect to such Infringement. All costs, including, without limitation, attorneys' fees, relating to such legal proceedings or other action shall be borne by Enanta. If Enanta does not take or initiate commercially reasonable steps to initiate legal proceedings or take other actions regarding the Infringement within (A) twenty (20) days from any Infringement Notice in the case of an Infringement resulting from the submission by any Third Party of an abbreviated new drug application under the Hatch-Waxman Act, and (B) one hundred twenty (120) days from any Infringement Notice that relates to any other Licensed Patent Rights, then Abbott shall have the right and option to do so at its expense; provided, that Abbott shall not admit the invalidity or unenforceability of any such Licensed Patent Rights without Enanta's prior written consent.

(iii) Enanta Patent Rights. In the event such an Infringement relates to any Enanta Patent Rights, Enanta shall have the first right and option to initiate legal proceedings or take other actions regarding such Infringement by reasonable steps. All costs, including, without limitation, attorneys' fees, relating to such legal proceedings or other action shall be borne by Enanta. If Enanta does not take or initiate commercially reasonable steps to initiate legal proceedings or take other actions regarding the Infringement (A) within ten (10) days from any Infringement Notice if the Infringement relates to a Product being Commercialized by Abbott; (B) (twenty (20) days in the case of an Infringement resulting from the submission by any Third Party of an abbreviated new drug application under the Hatch-Waxman Act); and (C) one hundred twenty (120) days for any other Infringement, then in each such case, Abbott shall have the right and option to do so at its expense.

(iv) Abbott Patent Rights. In the event such an Infringement relates to any Abbott Patent Rights, Abbott shall have the first right and option to initiate legal proceedings or take other actions regarding such Infringement by reasonable steps. All costs, including, without limitation, attorneys' fees, relating to such legal proceedings or other action shall be borne by Abbott. If Abbott does not take or initiate commercially reasonable steps to initiate legal proceedings or take other actions regarding the Infringement within thirty (30) days from any Infringement Notice (or twenty (20) days in the case of an Infringement resulting from the submission by any Third Party of an abbreviated new drug application under the Hatch-Waxman Act), then Enanta shall have the right and option to do so at its expense.

(v) No Settlement. Neither Party shall settle any Infringement claim or proceeding under Sections 10.2.1(a)(iii) or (iv) or 10.2.1(b) without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(vi) Representation. Each Party shall have the right to be represented by counsel that it selects in any legal proceedings or other action instituted under Sections 10.2.1(a)(iii) or (iv) or 10.2.1(b) by the other Party. If a Party with the right to initiate legal proceedings under Section 10.2.1 regarding an Infringement lacks standing to do so and the other Party has standing to initiate such legal proceedings, then the Party with standing shall initiate such legal proceedings at the request and expense of the other Party.

(b) Joint Patent Rights. In the event of an Infringement of a Joint Patent Right, the Parties shall enter into discussions as to whether to initiate legal proceedings or take other actions regarding the Infringement. Unless otherwise agreed by the Parties: (i) each Party shall bear an equal share of the cost of any action, suit or proceeding instituted under this Section 10.2.1(b); and (ii) all amounts recovered shall be allocated pursuant to Section 10.2.1(e). If the Parties are unable to determine whether and how to institute an action, suit or proceeding for infringement of any such Joint Patent Right, either Party shall have the right to prosecute such Infringement, in which event that Party shall bear all of the expense and be entitled to retain all amounts that it recovers.

(c) Right to Representation. Each Party shall have the right to participate, and be represented by counsel that it selects, in any legal proceedings or other action instituted under this Section 10.2.1 by the other Party. If a Party with the right to initiate legal proceedings under Section 10.2.1 regarding an Infringement lacks standing to do so and the other Party has standing to initiate such legal proceedings, then the Party with standing shall initiate such legal proceedings at the request and expense of the other Party.

(d) Cooperation. In any action, suit or proceeding instituted under this Section 10.2.1, the Parties shall cooperate with and assist each other in all reasonable respects. Upon the reasonable request of the Party instituting such action, suit or proceeding, the other Party shall join therein and shall be represented using counsel of its own choice, at the requesting Party's expense.

(e) Allocation of Recoveries. Any amounts recovered by either Party pursuant to actions under Sections 10.2.1(a)(iii) or (iv) or 10.2.1(b) with respect to any Infringement through the development or sale of a Compound or Product, whether by settlement or judgment, shall be allocated in the following order: (i) first, to reimburse Enanta and Abbott for their reasonable out-of-pocket expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of such expenses); and (ii) then, to Enanta and Abbott in the same proportion as Abbott's historic profits on Net Sales of the Product or Products affected by the Infringement bears to Abbott's historic royalties hereunder in respect of such Net Sales, in each case as determined in good faith.

10.2.2 **Defense of Claims.** In the event that any action, suit or proceeding is brought against either Party or any Affiliate or sublicensee of either Party alleging the infringement of the Technology or Patent Rights of a Third Party by reason of the conduct of the Research Program, the Development Program or the Commercialization of any Product: (a) Abbott shall have the obligation to defend such action, suit or proceeding at its sole expense; (b) Enanta shall have the right to separate counsel at its own expense in any such action, suit or proceeding; and (c) the Parties shall cooperate with each other in all reasonable respects in any such action, suit or proceeding. If such action, suit or proceeding relates to a Co-Developed Product in the Co-Development Territory, the cost and expense of the above shall be used to calculate Development Costs for that Co-Developed Product. Each Party shall provide the other Party with prompt written notice of the commencement of any such suit, action or proceeding, or of any allegation of infringement of which such Party becomes aware, and shall promptly furnish the other Party with a copy of each communication relating to the alleged infringement that is received by such Party. Nothing in this Section 10.2.2 shall affect the right of Enanta to defend itself in any such action, suit or proceeding. Abbott shall not compromise, settle or otherwise dispose of any such suit, action or proceeding that involves the use of Enanta Patent Rights, without Enanta's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

10.3 **Trademark Prosecution.** Abbott, at is sole expense, shall be responsible for the filing, prosecution, defense and maintenance before all trademark offices of the Product Trademarks.

11. TERM AND TERMINATION

11.1 **Term.** This Agreement shall commence on the Effective Date and shall continue in full force and effect until the end of the Research Program Term and, if Abbott is Developing a Candidate or Commercializing a Product arising out of the Research Program, thereafter until (a) such time as Abbott is no longer Developing a Candidate for use in the Field and in the Territory or (b) if, as of the time Abbott is no longer Developing any Candidates, Abbott is Commercializing a Product, until such time as all Royalty Terms for all Products and all Co-Development Terms for all Co-Developed Products have ended, unless earlier terminated in accordance with the provisions of this Article 11 (the "**Term**").

11.2 **Termination.** This Agreement may be terminated at any time by either Party, or by the Party specified, as follows:

11.2.1 **Unilateral Right to Terminate.** Abbott may terminate this Agreement at any time by giving written notice to Enanta not less than [*****] months prior to any anniversary of the Approval Date.

11.2.2 **Termination for Breach.** Either Party may terminate this Agreement by providing written notice to the other Party, and such termination will be effective [*****] days after the written notice, if the other Party commits a material breach of this Agreement unless the other Party has cured the asserted material breach during such [*****]-day period. If the breach has been cured prior to expiration of the [*****]-day cure period, the notice of termination will be void. In lieu of seeking termination of this Agreement, the Party asserting the material breach may seek compensatory damages and/or equitable relief as a remedy of an uncured material breach by the other Party. Notwithstanding the foregoing, a material breach by a Party shall not give rise to the termination right under this Section 11.2.2 to the extent such material breach arises from a Force Majeure event described in Section 14.12; provided, that the Party allegedly breaching the Agreement shall have the burden of demonstrating the occurrence of the Force Majeure event.

11.2.3 **Termination for Insolvency.** In the event either Party files for protection under the bankruptcy laws, makes an assignment for the benefit of creditors, appoints or suffers appointment of a receiver or trustee over its property, files a petition under any bankruptcy or insolvency act or has any such petition filed against it which is not discharged within sixty (60) days of the filing thereof, then the other Party may terminate this Agreement effective immediately upon written notice to such Party. In connection therewith, all rights and licenses granted under this Agreement are, and shall be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(56) of the United States Bankruptcy Code.

11.3 **Consequences of Termination of Agreement.** In the event this Agreement is terminated pursuant to Section 11.2, the following provisions shall apply, as applicable:

11.3.1 **Termination by Abbott Pursuant to Section 11.2.1.** If this Agreement is terminated by Abbott pursuant to Section 11.2.1, the following provisions shall apply:

(a) If Abbott terminates the Agreement prior to the first anniversary of the first business day following the Approval Date, it shall make a [*****] time payment to Enanta of [*****] to complete the Upfront Fee as provided in Section 6.1;

(b) the licenses granted to Abbott pursuant to Sections 8.1.1 and 8.2.1 shall terminate upon the effective date of such termination;

(c) Abbott shall be deemed to have granted to Enanta, on and after the date of termination, (i) a non-exclusive, perpetual, fully-paid, worldwide, royalty-free license, with the rights to sublicense, under Abbott Program Technology and Abbott Patent Rights and (ii) an exclusive (even as to Abbott), perpetual, fully-paid, worldwide, royalty-free license, with the rights to sublicense, under Abbott's interest in Joint Technology and Joint Patent Rights, in either case, to Develop and have Developed Candidates resulting from Compounds and Abbott Compounds, other than Abbott Compounds listed on Schedule 1, and Commercialize Products derived from such Candidates;

(d) all exclusivity obligations of Enanta under Section 8.5.1 shall terminate upon the effective date of such termination and Enanta shall thereafter have the right to Develop Candidates and Commercialize Products for any and all uses within the Field;

(e) each Party shall promptly return all Confidential Information of the other Party that is not subject to a continuing license hereunder; provided that each Party may retain one (1) copy of the Confidential Information of the other Party in its archives solely for the purpose of establishing the contents thereof and ensuring compliance with its obligations hereunder;

(f) upon request of Enanta, Abbott shall promptly, and in any event within sixty (60) days after Enanta's request: (i) transfer to Enanta all right, title and interest in and to all Product Trademarks and registrations thereof, if any; (ii) transfer to Enanta all of its right, title and interest in all Regulatory Filings, Drug Approval Applications and Regulatory Approvals then in its name applicable to any Candidate or Product, and all material aspects of Confidential Information Controlled by it as of the date of termination relating to Regulatory Filings, Drug Approval Applications and Regulatory Approvals; provided that Enanta shall as of the date of such transfer, assume all obligations and liabilities associated with such Regulatory Filings, Drug Approval Applications and Regulatory Approvals; (iii) notify the applicable Regulatory Authorities and take any other action reasonably necessary to effect such transfer; (iv) provide Enanta with copies of all correspondence between Abbott and such Regulatory Authorities relating to such Regulatory Filings, Drug Approval Applications and Regulatory

Approvals; (v) unless expressly prohibited by any Regulatory Authority, transfer control to Enanta of all clinical trials of any Candidate or Product being conducted as of the effective date of termination, and upon such transfer Enanta shall assume all obligations and liabilities associated with continuing such clinical trials; (vi) assign (or cause its Affiliates to assign) to Enanta all agreements with any Third Party with respect to the conduct of clinical trials for any Candidate or Product including, without limitation, agreements with contract research organizations, clinical sites and investigators, unless expressly prohibited by any such agreement (in which case Abbott shall cooperate with Enanta in all reasonable respects to secure the consent of such Third Party to such assignment); (vii) provide Enanta with all supplies of any Candidate or Product in the possession of Abbott or any Affiliate or contractor of Abbott; and (viii) provide Enanta with copies of all reports and data generated or obtained by Abbott or its Affiliates pursuant to this Agreement that relate to any Candidate or Product that has not previously been provided to Enanta; and

(g) if Abbott has manufactured, is manufacturing or having manufactured any Candidate or Product or any intermediate thereof as of the effective date of termination: (i) Abbott shall, if requested by Enanta, supply Enanta with its requirements for all such Candidate or Product and intermediate for up to [*****] months following such termination [*****]; and (ii) within sixty (60) days after Enanta's request, Abbott shall provide to Enanta or its designee all information in its possession with respect to the manufacture of each such Candidate, Product or intermediate.

11.3.2 **Termination by Enanta Pursuant to Section 11.2.2.** If this Agreement is terminated by Enanta pursuant to Section 11.2.2, the following provisions shall apply:

(a) the licenses granted to Abbott pursuant to Sections 8.1.1 and 8.2.1 shall terminate upon the effective date of such termination;

(b) Abbott shall be deemed to have granted to Enanta, on and after the date of termination, (i) a non-exclusive, perpetual, fully-paid, worldwide, royalty-free license, with the rights to sublicense, under Abbott Program Technology and Abbott Patent Rights with respect to Abbott Program Technology and (ii) an exclusive (even as to Abbott), perpetual, fully-paid, worldwide, royalty-free license, with the rights to sublicense, under Abbott's interest in Joint Technology and Joint Patent Rights, in either case, to Develop and have Developed Candidates resulting from Compounds and Abbott Compounds, other than Abbott Compounds listed on Schedule 1, and Commercialize Products derived from such Candidates;

(c) all exclusivity obligations of Enanta under Section 8.5.1 shall terminate upon the effective date of such termination and Enanta shall thereafter have the right to Develop Candidates and Commercialize Products for any and all uses within the Field;

(d) each Party shall promptly return all Confidential Information of the other Party that are not subject to a continuing license hereunder; provided that each Party may retain one (1) copy of the Confidential Information of the other Party in its archives solely for the purpose of establishing the contents thereof and ensuring compliance with its obligations hereunder;

(e) upon request of Enanta, Abbott shall promptly, and in any event within sixty (60) days after Enanta's request: (i) transfer to Enanta all right, title and interest in and to all Product Trademarks and registrations thereof, if any; (ii) transfer to Enanta all of its right, title and interest in all Regulatory Filings, Drug Approval Applications and Regulatory Approvals then in its name applicable to any Candidate or Product, and all material aspects of Confidential Information Controlled by it as of the date of termination relating to Regulatory Filings, Drug Approval Applications and Regulatory Approvals; provided that Enanta shall as of the date of such transfer, assume all obligations and liabilities associated with such Regulatory Filings, Drug Approval Applications and Regulatory Approvals; (iii) notify the applicable Regulatory Authorities and take any other action reasonably necessary to effect such transfer; (iv) provide Enanta with copies all correspondence between Abbott and such Regulatory Authorities relating to such Regulatory Filings, Drug Approval Applications and Regulatory Approvals; (v) unless expressly prohibited by any Regulatory Authority, transfer control to Enanta of all clinical trials of any Candidate or Product being conducted as of the effective date of termination, and upon such transfer Enanta shall assume all obligations and liabilities associated with continuing such clinical trials; (vi) assign (or cause its Affiliates to assign) to Enanta all agreements with any Third Party with respect to the conduct of clinical trials for any Candidate or Product including, without limitation, agreements with contract research organizations, clinical sites and investigators, unless expressly prohibited by any such agreement (in which case Abbott shall cooperate with Enanta in all reasonable respects to secure the consent of such Third Party to such assignment); (vii) provide Enanta with all supplies of any Candidate or Product in the possession of Abbott or any Affiliate or contractor of Abbott; and (viii) provide Enanta with copies of all reports and data generated or obtained by Abbott or its Affiliates pursuant to this Agreement that relate to any Compound or Product that has not previously been provided to Enanta; and

(f) if Abbott has manufactured, is manufacturing or having manufactured any Candidate or Product or any intermediate thereof as of the effective date of termination: (i) Abbott shall, if requested by Enanta, supply Enanta with its requirements for all such Candidate or Product and intermediate for up to [*****] months following such termination [*****], and (ii) within sixty (60) days after Enanta's request, Abbott shall provide to Enanta or its designee all information in its possession with respect to the manufacture of each such Candidate, Product or intermediate.

11.3.3 **Termination by Abbott Pursuant to Section 11.2.2.** If this Agreement is terminated by Abbott pursuant to Section 11.2.2, the following provisions shall apply:

(a) Abbott shall continue to have the licenses set forth in Sections 8.1.1 and 8.2.1 to Develop Candidates being Developed by Abbott as of the effective date of termination, if any, and to Commercialize Products being Commercialized by Abbott as of the effective date of termination, if any, and to Commercialize Products that were Candidates

at the time of termination, subject to a determination by the neutral in ADR of the level at which the milestone payments and Royalty Payments continue, it being understood by the Parties that the milestone payments and royalty rates set forth in this Agreement shall be modified with respect to a given Candidate or Product only to the extent the ADR determines that the material breach that resulted in the termination by Abbott of this Agreement materially affected the Development of such Candidate and/or the Commercialization of such Product.

(b) all rights (including, without limitation, the Co-Development and Profit Share Option) and licenses granted to Enanta pursuant to Article 5 and Sections 8.1.2 and 8.2.2 shall terminate upon the effective date of such termination;

(c) Enanta shall be deemed to have granted to Abbott, on and after the date of termination, (i) a non-exclusive, perpetual, fully-paid, worldwide, royalty-free license, with the rights to sublicense, under Enanta Program Technology and Enanta Patent Rights and (ii) an exclusive (even as to Enanta), perpetual, fully-paid, worldwide, royalty-free license, with the rights to sublicense, under Enanta's interest in Joint Technology and Joint Patent Rights, in either case, to Develop and have Developed Candidates and Commercialize Products derived from such Candidates;

(d) all exclusivity obligations of Abbott under Section 8.5.2 shall terminate upon the effective date of such termination and Abbott shall thereafter have the right to Develop Candidates and Commercialize Products for any and all uses within the Field; and

(e) each Party shall promptly return all Confidential Information of the other Party that are not subject to a continuing license hereunder; provided that each Party may retain one (1) copy of the Confidential Information of the other Party in its archives solely for the purpose of establishing the contents thereof and ensuring compliance with its obligations hereunder.

11.3.4 **Termination by Enanta Pursuant to Section 11.2.3.** If Enanta terminates this Agreement pursuant to Section 11.2.3, to the extent not prohibited by Applicable Laws, the provisions of Section 11.3.1 shall apply to such termination.

11.3.5 **Termination by Abbott Pursuant to Section 11.2.3.** If Abbott terminates this Agreement pursuant to Section 11.2.3, to the extent not prohibited by Applicable Laws, the provisions of Section 11.3.3 shall apply to such termination.

11.3.6 **Breach of Compound or Product Diligence.** If after Enanta followed the procedure set forth in Section 11.2.2 for asserting a breach of contract and Abbott does not cure its breach for failure to use Commercially Reasonable Efforts to Develop a Candidate or Commercialize a Product in any Major Market Country, then Enanta shall have the right, in its sole discretion upon ten (10) days written notice to Abbott, to designate such Candidate or Product as a Abandoned Compound. In such event:

(a) the licenses granted to Abbott under Section 8.2 of this Agreement to Commercialize such Product shall terminate upon the effective date of such reversion;

(b) subject to the other terms of this Agreement, Abbott shall be deemed to have granted to Enanta and its Affiliates (i) an exclusive, royalty-free, paid-up, worldwide license, with the right to grant sublicenses, under Abbott Patent Rights and Abbott's interest in Joint Patent Rights that would be infringed by the making, using in the Field, importing or selling of such Abandoned Compound (or, for purposes of clarity, a Product derived therefrom) in the absence of a license to research, develop, make, have made, use, offer for sale, distribute for sale, sell, import and have imported Abandoned Compounds in the Field and (ii) a non-exclusive, royalty-free, paid-up, worldwide license, with the right to grant sublicenses, under Abbott Technology and Abbott's interest in Joint Technology to research, develop, have developed, make, have made, use, distribute for sale, sell, offer for sale, import and have imported such Abandoned Compound in the Field, subject in each case to the restrictions on Enanta pursuant to Section 8.5.1;

(c) upon request of Enanta, Abbott shall promptly, and in any event within sixty (60) days after Enanta's request: (i) grant to Enanta an exclusive, worldwide, royalty-free, paid-up license under all Product Trademarks applicable to such Product, if any; (ii) provide Enanta with access to, and grant Enanta the right and license to use and to reference, all Regulatory Filings and Regulatory Approvals then in its name applicable to the Commercialization of such Product and all material aspects of Confidential Information Controlled by it as of the date such Compound or Product relating to such Regulatory Filings and Regulatory Approvals is designated as a Abandoned Compound; (iii) provide Enanta with copies of all correspondence between Abbott and such Regulatory Authorities relating to such Regulatory Filings and Regulatory Approvals; (iv) assign to Enanta all agreements between Abbott and any Third Party with respect to the conduct of clinical trials for such Product, including, without limitation, agreements or contracts with contract research organizations, clinical sites and investigators, unless expressly prohibited by any such agreement; and (v) provide Enanta with copies of all reports and data obtained by Abbott or its Affiliates pursuant to this Agreement that relate to the Commercialization of such Product; and

(d) if Abbott has manufactured, is manufacturing or is having manufactured such Product or any intermediate of such Product as of the date such Candidate or Product is designated as a Abandoned Compound, upon request of Enanta, (i) Abbott shall supply Enanta with its requirements of such Product or intermediate for up to twenty-four (24) months following such removal at a transfer price equal to Abbott's Cost of Goods for the supply of such Product or intermediate plus fifteen percent (15%), and (ii) Abbott shall provide to Enanta or its designee all information in its possession with respect to the manufacture of such Product.

11.4 **Surviving Provisions.** Termination or expiration of this Agreement for any reason shall be without prejudice to:

(a) the rights and obligations of the Parties provided in Sections 5.3.2, 6.3.2, 6.4, 6.5, 6.6, 6.7, 11.3, 11.4 and Articles 7, 12, 13 and 14 (including all other Sections or Articles referenced in any such Section or Article and including Article 1), all of which shall survive such termination;

(b) any other rights or remedies provided at law or equity which either Party may otherwise have.

12. **REPRESENTATIONS AND WARRANTIES**

12.1 **Mutual Representations and Warranties.** Enanta and Abbott each represents and warrants to the other, as of the Effective Date, as follows:

12.1.1 **Organization.** It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority, corporate or otherwise, to execute, deliver and perform this Agreement.

12.1.2 **Authorization.** Upon receipt of the approval by the Abbott Board and Abbott's Chief Executive Officer, the execution and delivery of this Agreement and the performance by Abbott of the transactions contemplated hereby will have been duly authorized by all necessary corporate action. Upon receipt of the approval by the Enanta Board and Enanta's Chief Executive Officer, the execution and delivery of this Agreement and the performance by Enanta of the transactions contemplated hereby will have been duly authorized by all necessary corporate action.

12.1.3 **No Violations.** The transactions contemplated hereby and the performance by it of the transactions contemplated hereby will not violate (a) such Party's certificate of incorporation or bylaws, (b) any agreement, instrument or contractual obligation to which such Party is bound in any material respect, (c) any requirement of any Applicable Law, or (d) any order, writ, judgment, injunction, decree, determination or award of any court or governmental agency presently in effect applicable to such Party.

12.1.4 **Binding Agreement.** This Agreement is a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms and conditions.

12.1.5 **No Inconsistent Obligation.** It is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any respect with the terms of this Agreement or that would impede the diligent and complete fulfillment of its obligations hereunder.

12.2 **Additional Representations of Enanta.** Enanta further represents and warrants to Abbott, as of the Effective Date, as follows:

12.2.1 **Enanta Licensed Patent Rights.** All Licensed Patent Rights are existing and, to Enanta's Knowledge, no Licensed Patent Rights are invalid or unenforceable.

12.2.2 **Claims or Judgments.** There are no claims, judgments or settlements against Enanta pending, or to Enanta's Knowledge, threatened, that invalidate or seek to invalidate the Licensed Patent Rights.

12.2.3 **Right to Technology.** Enanta has the right to (a) use the Licensed Technology and Licensed Patent Rights existing as of the Effective Date as is necessary to fulfill its obligations under this Agreement; and (b) grant the licenses under the Licensed Patent Rights granted pursuant to this Agreement; and (c) without limiting the foregoing, and with respect to both clauses (a) and (b) of this Section 12.2.3, [*****].

12.2.4 **No Infringement.** To Enanta's Knowledge, no Third Party is infringing, or threatening to infringe, the Licensed Patent Rights.

12.2.5 **No Litigation.** There is no pending or, to Enanta's Knowledge, threatened, litigation that alleges that Enanta's proposed activities under this Agreement would infringe or misappropriate any intellectual property rights of any Third Party.

13. INDEMNIFICATION

13.1 **Indemnification of Abbott by Enanta.** Enanta shall indemnify, defend and hold harmless Abbott, its Affiliates, their respective directors, officers, employees and agents, and their respective successors, heirs and assigns (the "**Abbott Indemnitees**"), against all liabilities, damages, losses and expenses (including reasonable attorneys' fees and expenses of litigation) (collectively, "**Losses**") incurred by or imposed upon the Abbott Indemnitees, or any one of them, as a direct result of any claims, suits, actions, demands or judgments of Third Parties, including, without limitation, personal injury and product liability matters and claims of suppliers and Enanta employees (collectively, "**Claims**") arising out of (a) any action by Enanta in the conduct of the Research Program other than any action that is a Disputed Matter and is approved by the JSC as an Abbott Decision pursuant to Section 2.1.6, (b) the Development or Commercialization of a Co-Developed Product, or (c) a breach of any representation or warranty made by Enanta pursuant to Section 12.2; provided that, with respect to any Claim for which Enanta has an obligation to any Abbott Indenmitee pursuant to this Section 13.1 and Abbott has an obligation to any Enanta Indemnitee pursuant to Section 13.2, each Party shall indemnify each of the other Party's Indemnitees for its Losses to the extent of its responsibility for the facts underlying the Claim relative to the other Party.

13.2 **Indemnification of Enanta by Abbott.** Abbott shall indemnify, defend and hold harmless Enanta, its Affiliates, their respective directors, officers, employees and agents, and their respective successors, heirs and assigns (the "**Enanta Indemnitees**"), against any Losses incurred by or imposed upon the Enanta Indemnitees, or any one of them, as a direct result of any Claims arising out of (a) any action by Abbott in the conduct of the Research Program, (b) the Development (including, without limitation, the conduct of clinical research) by Abbott of any Candidate, or (c) the Commercialization (including, without limitation, the production, manufacture, promotion, import, sale or use by any Person) of any Product that is manufactured or sold by Abbott or by an Affiliate, Sublicensee, distributor or agent of Abbott; provided that with respect to any Claim for which Enanta has an obligation to any Abbott Indemnitee pursuant to Section 13.1 and Abbott has an obligation to any Enanta Indemnitee pursuant to this Section 13.2, each Party shall indemnify each of the other Party's Indemnitees for its Losses to the extent of its responsibility for the facts underlying the Claim relative to the other Party.

13.3 **Conditions to Indemnification.** A Person seeking recovery under this Article 13 (the "**Indemnified Party**") in respect of a Claim shall give prompt notice of such Claim to the Party from which recovery is sought (the "**Indemnifying Party**") and, provided that the Indemnifying Party is not contesting its obligation under this Article 13, shall permit the Indemnifying Party to control any litigation relating to such Claim and the disposition of such claim; provided that the Indemnifying Party shall (a) act reasonably and in good faith with respect to all matters relating to the settlement or disposition of such Claim as the settlement or disposition relates to Parties being indemnified under Article 13, (b) not settle or otherwise resolve such claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnified Party shall cooperate with the Indemnifying Party in its defense of any such Claim in all reasonable respects and shall have the right to be present in person or through counsel at all legal proceedings with respect to such Claim.

13.4 **Warranty Disclaimer.** EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY WITH RESPECT TO ANY TECHNOLOGY, GOODS, SERVICES, RIGHTS OR OTHER SUBJECT MATTER OF THIS AGREEMENT AND EACH PARTY HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEIVIENT.

13.5 **No Warranty of Success.** Nothing contained in this Agreement shall be construed as a warranty on the part of either Party that (a) the Research Program will yield any Compound or will otherwise be successful, or (b) the outcome of the Research Program or the Development Program will be commercially exploitable in any respect.

13.6 **Limited Liability.** EXCEPT WITH RESPECT TO INDEMNIFICATION OBLIGATIONS FOR THIRD PARTY CLAIMS SET FORTH IN SECTION 13.1 AND SECTION 13.2, AND EXCEPT WITH RESPECT TO A BREACH OF CONFIDENTIALITY OBLIGATIONS, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR (a) ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR LOST REVENUES, OR (b) COST OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY OR SERVICES, WHETHER UNDER ANY CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY.

13.7 **Insurance.** Not later than thirty (30) days before the date on which Abbott or any Affiliate or Sublicensee of Abbott shall, on a commercial basis, make, use, or sell any Products, and at all times thereafter until the expiration of all applicable statutes of limitation pertaining to any such manufacture, marketing, possession, use, sale of other disposition of any Products, Abbott will, at its expense, and Enanta will, at its expense, with respect only to Co-Developed Products, obtain and maintain in full force and effect, comprehensive general liability insurance, including product liability insurance and clinical trial insurance protecting the other Party,

subject to Section 13.1 or 13.2, as the case may be, against all claims, obligations, liabilities, and damages, based upon or arising out of actual or alleged bodily injury, personal injury, death, or any other damage to or loss of persons or property, cause by any such manufacture, marketing, possession, use, sale, or other disposition. Notwithstanding the foregoing, Abbott may elect to self-insure with respect to any insurance coverage it is required to obtain hereunder.

14. MISCELLANEOUS

14.1 Arbitration. In the event of any dispute, difference or question arising between the Parties in connection with this Agreement, the construction thereof, or the rights, duties or liabilities of either Party hereunder, other than any Disputed Matter that is submitted for resolution as provided in Section 2.1.6 (each, an "**Arbitration Matter**"), the Parties shall initiate an arbitration proceeding to be conducted in accordance with the procedures set forth in Exhibit D attached hereto.

14.2 **Change of Control.**

(a) Notice. If either Enanta or Abbott enters into an agreement that results or, if the transaction contemplated thereby is completed, would result in a Change of Control ("**Acquired Party**"), the Acquired Party shall provide the other Party with prompt written notice describing such Change of Control in reasonable detail (the "**Change of Control Notice**"). The Change of Control Notice shall be provided by the Acquired Party prior to execution of such agreement, if permitted under Applicable Laws and not prohibited by the terms of any agreement between the Acquired Party and any Third Party (the "**Acquiring Party**"), and otherwise as soon as practicable thereafter and, in any event, not later than promptly following the consummation of the transaction contemplated by such agreement.

(b) **Effect of Change of Control.** Notwithstanding any provision hereof, in the event of a Change of Control, the exclusivity obligations of the Acquired Party described in Section 8.5 shall not apply to any compound or product owned or controlled by the Acquiring Party as of the date of consummation of the Change of Control.

14.3 **Notices.** All notices and communications shall be in writing and delivered personally or by courier providing evidence of delivery or mailed via certified mail, return receipt requested, addressed as follows, or to such other address as may be designated from time to time:

If to Abbott:

Abbott Laboratories
100 Abbott Park Road
Building AP34, Dept. R50A
Abbott Park, IL 60064-3500
Fax: [*****]
Attention: [*****]

If to Enanta:

Enanta Pharmaceuticals, Inc.
500 Arsenal Street
Watertown, MA 02472
Tel: [*****]
Fax: [*****]
Attention: [*****]

With a copy to:

Abbott Laboratories
Building AP6D, D-364
100 Abbott Park Road
Abbott Park, IL 60064-3500
Fax: [*****]
Attention: [*****]

With a copy to:

[*****]

Except as otherwise expressly provided in this Agreement or mutually agreed in writing, any notice, communication or document (excluding payment) required to be given or made shall be deemed given or made and effective upon actual receipt, in each case addressed to a Parties at its address stated above or to such other address as such Party may designate by written notice in accordance with this Section 14.3.

14.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York (USA), without regard to the application of principles of conflicts of law.

14.5 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

14.6 **Headings.** Section and subsection headings are inserted for convenience of reference only and do not form a part of this Agreement.

14.7 **Counterparts.** This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and both of which, together, shall constitute a single agreement.

14.8 **Amendment; Waiver.** This Agreement may be amended, modified, superseded or canceled, and any of the terms of this Agreement may be waived, only by a written instrument executed by each Party or, in the case of waiver, by the Party or Parties waiving compliance. The delay or failure of any Party at any time or times to require performance of any provisions shall in no manner affect the rights at a later time to enforce the same. No waiver by any Party of any condition or of the breach of any term contained in this Agreement, whether by conduct, or otherwise, in any one or more instances, shall be deemed to be, or considered as, a further or continuing waiver of any such condition or of the breach of such term or any other term of this Agreement.

14.9 **No Third Party Beneficiaries.** Except as set forth in Sections 13.1, and 13.2, no Third Party (including, without limitation, employees of either Party) shall have or acquire any rights by reason of this Agreement.

14.10 **Purposes and Scope.** The Parties hereto understand and agree that this Collaboration is limited to the activities, rights and obligations as set forth in this Agreement. Nothing in this Agreement shall be construed (a) to create or imply a general partnership between the Parties, (b) to make either Party the agent of the other for any purpose, (c) to alter, amend, supersede or vitiate any other arrangements between the Parties with respect to any subject matters not covered hereunder, (d) to give either Party the right to bind the other, (e) to create any duties or obligations between the Parties except as expressly set forth herein, or (f) to grant any direct or implied licenses or any other right other than as expressly set forth herein.

14.11 **Assignment and Successors.** Neither this Agreement nor any obligation of a Party hereunder may be assigned by either Party without the consent of the other which shall not be unreasonably withheld, except that each Party may assign this Agreement and the rights, obligations and interests of such Party, in whole or in part, to any of its Affiliates, or subject to Section 14.2(b), to any purchaser of all of its assets and/or all of its assets to which this Agreement relates or to any successor corporation resulting from any merger or consolidation of such Party with or into such corporation.

14.12 **Force Majeure.** Neither Abbott nor Enanta shall be liable for failure of or delay in performing obligations set forth in this Agreement, and neither Party shall be deemed in breach of its obligations, if such failure or delay is due to a Force Majeure. In event of such Force Majeure event, the Party affected thereby shall use reasonable efforts to cure or overcome the same and resume performance of its obligations hereunder.

14.13 **Interpretation.** The Parties hereto acknowledge and agree that: (a) each Party and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision; (b) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement; and (c) the terms and provisions of this Agreement shall be construed fairly as to all Parties and not in a favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement.

14.14 **Integration; Severability.** This Agreement and the Existing Agreements are the entire agreement with respect to the subject matter hereof and supersedes all other agreements and understandings between the Parties with respect to such subject matter. If any provision of this Agreement is or becomes invalid or is ruled invalid by any court of competent jurisdiction or is deemed unenforceable, it is the intention of the Parties that the remainder of the Agreement shall not be affected.

14.15 **Further Assurances.** Each of Enanta and Abbott agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including, without limitation, the filing of such additional assignments, agreements, documents and instruments, as the other Party may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

14.16 **HSR Filing.** Each Party shall, no later than November 30, 2006 (or such later time as the Parties mutually agree in writing), file with the Federal Trade Commission any filing required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"), in connection with the transactions contemplated hereby. The Parties shall cooperate with each other to the extent necessary in the preparation of any such filing. Each party shall request early termination of such filing by the Federal Trade Commission. Neither Party shall be required in connection with any filing under the HSR Act to commit or agree to any action, to obtain any consents, approvals, permits or authorizations to remove any impediments or to resort to or respond to litigation or to agree to hold separate or divest any business or assets.

Abbott shall be responsible for paying any fees required to be paid to governmental authorities in connection with its filings as a licensee, Enanta shall be responsible for paying any fees associated with its filings as a licensor and each Party shall bear its own expenses, including but not limited to legal fees associated with preparing any such filing, subject to Section 14.17 below.

14.17 **Board Approvals.** The obligation of Enanta to effect the transactions contemplated by this Agreement is subject to the receipt of approval by Enanta's Board of Directors (the "**Enanta Board**") and Enanta's Chief Executive Officer. The obligation of Abbott to effect the transactions contemplated by this Agreement is subject to the receipt of approval by Abbott's Board of Directors (the "**Abbott Board**") and Abbott's Chief Executive Officer. In the event that such Abbott approvals are not obtained on or before December 8, 2006, (a) Abbott shall reimburse Enanta for any fees or expenses incurred by Enanta in connection with the filing under the HSR Act described in Section 14.16, including but not limited to legal fees associated with preparing such filing, and (b) this Agreement shall be terminated with no further force and effect. Each Party shall provide the other with evidence or certification of its Board of Directors or Chief Executive Officer approval, as applicable, upon request.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, The Parties have caused this Agreement, to be executed by their duly authorized representatives.

ENANTA PHARMACEUTICALS, INC.

By:	/s/ Jay R. Luly
Name:	Jay Luly, Ph.D
Title:	President and Chief Executive Officer

ABBOTT LABORATORIES

By:	/s/ William G. Dempsey
Name:	William G. Dempsey
Title:	Executive Vice President, Pharmaceutical Products Group

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

EXHIBIT A

RESEARCH PLAN

The Research Program will involve the research and development of Enanta's proprietary HCV protease inhibitor program identified in PCT nos. WO 2005010029 Al; WO 2004/093798 A2; WO 2004/072243 A2; WO 2004 113365 A2 and any HCV protease inhibitors identified by Enanta in the conduct of the Research Program and any other patent applications included in Schedule 4 as part of the Licensed Patent Rights.

Enanta, with input from the JSC, will be primarily responsible for discovery activities including, but not limited to, medicinal chemistry, enzyme, replicon and cytotoxicity assays, and initial metabolism and pharmacokinetic screens associated with the identification of [*****] during the Research Program Term. With approval of JSC, Abbott FTEs may be applied to Candidate identification research to expand scope of chemistry or to otherwise improve the competitive position of the program. Abbott will have primary responsibility for Candidate selection activities including virology, pharmacokinetics, pharmaceutics, metabolism and safety studies needed for the identification of [*****]. Abbott will have primary responsibility for process research, and the planning and execution of all preclinical IND-enabling studies on Candidate compounds.

Abbott personnel will be responsible for preparation of data-summary documentation and presentations necessary to support internal assignment of Abbott resources to support characterization of lead Compounds and IND-enabling pre-clinical research on Candidates.

EXHIBIT B

FORM OF STOCK PURCHASE AGREEMENT

**Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.**

SERIES G CONVERTIBLE PREFERRED
STOCK PURCHASE AGREEMENT

by and among

ENANTA PHARMACEUTICALS, INC.

and

THE INVESTORS LISTED ON THE

SCHEDULE OF INVESTORS
attached hereto

Dated [—], 20

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

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**Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.**

SERIES G CONVERTIBLE PREFERRED STOCK
PURCHASE AGREEMENT

THIS SERIES E CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT ("Agreement") is made as of [—], 20 , by and among Enanta Pharmaceuticals, Inc., a Delaware corporation (the "Corporation"), the investors named on the Schedule of Investors attached hereto (the "Initial Investors") and the additional investors added from time to time to the Schedule of Investors in accordance with Section 23 below (the "Additional Investors," and together with the Initial Investors, the "Investors").

WHEREAS, the Investors wish to purchase from the Corporation, and the Corporation wishes to sell to the Investors, up to an aggregate of [—] shares of the Corporation's Series G Convertible Preferred Stock, par value $.01 per share (the "Series G Preferred Stock").

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereby agree as follows:

SECTION 1. Fourth Amended and Restated Certificate of Incorporation. On or prior to the date hereof, the Corporation shall have filed with the Secretary of State of the State of Delaware its Fourth Amended and Restated Certificate of Incorporation (the "Restated Certificate"), a copy of which is attached hereto as Exhibit 1 (the Restated Certificate as in effect on the date hereof being hereinafter sometimes also referred to as the "Certificate of Incorporation"), for the purpose of amending the authorized capital stock of the Corporation and setting forth the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, granted to or imposed upon the capital stock of the Corporation or the holders thereof, including the Series G Preferred Stock.

SECTION 2. Purchase and Sale of the Series G Preferred Stock.

2.1 Initial Series G Shares. Subject to the terms and conditions of this Agreement, at the Initial Closing (as defined in Section 3.1), the Corporation agrees to issue and sell an aggregate of [—] shares of Series G Preferred Stock (the "Initial Series G Shares") to the Initial Investors, and each Initial Investor, acting severally and not jointly, agrees to purchase from the Corporation the number of Initial Series G Shares set forth opposite the name of such Initial Investor on the Schedule of Investors under the column heading "Initial Series G Shares," at a purchase price of $[—] per share.

2.2 Additional Series G Shares.

(a) Subject to the terms and conditions of this Agreement, at each Scheduled Additional Closing (as defined in Section 3.2), the Corporation agrees to issue and sell an aggregate of [—] shares of Series G Preferred Stock (the "Initial Investor Additional Series G Shares" and, together with the Initial Series G Shares, the "Initial Investor Series G Shares") to the Initial Investors, and each Initial Investor, acting severally and not jointly, agrees to purchase

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

from the Corporation the number of Initial Investor Additional Series G Shares set forth opposite the name of such Initial Investor on the Schedule of Investors under the column headings "Second Closing Series G Shares," "Third Closing Series G Shares," "Fourth Closing Series G Shares" and "Fifth Closing Series G Shares," all at a purchase price of $[—] per share.

(b) The Corporation may issue and sell an aggregate of up to [—] shares of Series G Preferred Stock (the "Additional Investor Series G Shares" and, together with the Initial Investor Additional Series G Shares, the "Additional Series G Shares") to one or more Additional Investors, each of which purchases Additional Investor Series G Shares at or before the date of the first Scheduled Additional Closing and agrees to purchase additional shares of the Additional Investor Series G Shares in proportionate amounts on the same terms as the Initial Investors. Any Additional Investor shall be either (i) an existing stockholder of or an affiliate of an existing stockholder of the Corporation or (ii) a new investor reasonably acceptable to the Corporation with the consent of the Corporation's Series C-G Directors (as defined in the Restated Certificate). The Initial Investor Series G Shares and the Additional Investor Series G Shares are collectively referred to as the "Series G Shares".

(c) [The Corporation may, in its discretion, cancel any Additional Closing upon written notice to the Initial Investors and any Additional Investors who had previously agreed to participate in such Additional Closing. In the event the Corporation cancels any Additional Closing, the number of Series G Shares to have been purchased by each Investor at such Additional Closing shall thereafter be added to the number of Series G Shares to be purchased by each Investor at the (next Additional Closing scheduled to take place after such cancelled Additional Closing.)

SECTION 3. Closing.

3.1 Initial Closing. The closing of the sale and purchase of the Initial Series G Shares (the "Initial Closing") shall take place simultaneously with the execution of this Agreement at the offices of Palmer & Dodge LLP, 111 Huntington Avenue, Boston, Massachusetts, U.S.A., or at such other location as may be agreed upon among the Initial Investors and the Corporation. At the Initial Closing, the Corporation shall issue and deliver to each Initial Investor a certificate or certificates for shares of Series G Preferred Stock, registered in the name of such Initial Investor, in the amount representing the number of Initial Series G Shares being purchased by such Initial Investor at the Initial Closing, against payment by such Initial Investor to the Corporation of the aggregate purchase price therefor in the form of (a) a wire transfer to a bank account designated by the Corporation or (b) such other method of payment as the Corporation, in its sole discretion, may accept.

3.2 Additional Closings. The closing of the sale and purchase of the Additional Series G Shares shall occur at (i) [—] additional closings (each, a "Scheduled Additional Closing") to take place at the offices of Palmer & Dodge LLP, 111 Huntington Avenue, Boston, Massachusetts, U.S.A., or at such other location as may be agreed upon among the Investors participating in such Scheduled Additional Closing, on each of [—] and (ii) one or more

additional closings (each, an "Additional Investor Additional Closing" and together with the Scheduled Additional Closings, each an "Additional Closing") to take place no later than December 15, 2005 at the offices of Palmer & Dodge LLP, 111 Huntington Avenue, Boston, Massachusetts, U.S.A., or at such other location as may be agreed upon among the Corporation and the Investors participating in such Additional Investor Additional Closing. At each Additional Closing, the Corporation shall issue and deliver to each Investor participating in such Additional Closing a certificate or certificates for shares of Series G Preferred Stock, registered in the name of such Investor, in the amount representing the number of Series G Shares being purchased by such Investor at such Additional Closing, against payment by such Investor to the Corporation of the aggregate purchase price therefor in the form of (a) a wire transfer to a bank account designated by the Corporation or (b) such other method of payment as the Corporation, in its sole discretion, may accept.

SECTION 4. Representations and Warranties of the Corporation. Except as set forth on Schedule 4, the Corporation hereby makes the representations and warranties contained in this Section 4 to the Investors. The information contained on Schedule 4 shall be deemed to be representations and warranties of the Corporation and shall make explicit reference to the particular representation or warranty (by reference to a subsection hereof) as to which exception is taken, provided that the information on Schedule 4 shall qualify as disclosure with respect to other representations or warranties for which the appropriateness of such disclosure is reasonably apparent.

4.1 Organization. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own and lease its properties, to carry on its business as presently conducted and as proposed to be conducted and to carry out the transactions contemplated by the Transaction Documents (as defined in Section 4.22 hereof). The Corporation is duly qualified as a foreign corporation and is in good standing in all such jurisdictions in which the conduct of its business or its ownership or leasing of property requires such qualification.

4.2 Capitalization. The entire authorized capital stock of the Corporation consists of:

(a) [—] shares of Corporation's Common Stock, par value $.01 per share ("Common Stock"), of which (i) 3,794,270 shares have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable; (ii) no shares are held as treasury shares; (iii) 822,830 shares have been reserved for issuance upon exercise of options granted or to be granted under the Corporation's 1998 Equity Performance Plan (the "Equity Performance Plan"), of which [—] shares have been issued as restricted stock or upon the exercise of options granted pursuant to the Equity Performance Plan and are included in the 3,794,270 shares of Common Stock that are issued and outstanding; [—] shares are subject to currently outstanding options to purchase Common Stock; and [—] shares are reserved for future issuance; (iv) [—] shares have been reserved for issuance under the Corporation's 1995 Equity Incentive Plan (the "1995 Equity Plan"), of which [—] shares have been issued as restricted stock or upon the

exercise of options granted pursuant to the 1995 Equity Plan, all of which are included in the 3,794,270 shares of Common Stock that are issued and outstanding; [—] shares are subject to currently outstanding options to purchase Common Stock; and [—] shares are reserved for future issuance; (v) 379,450 shares have been reserved for issuance upon conversion of the Corporation's Series A Convertible Preferred Stock, par value $.01 per share ("Series A Preferred Stock"); (vi) 187,000 shares have been reserved for issuance upon conversion of the Corporation's Series B Convertible Preferred Stock, par value $.01 per share ("Series B Preferred Stock"); (vii) 2,563,603 shares have been reserved for issuance upon conversion of the Corporation's Series C Convertible Preferred Stock, par value $.01 per share ("Series C Preferred Stock") (viii) 116,638 shares have been reserved for issuance upon exercise of certain Common Stock Purchase Warrants dated December 1998 and May and August of 1999; (ix) 7,902,121 shares have been reserved for issuance upon conversion of the Corporation's Series D Convertible Preferred Stock, par value $.01 per share ("Series D Preferred Stock"), including [—] additional shares that have been reserved for issuance as a result of the reduction of the Series D Conversion Price (as defined in the Restated Certificate) to $[—] as a result of the deemed issuance and sale by the Corporation of [—] shares of Series G Preferred Stock; (x) 161,600 shares have been reserved for issuance upon exercise of certain Common Stock Purchase Warrants dated October 2000 and January and May of 2001; (xi) 21,238,570 shares have been reserved for issuance upon conversion of the Corporation's Series E Convertible Preferred Stock, par value $.01 per share ("Series E Preferred Stock") including 2,473,308 shares that have been reserved for issuance upon conversion of the shares of Series E Preferred Stock issuable upon exercise of the warrants to purchase shares of Series E Preferred Stock issued by the Corporation to the holders of Notes issued in March 2002, July, October and November 2003 and March 2004 and to Silicon Valley Bank in December 2002; (xiii) 6,894,966 shares have been reserved for issuance upon conversion of the Corporation's Series F Convertible Preferred Stock par value $.01 per share ("Series F Preferred Stock"); and [—] shares have been reserved for issuance upon conversion of the Series G Preferred Stock;

(b) 379,450 shares of Series A Preferred Stock, all of which have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable;

(c) 187,000 shares of Series B Preferred Stock, all of which have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable;

(d) 2,563,603 shares of Series C Preferred Stock, all of which have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable;

(e) 5,988,334 shares of Series D Preferred Stock, all of which have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable;

(f) 16,158,953 shares of Series E Preferred Stock, of which (i) 14,261,598 shares have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable and (ii) 1,879,715 shares have been reserved for issuance upon exercise of the Series E Preferred Stock Warrants;

(g) 6,894,966 shares of Series F Preferred Stock, all of which have been issued and are outstanding, and are duly authorized, validly issued, fully paid and nonassessable; and

(h) [—] shares of Series G Preferred Stock, of which (i) [—] shares are being issued at the Initial Closing and immediately thereafter will be issued and outstanding, and will be duly authorized, validly issued, fully paid and nonassessable and will be held of record by the Initial Investors and (ii) [—] shares have been reserved for issuance to the Initial Investors and one or more Additional Investors at the Additional Closings and immediately thereafter will be issued and outstanding, and will be duly authorized, validly issued, fully paid and nonassessable and will be held of record by the Investors.

Except as set forth in this Section 4.2 or in the Restated Certificate or the Transaction Documents: (I) there are no outstanding shares of capital stock of the Corporation or warrants, options, agreements, convertible securities, rights or other commitments pursuant to which the Corporation is or may become obligated to issue any shares of its capital stock or other securities of the Corporation; (II) there are no preemptive or similar rights to purchase or otherwise acquire shares of capital stock of the Corporation from the Corporation pursuant to any provision of law, the Certificate of Incorporation or the by-laws, as amended to date, of the Corporation (the "By-laws") or, any agreement to which the Corporation is a party, or otherwise; (III) there are no redemption or similar rights whereby the Corporation is obligated, contractually or otherwise, to repurchase, redeem, or otherwise acquire any shares of capital stock of the Corporation; and (IV) there is no agreement, restriction or encumbrance with respect to the registration, transfer, sale or voting of any shares of the Corporation's capital stock (whether outstanding or issuable upon conversion or exercise of outstanding securities).

The Corporation has not violated the Securities Act of 1933, as amended (the "Securities Act") or any securities law of any state or other jurisdiction in connection with the issuance of any securities prior to the date hereof. All of the outstanding shares of the Corporation's capital stock and all other securities of the Corporation were offered, issued, and sold, the Series G Shares (which have been sold at any Closing (as defined in Section 6)) will be offered, issued and sold, and the Reserved Shares (as defined below) will be issued in compliance with (i) all applicable preemptive or similar rights of all persons and (ii) all applicable provisions of the Securities Act and the rules and regulations thereunder, and all applicable state securities laws and the rules and regulations thereunder. No person has any valid right to rescind any purchase of any shares of capital stock or other securities of the Corporation.

4.3 Equity Investments; Subsidiaries. The Corporation does not currently own, directly or indirectly, any capital stock or other proprietary interest in any corporation, association, trust, partnership, limited liability company, limited liability partnership, joint venture or other entity. The Corporation does not have any subsidiaries or own any legal and/or beneficial interests in any other person.

4.4 Financial Statements. The audited balance sheet (the "Balance Sheet") for the Corporation as of September 30, 2004 (the "Balance Sheet Date") and the related audited statements of income, stockholders' equity and cash flows for the year then ended (collectively, the "Financial Statements") (a) are in accordance with the books and records of the Corporation and (b) present fairly the financial position and results of operations of the Corporation as of the date and for the periods indicated in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis.

4.5 Absence of Undisclosed Liabilities. The Corporation has no material liabilities or obligations of any nature, whether accrued, absolute, contingent, or otherwise (including without limitation liabilities as guarantor or otherwise with respect to obligations of others) and whether due or to become due, except as incurred in the ordinary course of business.

4.6 Absence of Changes. Since the Balance Sheet Date there has not been (a) any material adverse change in the financial condition, results of operations, assets, liabilities, business or prospects of the Corporation, (b) any material asset or property of the Corporation made subject to a lien of any kind, except liens for taxes not yet due and payable or non-consensual purchase money liens arising by operation of law and in the ordinary course of business, (c) any waiver of any valuable right of the Corporation, or the cancellation of any debt or claim held by the Corporation, (d) any payment of dividends on, or other distribution with respect to, or any direct or indirect redemption or acquisition of, any shares of the capital stock of the Corporation, or any agreement or commitment therefor, (e) any mortgage, pledge, sale, assignment or transfer of any tangible or intangible assets of the Corporation, except in the ordinary course of business, (f) any loan by the Corporation to, or any loan to the Corporation from, any officer, director, employee or stockholder of the Corporation, or any agreement or commitment therefor, (g) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the assets, property or business of the Corporation, or (h) any change in the accounting methods or practices followed by the Corporation.

4.7 Encumbrances. The Corporation has good and marketable title to all of its property and assets, real, personal or mixed, tangible or intangible, free and clear of all liens, security interests, charges and other encumbrances of any kind, except liens for taxes not yet due and payable. The Corporation enjoys peaceful and undisturbed possession under all leases under which it is operating, and all said leases are valid and subsisting and in full force and effect.

4.8 Intellectual Property Rights.

(a) The Corporation owns or has the legally enforceable right to use, and has the right to bring actions for infringement of, all Intellectual Property Rights (as defined below) necessary or required for the conduct of its business as presently conducted or as proposed to be conducted.

(b) The Corporation has no obligation to compensate any person for the use of any of its Intellectual Property Rights and the Corporation has not granted any person any license or other rights to use any of such Intellectual Property Rights, whether requiring the payment of royalties or not.

(c) No product or process presently used, marketed or sold or proposed to be used, marketed or sold by the Corporation and no Intellectual Property Rights proposed to be licensed by the Corporation as licensor violate or will violate any license or infringe or will infringe any Intellectual Property Rights of another, nor has the Corporation received any notice that any of its Intellectual Property Rights or the operation or proposed operation of the Corporation's business conflicts or will conflict with the rights of others; and to the Corporation's knowledge, none of the Intellectual Property Rights have been or are being infringed or violated by others.

(d) There are no claims pending or, to the Corporation's knowledge, threatened to the effect that any of the Intellectual Property Rights owned or licensed by the Corporation, or which the Corporation otherwise has rights to use, is invalid or unenforceable, or that would otherwise interfere in any material respect with the Corporation's right to use any Intellectual Property Rights being used in the Corporation's business as currently conducted or as proposed to be conducted, nor does there exist any basis therefor.

(e) All personnel of the Corporation, including employees, agents, consultants and contractors, who have contributed to or participated in the conception or development of any of the Intellectual Property Rights owned by the Corporation have entered into an agreement that conveys to the Corporation full, effective and exclusive ownership of all tangible and intangible property thereby arising.

(f) The Corporation has not entered into any agreement to indemnify any other person against any charge of infringement of any Intellectual Property Rights.

As used herein, the term "Intellectual Property Rights" means all patents, trademarks, service marks, trade names, copyrights, inventions, trade secrets, licenses, know-how, proprietary processes and formulae, applications for patents, trademarks, service marks and copyrights, and other industrial and intellectual property rights.

4.9 Litigation. There is no action, suit, claim, proceeding or investigation, at law, in equity or otherwise, or by or before any governmental instrumentality or other agency, now pending, or, to the Corporation's knowledge, threatened against or affecting the Corporation, nor is there any basis therefor known to the Corporation.

4.10 No Defaults. The Corporation is not in violation or breach of, or in default under, any provision of (a) the Certificate of Incorporation or the By-Laws or (b) any material note, indenture, mortgage, lease, contract, purchase order or other instrument, document or agreement to which the Corporation is a party or by which it or any of its property is bound or affected or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body. To the Corporation's knowledge, there exists no condition, event or act which, after notice, lapse of time, or both, may constitute a violation or breach of, or a default under, any of the foregoing.

4.11 Employment of Officers, Employees and Consultants. To the Corporation's knowledge, no third party may assert any valid claim against the Corporation, any Investor, or any Designated Person (as defined below) with respect to (a) the continued employment by or association with the Corporation of any of the present officers or employees of, or consultants to, the Corporation (collectively, the "Designated Persons"), or (b) the use or disclosure by the Corporation or any Designated Person of any information which the Corporation or any Designated Person would be prohibited from using or disclosing under any prior agreements or arrangements or under any laws, including, without limitation, laws applicable to unfair competition, trade secrets or proprietary information.

The Corporation is in compliance in all material respects with all applicable federal and state laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and nondiscrimination in employment, and is not engaged in any unfair labor practice. None of the employees of the Corporation is covered by any collective bargaining agreement, and no collective bargaining agreement is currently being negotiated by it.

4.12 Taxes. The Corporation has filed all federal, state, local and foreign tax returns which are required to be filed by it and all such returns are true and correct. The Corporation has paid all taxes pursuant to such returns or pursuant to any assessments received by it or which it is obligated to withhold from amounts owing to any employee, creditor or third party, except, in each case, for those which are not yet due and payable pursuant to such returns. There are no liens for taxes (other than current taxes not yet due and payable) on the assets of the Corporation. The Corporation has established adequate reserves for all taxes accrued but not yet payable to the extent required by GAAP. All material tax elections of any type which the Corporation has made as of the date hereof are set forth in the financial statements referred to in Section 4.4. No deficiency assessment with respect to or, proposed adjustment of the Corporation's federal, state, county or local taxes, domestic and foreign, is pending or, to the knowledge of the Corporation, threatened. Neither the Corporation nor any of its present or former stockholders has ever filed an election pursuant to Section 1362 of the Internal Revenue Code of 1986 (the "Code"), that the Corporation be taxed as an S corporation.

4.13 [Reserved.]

4.14 Material Agreements. The Corporation has delivered or caused to be delivered to those Investors who have so requested in writing correct and complete copies of each Material Agreement (as defined below), each as amended to date. Each such agreement, instrument, and commitment is a valid, binding and enforceable obligation of the Corporation, and to the Corporation's knowledge, of the other party or parties thereto (in each case, except as enforceability may be limited by bankruptcy, insolvency, or similar laws and except as the availability of equitable remedies is subject to the discretion of the court before they are sought), and is in full force and effect. Neither the Corporation, nor to the best of its knowledge, any

other party thereto, is, or is considered by any other party thereto to be, in breach of or not in compliance with any term of any such agreement, instrument, or commitment (nor, to the Corporation's knowledge, is there any basis for any of the foregoing), except for any breach or noncompliance that singly or in the aggregate would not have a material adverse effect on the financial condition, results of operations, assets, liabilities, business or prospects of the Corporation. No claim, change order, request for equitable adjustment, or request for contract price or schedule adjustment, between the Corporation and any supplier or customer, relating to any Material Agreement is pending or, to the Corporation's knowledge, threatened, nor, to the Corporation's knowledge, is there any basis for any of the foregoing. No Material Agreement includes or incorporates any provision, the effect of which may be to enlarge or accelerate any of the obligations of the Corporation or to give additional rights to any other party thereto, or will terminate, lapse, or in any other way be affected, by reason of the transactions contemplated by this Agreement.

As used in this Agreement, "Material Agreement" means any:

(a) agreement for the purchase, sale, lease, or license by or from it of services, products, or assets, requiring total payments by or to it in excess of $50,000 in any instance, or entered into other than in the ordinary course of business;

(b) agreement requiring it to purchase all or substantially all of its requirements for a particular product or service from a particular supplier or suppliers, or requiring it to supply all of a particular customer's or customers' requirements for a certain service or product;

(c) agreement or other commitment pursuant to which it has agreed to indemnify or hold harmless any other person, other than standard indemnification obligations with respect to the Corporation's directors, employees and consultants;

(d) (i) employment agreement, (ii) consulting agreement, or (iii) agreement providing for severance payments or other additional rights or benefits (whether or not optional) in the event of the sale or other change in control of it;

(e) agreement with any current or former "affiliate" (as defined in the Securities Act), stockholder, officer, director, employee, or consultant of the Corporation, or with any person in which any such affiliate has an interest;

(f) joint venture or partnership agreement;

(g) agreement with any domestic or foreign government or agency or executive office thereof or any subcontract between it and any third party relating to a contract between such third party and any domestic or foreign government or agency or executive office thereof;

(h) agreement imposing non-competition or exclusive dealing obligations on it;

(i) contract with any labor union;

(j) bonus, pension, profit-sharing, retirement, stock purchase, stock option, hospitalization, medical insurance or similar plan, contract or understanding in effect with respect to its employees or the employees of others;

(k) agreement or indenture relating to the borrowing of money or to the mortgaging, pledging or otherwise placing a lien on any assets of the Corporation;

(l) guaranty of any obligation for borrowed money or otherwise;

(m) lease or agreement under which the Corporation is lessee of or holds or operates any property, real or personal, owned by any other party;

(n) lease or agreement under which the Corporation is lessor of or permits any third party to hold or operate any property, real or personal, owned or controlled by the Corporation;

(o) license or lease agreement with respect to any Intellectual Property Rights;

(p) agreement or other commitment for capital expenditures in excess of $50,000;

(q) distributor, dealer or manufacturer's representative contract or agreement which is not terminable on less than ninety (90) days' notice without cost or other liability to the Corporation;

(r) sales agreement which entitles any customer to a rebate or right of set-off, to return any product to the Corporation after acceptance thereof or to delay the acceptance thereof, or which varies in any material respect from the Corporation's standard form contracts;

(s) agreement with any supplier containing any provision permitting any party other than the Corporation to renegotiate the price or other terms, or containing any pay-back or other similar provision, upon the occurrence of a failure by the Corporation to meet its obligations under the agreement when due or the occurrence of any other event;

(t) agreement for the future purchase of fixed assets or for the future purchase of materials, supplies or equipment in excess of its normal operating requirements;

(u) agreement, or group of related agreements with the same party or any group of affiliated parties, under which the Corporation has advanced or agreed to advance money, has agreed to lease any real property as lessee or lessor, or has agreed to lease any personal property as lessee or lessor if such lease for personal property was not entered into in the ordinary course of business;

(v) contract, agreement or commitment under which the Corporation is obligated to pay any broker's fees, finder's fees or any such similar fees, to any third party;

(w) except as set forth above, any other agreement or group of related contracts with the same party continuing over a period of more than six months from the date or dates thereof (including renewals or extensions of options with another party), which agreement or group of agreements is not terminable by the Corporation without penalty upon notice of thirty (30) days or less, but excluding any agreement or group of agreements with a customer of the Corporation for the sale, lease or rental of the Corporation's products or services if such agreement or group of agreements was entered into by the Corporation in the ordinary course of business; or

(x) any other contract, agreement, arrangement or understanding which is material to the business of the Corporation or which is material to a prudent investor's understanding of the business of the Corporation.

4.15 ERISA. The Corporation does not now sponsor, maintain, have any obligation to contribute to or have any liability under, and never has sponsored, maintained, had any obligation to contribute to, or had any liability under, and is not now and has never otherwise been a party to, any Benefit Plan. For purposes of this Agreement, "Benefit Plan" shall mean any plan, fund, program, policy, arrangement or contract, whether formal or informal, which is in the nature of (i) an employee pension benefit plan (as defined in Section (2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), (ii) an employee welfare benefit plan (as defined in section 3(1) of ERISA), (iii) a "multi-employer plan" (as defined in Section 3(37) of ERISA) or (iv) any plan of deferred compensation, medical plan, life insurance plan, long-term disability plan, dental plan or other plan instituted with respect to any of the Corporation's employees or former employees or beneficiaries thereof.

4.16 U.S. Real Property Holding Corporation. The Corporation is not now, has never been and has no current plans to become a "United States real property holding corporation," as defined in Section 897(c)(2) of the Code and Section 1.897-2(b) of the Regulations promulgated by the Internal Revenue Service, and the Corporation has never filed with the Internal Revenue Service a statement with its United States income tax returns under Section 1.897-2(h) of such Regulations stating that any shares of its capital stock constitute a U.S. real property interest within the meaning of Section 897(c)(1) of the Code.

4.17 Environmental Protection. The Corporation has not caused or allowed, or contracted with any party for, the generation, use, transportation, treatment, storage or disposal of any Hazardous Substances (as defined below) in connection with the operation of its business or otherwise. The Corporation, the operation of its business, and any real property that the Corporation owns, leases or otherwise occupies or uses (the "Premises") are in compliance with

all applicable Environmental Laws (as defined below) and orders or directives of any governmental authorities having jurisdiction under such Environmental Laws, including, without limitation, any Environmental Laws or orders or directives with respect to any cleanup or remediation of any release or threat of release of Hazardous Substances. The Corporation has not received any citation, directive, letter or other communication, written or oral, or any notice of any proceeding, claim or lawsuit, from any person arising out of the ownership or occupation of the Premises, or the conduct of its operations, and the Corporation is not aware of any basis therefor. The Corporation has obtained and is maintaining in full force and effect all necessary permits, licenses and approvals required by all Environmental Laws applicable to the Premises and the business operations conducted thereon (including operations conducted by tenants on the Premises), and is in compliance with all such permits, licenses and approvals. The Corporation has not caused or allowed a release, or a threat of release, of any Hazardous Substance onto, at or near the Premises, and, to the Corporation's knowledge, neither the Premises nor any property at or near the Premises has ever been subject to a release, or a threat of release, of any Hazardous Substance. For the purposes of this Agreement, the term "Environmental Laws" shall mean any federal, state or local law or ordinance or regulation pertaining to the protection of human health or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Sections 9601, et seq., the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sections 11001, et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq. For purposes of this Agreement, the term "Hazardous Substances" shall include oil and petroleum products, asbestos, polychlorinated biphenyls, urea formaldehyde and other materials classified as hazardous or toxic under any Environmental Laws.

4.18 Foreign Corrupt Practices Act. The Corporation has not taken any action which would cause it to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any rules and regulations thereunder. To the Corporation's knowledge, there is not now, and there has never been, any employment by the Corporation of, or beneficial ownership in the Corporation by, any governmental or political official in any country in the world.

4.19 Federal Reserve Regulations. The Corporation is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the sale of Series G Shares will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or in any other manner which would involve a violation of any of the regulations of the Board of Governors of the Federal Reserve System.

4.20 Compliance. The Corporation has complied with, and is in compliance in all material respects with, (i) all laws, statutes, governmental regulations, judicial or administrative tribunal orders, judgments, writs, injunctions, decrees, and similar commands applicable to it and its business, (ii) all unwaived terms and provisions of all agreements, instruments, and commitments to which it is a party or to which it or any of its assets or properties is subject, except for any noncompliances that, both individually and in the aggregate, have not had and

could not reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets, liabilities, business or prospects of the Corporation, and (iii) its charter documents and By-Laws, each as amended to date. The Corporation has all federal, state, local and foreign governmental licenses, registrations and permits material to or necessary for the conduct of its business as currently conducted, such licenses, registrations and permits are in full force and effect, and there have been no material violations of any such licenses, registrations or permits. No proceeding is pending or, to the Corporation's knowledge, threatened, to revoke or limit any thereof.

4.21 Insurance. No notice from any insurance carrier has been received by the Corporation claiming that the Corporation is in default with respect to any provision contained in any insurance policy.

4.22 Authorization of Transaction Documents. The execution, delivery and performance by the Corporation of (a) this Agreement, (b) the Third Amended and Restated Registration Rights Agreement of even date herewith by and among the Corporation, the Investors and the other parties thereto in the form of Exhibit 4.22A (the "Registration Rights Agreement"), (c) the Third Amended and Restated Voting Agreement of even date herewith by and among the Corporation, the Investors and the other parties thereto in the form of Exhibit 4.22B (the "Voting Agreement"), (d) the Third Amended and Restated Stock Restriction Agreement of even date herewith by and among the Corporation, the Investors and the other parties thereto in the form of Exhibit 4.22C (the "Stock Restriction Agreement") and (e) the Amended and Restated Investor Rights Agreement of even date herewith by and among the Corporation, the Investors and the other parties thereto in the form of Exhibit 4.22D (the "Investor Rights Agreement"; together with this Agreement, the Registration Rights Agreement, the Voting Agreement and the Stock Restriction Agreement, the "Transaction Documents") have been duly authorized by all requisite corporate action. The Corporation has duly authorized, executed and delivered each Transaction Document, and each Transaction Document constitutes the valid and binding obligation of the Corporation, enforceable in accordance with its terms. The execution, delivery and performance of the Transaction Documents, the issuance, sale and delivery of the Series G Shares, and the shares of Common Stock issuable upon conversion of the Series G Shares (the "Reserved Shares"), and compliance with the provisions hereof and thereof by the Corporation do not and will not, with or without the passage of time or the giving of notice or both, violate, conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Corporation under, the Certificate of Incorporation or By-Laws, any Material Agreement, or any provision of law, statute, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body.

4.23 Authorization of Series G Shares and Reserved Shares. The Restated Certificate has been duly authorized by all requisite corporate action, and has been filed with the Secretary of State of the State of Delaware. The issuance, sale and delivery hereunder by the

Corporation of the Series G Shares have been duly authorized by all requisite corporate action of the Corporation, and when so issued, sold and delivered the Series G Shares will be validly issued and outstanding, fully paid and nonassessable, and not subject to preemptive or any other similar rights of the stockholders of the Corporation or others. The issuance and delivery of the Reserved Shares have been duly authorized by all requisite corporate action of the Corporation, and the Reserved Shares have been duly reserved for issuance upon conversion of any or all of the Series G Shares, and when so issued and delivered upon conversion of the Series G Shares, the Reserved Shares will be validly issued and outstanding, fully paid and nonassessable, and not subject to preemptive or any other similar rights of the stockholders of the Corporation or others.

4.24 Related Transactions. No director, officer or employee of the Corporation nor any "associate" (as defined in Rule 405 in the rules and regulations promulgated under the Securities Act) of any such person is indebted to the Corporation, nor is the Corporation indebted (or committed to make loans or extend or guarantee credit) to any such person, nor is any such person a party to any transaction (other than as an employee or consultant) with the Corporation providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring cash payments to, any such person.

4.25 Offerees. The Corporation has not, either directly or through any agent, offered any Common Stock, Series G Preferred Stock, or other securities convertible into Common Stock, Series G Preferred Stock, or any security or securities similar to any thereof, for sale to, or solicited any offers to buy any Common Stock, Series G Preferred Stock, or other securities convertible into Common Stock, Series G Preferred Stock, or any such similar security or securities from, or otherwise approached or negotiated in respect thereof with, any person or entity other than the Investors.

4.26 Use of Proceeds. The net proceeds received by the Corporation from the sale of the Series G Shares shall be used by the Corporation solely for the purpose of working capital and such other purposes as may be approved by the Board of Directors (including the approval of all of the Series C-E Directors (as defined in the Investor Rights Agreement).

4.27 No Governmental Consent or Approval Required. No authorization, consent, approval or other order of, declaration to, or filing with, any governmental agency or body is required to be made or obtained by the Corporation for or in connection with the valid and lawful authorization, execution and delivery by the Corporation of the Transaction Documents, for or in connection with the valid and lawful authorization, issuance, sale and delivery of the Series G Shares or for or in connection with the valid and lawful authorization, reservation, issuance, sale and delivery of the Reserved Shares, except exemptive filings under applicable securities laws that have been made or that are not required to be made until after the Closing and that shall be made on a timely basis.

4.28 Registration Rights. Except as contemplated by the Registration Rights Agreement, no person has any right to cause the Corporation to effect the registration under the Securities Act of any shares of Common Stock or any other securities of the Corporation.

4.29 Employees. Each of the officers of the Corporation, each key employee and each other employee now employed by the Corporation who has access to confidential information of the Corporation has executed an agreement regarding confidentiality, inventions and noncompetition, and such agreements are in full force and effect. No officer or key employee of the Corporation has advised the Corporation (orally or in writing) that he intends to terminate employment with the Corporation. The Corporation has complied in all material respects with all applicable laws relating to the employment of labor, including provisions relating to wages, hours, equal opportunity, collective bargaining and the payment of Social Security and other taxes, and with ERISA.

4.30 Exemptions from Securities Laws. Subject to the accuracy of the representations and warranties of the Investors set forth in Section 5 hereof, the provisions of Section 5 of the Securities Act are inapplicable to the offering, issuance, sale and delivery of the Series G Shares and the Reserved Shares, and no consent, approval, qualification or registration or filing under any state securities laws is required in connection therewith, except exemptive filings that have been made or that are not required to be made until after the Initial Closing or any Additional Closing and that shall be made on a timely basis.

4.31 [Small Business Concern. The Corporation, taken together with its "affiliates" (as that term is defined in 13 C.F.R. § 121.103) is a "small business concern" within the meaning of 15 U.S.C. § 662(5), that is § 103(5) of the Small Business Investment Act of 1958, as amended (the "SBIC Act"), and the regulations thereunder, including 13 C.F.R. § 107, and meets applicable size eligibility criteria set forth in 13 C.F.R. § 121.301(c)(1) or the industry standard covering the industry in which the Corporation is primarily engaged as set forth in 13 C.F.R. § 13.301(c)(2). The Corporation does not presently engage in any activities for which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations thereunder, including 13 C.F.R. § 107.]

4.32 Books and Records. The books of account, ledgers, order books, records and documents of the Corporation accurately and completely reflect all material information relating to the business of the Corporation, the location and collection of its assets, and the nature of all transactions giving rise to the obligations or accounts receivable of the Corporation.

4.33 Disclosure. Neither this Agreement nor any other document, certificate or written statement furnished to the Investors by or on behalf of the Corporation contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. To the Corporation's knowledge, there is no fact or circumstance relating specifically to the business or condition of the Corporation that could reasonably be expected to result in a material adverse effect to the financial condition, results of operations, assets, liabilities, business or prospects of the Corporation and that is not disclosed in Schedule 4.

SECTION 5. Representations and Warranties of the Investors. Each of the Investors, severally and not jointly, represents and warrants to the Corporation as follows:

5.1 Purchase for Investment. Such Investor is acquiring the Series G Shares purchasable by it hereunder for its own account, for investment and not for, with a view to, or in connection with, any distribution or public offering thereof within the meaning of the Securities Act.

5.2 Unregistered Securities; Legend. Such Investor understands that the Series G Shares and the Reserved Shares (i) have not been, and will not be, registered under the Securities Act or any state securities law, by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act and such laws, (ii) must be held indefinitely unless they are subsequently registered under the Securities Act and such laws or subsequent disposition thereof is exempt from registration and (iii) will be subject to the restrictions on transfer set forth in Section 8. Such Investor further understands that such exemption depends upon, among other things, the bona fide nature of such Investor's investment intent expressed herein.

5.3 Status of the Investors. Such Investor has not been formed for the specific purpose of acquiring the Series G Shares pursuant to this Agreement. Such Investor understands the term "accredited investor" as used in Regulation D promulgated under the Securities Act and represents and warrants to the Corporation that such Investor is an "accredited investor" for purposes of acquiring the Series G Shares purchasable by it hereunder.

5.4 Knowledge and Experience; Economic Risk. Such Investor has sufficient knowledge and experience in business and financial matters and with respect to investment in securities of privately held companies so as to enable it to analyze and evaluate the merits and risks of the investment contemplated hereby and is capable of protecting its interest in connection with this transaction. Such Investor is able to bear the economic risk of such investment, including a complete loss of the investment.

5.5 Access to Information. Such Investor acknowledges that such Investor and its representatives have had the opportunity to ask questions and receive answers from officers and representatives of the Corporation concerning the transactions contemplated by this Agreement, and to obtain any additional information which the Corporation possesses or can acquire in connection with its purchase of the Series G Shares purchasable by it hereunder.

5.6 Rule 144. Such Investor understands that the exemption from registration afforded by Rule 144 (the provisions of which are known to such Investor) promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act depends upon the satisfaction of various conditions, and that such exemption is not currently available.

SECTION 6. Conditions Precedent to Closings by the Investors.

6.1 Conditions Precedent to Initial Closing by the Initial Investors. The obligation of each Initial Investor to purchase and pay for the Initial Series G Shares being purchased by such Initial Investor at the Initial Closing is subject to satisfaction (or waiver by such Initial Investor) of the following conditions precedent at or before the Initial Closing:

(a) Corporate Proceedings. All corporate and other proceedings to be taken and all waivers and consents to be obtained in connection with the transactions contemplated by this Agreement shall have been taken or obtained and all documents incident to such transactions shall be reasonably satisfactory in form and substance to the Initial Investors and their counsel, who shall have received all such originals or certified or other copies of such documents as they may reasonably request.

(b) Representations and Warranties Correct. The representations and warranties made by the Corporation in Section 4 hereof shall be true and correct when made, and shall be true and correct at the time of the Initial Closing with the same force and effect as if they had been made at and as of the time of the Initial Closing.

(c) Compliance with Covenants. The Corporation shall have duly complied with and performed all covenants and agreements of the Corporation herein which are required to be complied with and performed at or before the Initial Closing.

(d) Certificate of Compliance. The President and Chief Executive Officer of the Corporation shall have provided to the Initial Investors a certificate, dated the date of the Initial Closing in form and substance reasonably satisfactory to the Initial Investors participating in such Closing, confirming compliance with the conditions set forth in Subsections 6.1(b) and 6.1(c).

(e) Opinion of Counsel. At the Initial Closing, each of the Initial Investors shall have received an opinion of Palmer & Dodge LLP, counsel for the Corporation, addressed to the Initial Investors in the form attached hereto as Exhibit 6.1(e).

(f) Related Agreements and Documents. At or before the Initial Closing, the parties thereto shall have executed and delivered this Agreement, the Registration Rights Agreement, the Investor Rights Agreement, the Voting Agreement and the Stock Restriction Agreement. In addition, the Initial Investors and their counsel shall have received copies of the following documents: (i) (A) the Certificate of Incorporation, certified as of a recent date by the Secretary of State of the State of Delaware and (B) a certificate of said Secretary dated as of a recent date as to the due incorporation and good standing of the Corporation, the payment of all excise taxes by the Corporation and listing all documents of the Corporation on file with said Secretary; (ii) a certificate of the Secretary or an Assistant Secretary of the Corporation dated the Initial Closing Date and certifying: (A) that attached thereto is a true and complete copy of the By-Laws as in effect on the date of such certification; (B) that attached thereto is a true and complete copy of all resolutions adopted by the Board of Directors or the stockholders of the Corporation authorizing the execution, delivery and performance of the Transaction Documents, the issuance, sale and delivery of the Series G Shares and the reservation, issuance and delivery of the Reserved Shares, and that all such resolutions are in full force and effect and are all the

resolutions adopted in connection with the transactions contemplated by the Transaction Documents; (C) that the Restated Certificate has not been amended; and (D) to the incumbency and specimen signature of each officer of the Corporation executing any of the Transaction Documents, the stock certificates representing the Series G Shares and any certificate or instrument furnished pursuant hereto, and a certification by another officer of the Corporation as to the incumbency and signature of the officer signing the certificate referred to in this clause (ii); and (iii) such additional supporting documents and other information with respect to the operations and affairs of the Corporation as the Initial Investors or their counsel reasonably may request.

(g) Securities Matters. All consents, approvals, qualifications, registrations, notices and filings required to be obtained or effected as of the Initial Closing under any applicable securities laws of any state or other jurisdiction in connection with the issuance, sale and delivery of the Series G Shares and the Reserved Shares shall have been obtained or effected and copies of the same delivered to each of the Initial Investors.

(h) Delivery of Certificates for Series G Shares. The Corporation shall have delivered to each Initial Investor a certificate for the Series G Shares being purchased by such Initial Investor at the Initial Closing, registered in the name of such Initial Investor.

(i) Purchase by Other Initial Investors. Each Initial Investor shall have purchased and paid for the Initial Series G Shares being purchased by it at the Initial Closing and the aggregate investment of all Initial Investors shall be no less than $[7,000,000].

6.2 Conditions Precedent to Scheduled Additional Closings by the Investors. The obligation of each Investor to purchase and pay for the Additional Series G Shares being purchased by such Investor at a Scheduled Additional Closing (together with the Initial Closing and any other Additional Closing(s), each a "Closing") is subject to satisfaction (or waiver by such Initial Investor) of the following conditions precedent at or before such Scheduled Additional Closing:

(a) Completion of Initial Closing. The Initial Closing shall have been consummated in accordance with the terms of this Agreement.

(b) Corporate Proceedings. None of the corporate and other proceedings required to be taken nor the waivers and consents required to be obtained in connection with the Initial Closing shall have been rescinded or amended in a manner that prevents such Scheduled Additional Closing.

(c) Delivery of Certificates for Series G Shares. The Corporation shall have delivered to each Investor a certificate for the Additional Series G Shares being purchased by such Investor at the Scheduled Additional Closing, registered in the name of such Investor.

6.3 Conditions Precedent to First Additional Closing by the Additional Investors. The obligation of each Additional Investor to purchase and pay for the Additional Investor Series G Shares being purchased by such Additional Investor at the first Additional Closing in which such Additional Investor participates is subject to satisfaction (or waiver by such Additional Investor) of the following conditions precedent at or before such Additional Closing:

(a) Corporate Proceedings. None of the corporate and other proceedings required to be taken nor the waivers and consents required to be obtained in connection with the Initial Closing shall have been rescinded or amended in a manner that prevents such Additional Closing.

(b) Representations and Warranties Correct. The representations and warranties made by the Corporation in Section 4 hereof shall be true and correct at the time of such Additional Closing with the same force and effect as if they had been made at and as of the time of such Additional Closing, except as set forth in any supplement or update to the Disclosure Schedules reasonably satisfactory to such Additional Investor.

(c) Compliance with Covenants. The Corporation shall have duly complied with and performed all covenants and agreements of the Corporation herein which are required to be complied with and performed at or before such Additional Closing.

(d) Certificate of Compliance. The President and Chief Executive Officer of the Corporation shall have provided to such Additional Investor a certificate, dated the date of such Additional Closing in form and substance reasonably satisfactory to such Additional Investor, confirming compliance with the conditions set forth in Subsections 6.3(b) and 6.3(c).

(e) Delivery of Certificates for Series G Shares. The Corporation shall have delivered to each such Additional Investor a certificate for the Additional Investor Series G Shares being purchased by such Additional Investor at such Additional Closing, registered in the name of such Additional Investor.

SECTION 7. Conditions Precedent to Closing by the Corporation. The obligation of the Corporation to issue and sell the Series G Shares being sold to the Investors at any Closing is subject to satisfaction (or the waiver by the Corporation) of the following conditions precedent at or before such Closing:

7.1 Representations and Warranties. The representations and warranties made by each Investor purchasing shares at such Closing in Section 5 hereof shall be true and correct when made, and shall be true and correct in all material respects at the time of such Closing with the same force and effect as if they had been made at and as of the time of such Closing.

7.2 Tender of Payment. Each Investor purchasing Series G Shares at the Closing shall have tendered payment for such Series G Shares to the Corporation.

SECTION 8. Transfer of Shares; Restricted Shares. "Restricted Shares" means (i) the Series G Shares, (ii) the shares of Common Stock issued or issuable upon conversion of the Series G Shares, (iii) any shares of capital stock of the Corporation acquired by the Investors pursuant to the Investor Rights Agreement, and (iv) any other shares of capital stock of the Corporation issued in respect of such shares (as a result of stock splits, stock dividends, reclassifications, recapitalizations, or similar events); *provided*, however, that shares of Common Stock which are Restricted Shares shall cease to be Restricted Shares (x) upon any sale pursuant to a registration statement under the Securities Act, Section 4(1) of the Securities Act or Rule 144 under the Securities Act or (y) at such time as they become eligible for sale under Rule 144(k) under the Securities Act.

8.1 Requirements for Transfer.

(a) Restricted Shares shall not be sold or transferred unless either (i) they first shall have been registered under the Securities Act or (ii) the Corporation first shall have been furnished with an opinion of legal counsel, reasonably satisfactory to the Corporation, to the effect that such sale or transfer is exempt from the registration requirements of the Securities Act.

(b) Notwithstanding the foregoing, no registration or opinion of counsel shall be required for (i) (A) a transfer by an Investor which is a corporation to the parent or a wholly owned subsidiary of such corporation, (B) a transfer by an Investor which is a partnership to a partner of such partnership or a retired partner of such partnership who retires after the date hereof, or to the estate of any such partner or retired partner, or to an affiliated limited partnership (or other entity) managed by the same management company or managing general partner of such Investor or by an entity which controls, is controlled by, or is under common control with, such management company or managing general partner, (C) a transfer by an Investor which is a trust to any beneficiary of the trust, (D) a transfer by an Investor which is a limited liability company to a member of such limited liability company or a retired member who resigns after the date hereof or to the estate of any such member or retired member, or to an affiliated limited liability company (or other entity) managed by the same management company or managing member of such Investor or by an entity which controls, is controlled by, or is under common control with, such management company or managing member.

8.2 Legend. Each certificate representing Restricted Shares shall bear a legend substantially in the following form:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), and may not be offered, sold or otherwise transferred, pledged or hypothecated unless and until such shares are registered under such Act, or, if requested by the Company, an opinion of counsel satisfactory to the Company is obtained to the effect that such registration is not required."

The foregoing legend shall be removed from the certificates representing any Restricted Shares, at the request of the holder thereof, at such time as they become eligible for resale pursuant to Rule 144(k) under the Securities Act.

SECTION 9. Fees; Brokers.

9.1 Fees. The Corporation shall pay, and save the Investors harmless against all liability for the payment of:

(a) all costs and other expenses incurred by the Corporation in connection with the preparation of the Transaction Documents and the Corporation's performance of and compliance with all agreements and conditions contained herein and therein on its part to be performed or complied with; and

(b) all costs and other expenses incurred by the Corporation in connection with delivering to the Investors the Series G Shares and the Reserved Shares.

The Corporation further agrees that it shall pay, and shall save the Investors harmless from, any and all liability with respect to any stamp, issue or similar taxes which may be determined to be payable in connection with the execution, delivery and performance of this Agreement, the issuance of the Series G Shares or the Reserved Shares or any modification, amendment or alteration of the terms or provisions of this Agreement.

9.2 Brokers. The Corporation represents and warrants to the Investors that (a) neither the Corporation nor any of its officers, directors, employees or stockholders, has employed any broker or finder in connection with the transactions contemplated by this Agreement, and (b) no person or entity will have, as a result of the transactions contemplated by this Agreement, any right to, interest in, or claim against or upon the Corporation or any Investor for, any commission, fee or other compensation as a finder or broker because of any act or omission by the Corporation or any agent of the Corporation. The Corporation agrees that it shall pay, and shall save the Investors harmless from, any and all liability with respect to any commission, fee or other compensation payable to any broker or finder in connection with the transactions contemplated by this Agreement.

SECTION 10. Remedies. In case any one or more of the representations, warranties, covenants or agreements set forth in this Agreement shall have been breached by the Corporation, the Investors may proceed to protect and enforce their rights either by suit in equity or by action at law, including, but not limited to, an action for damages as a result of any such breach or an action for specific performance of any such covenant or agreement contained in this Agreement. No failure or delay on the part of any party to this Agreement in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 11. Exchanges; Lost, Stolen or Mutilated Certificates. Upon surrender by any Investor to the Corporation of any certificate representing Series G Shares or Reserved Shares, the Corporation at its expense shall issue in exchange therefor, and deliver to such Investor, new certificates representing such Series G Shares or Reserved Shares, as the case may be, in such amounts or denominations as may be requested by such Investor. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of any certificate representing any Series G Shares or Reserved Shares and in case of any such loss, theft or destruction, upon delivery of an indemnity agreement satisfactory to the Corporation, or in case of any such mutilation, upon surrender and cancellation of such certificate, the Corporation at the Investor's expense shall issue and deliver to such Investor a new certificate for such Series G Shares or Reserved Shares, of like tenor, in lieu of such lost, stolen or mutilated certificate.

SECTION 12. Survival of Representations, Warranties and Agreements. The covenants, representations and warranties of the parties contained herein shall survive the Closings hereunder. Each of the parties may rely on such covenants, representations and warranties irrespective of any investigation made, or notice or knowledge held by, it or any other person. All statements contained in any certificate or other instrument delivered by any party pursuant to this Agreement or in connection with the transactions contemplated by this Agreement shall constitute representations and warranties by such party under this Agreement, subject to the qualifications set forth herein and therein.

SECTION 13. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, each of the parties hereto and, except as otherwise expressly provided herein, each other person who shall become a registered holder named in a certificate evidencing Series G Shares or Reserved Shares transferred to such holder by any of the Investors or their permitted transferees, and (except as aforesaid) their respective legal representatives, successors and assigns. Notwithstanding the foregoing, the Corporation shall not have the right to assign its rights hereunder with respect to the Investors' commitment to make an investment at an Additional Closing without the prior written consent of the holders of at least two-thirds of the voting power of the then outstanding Series G Shares and Reserved Shares, voting together on an as-if converted to Common Stock basis.

SECTION 14. Entire Agreement; Effect on Prior Documents. This Agreement and the other documents referred to herein or delivered pursuant hereto contain the entire agreement among the parties with respect to the financing transactions contemplated hereby and supersede all prior negotiations, commitments, agreements and understandings among them with respect thereto. Nothing in this Agreement or the transactions hereby contemplated is intended to confer upon any other person any rights or remedies of any nature whatsoever.

SECTION 15. Notices. All notices, requests, consents and other communications hereunder ("Notices") to any party shall be contained in a written instrument addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addressor listing all parties and shall be deemed given (a) when delivered in person or duly sent by fax showing confirmation of receipt, (b) three days after being duly sent

by first class mail postage prepaid (other than in the case of Notices to or from any non-U.S. resident), or (c) two days after being duly sent by DHL, Federal Express or other recognized express international courier service:

(a) if to the Corporation, to:

Enanta Pharmaceuticals, Inc.
500 Arsenal Street
Watertown, MA 02472
Attn: President
Fax: [*****]

with a copy to:

Nathaniel S. Gardiner
Palmer & Dodge LLP
111 Huntington Avenue
Boston, MA 02199-7613
Fax: 617-227-4420

(b) if to the Investors, to their respective addresses as set forth on the signature pages of this Agreement.

SECTION 16. Amendments; Waivers. This Agreement may be amended, and compliance with the provisions of this Agreement may be omitted or waived, only by the written agreement of the Corporation and Investors or assignees of their rights hereunder holding two-thirds in voting power of the then outstanding Series G Shares and Reserved Shares taken as a whole.

SECTION 17. Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement. Any such counterpart may contain one or more signature pages.

SECTION 18. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

SECTION 19. Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice-versa.

SECTION 20. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

SECTION 21. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 22. Further Assurances. From and after the date of this Agreement, upon the request of any Investor, the Corporation shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement and the Series G Shares.

SECTION 23. Additional Investors. The Additional Investors shall become parties to this Agreement, and shall be entitled to all of the benefits to and shall be subject to all of the obligations of "Investors" under this Agreement, all upon execution by such Additional Investor of a counterpart signature page to this Agreement. The Corporation shall be authorized to add the name, amount of investment and number of Additional Investor Series G Shares purchased by each Additional Investor at each Additional Closing to the Schedule of Investors.

SECTION 24. Adjustments for Stock Splits, Etc. Wherever in this Agreement there is a reference to a specific number of shares of Common Stock or Series G Preferred Stock or any other class or series of capital stock, then, upon the occurrence of any subdivision, combination or stock dividend of such class or series of stock, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the affect on the outstanding shares of such class or series of stock by such subdivision, combination or stock dividend.

SECTION 25. Aggregation of Stock. All shares held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

SECTION 26. Issuances of Series G Preferred Stock. Except as expressly provided in this Agreement, the Corporation shall not issue or sell any shares of Series G Preferred Stock.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Series G Convertible Preferred Stock Purchase Agreement as of the day and year first written above.

ENANTA PHARMACEUTICALS, INC.

By: _____
Name: Jay R. Luly
Title: President and Chief Executive Officer

[Signature Page to Series G Convertible Preferred Stock Purchase Agreement]

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

Enanta Pharmaceuticals, Inc.
Investor Signature Page

By his, her or its execution and delivery of this signature page, the undersigned Investor hereby joins in and agrees to be bound by the terms and conditions of (i) the Series G Convertible Preferred Stock Purchase Agreement (the "Purchase Agreement") dated as of September , 2005 (the "Effective Date"), by and among Enanta Pharmaceuticals, Inc. (the "Corporation"), and the investors named on the Schedule of Investors thereto, as to the number of shares of Series G Convertible Preferred Stock set forth below, (ii) that certain Third Amended and Restated Voting Agreement dated as of the Effective Date (the "Voting Agreement"), by and among the Corporation, the Founders (as defined therein) and the Investors (as defined therein) as a "Series G Investor" thereunder, and, if the undersigned is also a "Series C Investor," and/or a "Series D Investor" and/or a "Series E Investor" thereunder, as a "Series C Investor," and/or as a "Series D Investor" and/or as a "Series E Investor," as the case may be, thereunder, (iii) that certain Third Amended and Restated Registration Rights Agreement dated as of the Effective Date (the "Registration Rights Agreement"), by and among the Corporation and the Investors (as defined therein) as a "Series G Investor" thereunder, and, if the undersigned is also a "Series C Investor," and/or a "Series D Investor," and/or a "Series E Investor," thereunder, as a "Series C Investor," and/or as a "Series D Investor" and/or as a "Series E Investor," as the case may be, thereunder, (iv) that certain Third Amended and Restated Stock Restriction Agreement dated as of the Effective Date (the "Stock Restriction Agreement"), by and among the Corporation, the Founders (as defined therein) and the Investors (as defined therein) as a "Series G Investor" thereunder, and, if the undersigned is also a "Series C Investor," and/or a "Series D Investor" and/or a "Series E Investor," thereunder, as a "Series C Investor" and/or as a "Series D Investor," and/or as a "Series E Investor", as the case may be, thereunder, and (v) that certain Amended and Restated Investor Rights Agreement dated as of the Effective Date (the "Investor Rights Agreement"), by and among the Corporation and the Investors (as defined therein) as a "Series G Investor" thereunder, and, if the undersigned is also a "Series C Investor," and/or a "Series D Investor" and/or a "Series E Investor," thereunder, as a "Series C Investor," and/or as a "Series D Investor" and/or as a "Series E Investor," as the case may be, thereunder, and authorizes this signature page to be attached as a counterpart to the Purchase Agreement, the Voting Agreement, the Registration Rights Agreement, the Stock Restriction Agreement and the Investor Rights Agreement, or counterparts thereof.

EXECUTED as of this day of , .

By: _____
Title:

_____
Print Name of Investor
Record Address: _____

_____

_____
Telecopy No.: _____
Number of Shares of
Series G Preferred Stock: _____

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

Schedule of Investors

Name of Investor	Aggregate Purchase Price	Initial Series G Shares	Second Closing Series G Shares	Third Closing Series G Shares	Fourth Closing Series G Shares	Fifth Closing Series G Shares
Initial Investors						
[name]	$	[ ]	[ ]	[ ]	[ ]	[ ]
[name]	$	[ ]	[ ]	[ ]	[ ]	[ ]
[name]	$	[ ]	[ ]	[ ]	[ ]	[ ]
[name]	$	[ ]	[ ]	[ ]	[ ]	[ ]
Subtotal:	$	[ ]	[ ]	[ ]	[ ]	[ ]
Additional Investors						
[name]	$	—				
[name]	$	—				
Subtotals:	$	—				
TOTALS:	$	—				

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

Schedule 4

Disclosure Schedules

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

Exhibit 1

Fourth Amended and Restated Certificate of Incorporation

of Enanta Pharmaceuticals, Inc.

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

Exhibit 4.22A
Third Amended and Restated
Registration Rights Agreement

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

Exhibit 4.22B

Third Amended and Restated

Voting Agreement

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

Exhibit 4.22C
Third Amended and Restated
Stock Restriction Agreement

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

Exhibit 4.22D

Amended and Restated Investor Rights Agreement

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

Exhibit 6.1(e)

Form of Legal Opinion
of Palmer & Dodge LLP

**Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.**

EXHIBIT C

FORM OF PRESS RELEASE

ABBOTT AND ENANTA FORM WORLDWIDE ALLIANCE TO DEVELOP & COMMERCIALIZE HCV PROTEASE INHIBITORS

ABBOTT PARK, Ill., and WATERTOWN, Mass., Dec XX, 2006 – Abbott and Enanta Pharmaceuticals announced today that the companies have signed a worldwide agreement to develop and commercialize hepatitis C virus (HCV) NS3 and NS3/4A protease inhibitors. Enanta has discovered several HCV protease inhibitors that have demonstrated attractive efficacy and pharmacokinetic profiles in pre-clinical studies.

"Abbott's innovative work in the protease inhibitor field against the Human Immunodeficiency Virus (HIV) has provided the momentum and the foundation for our research interest in HCV infection," said John Leonard, M.D., vice president, Global Pharmaceutical Research and Development, Abbott. "Enanta has done compelling work in its HCV protease inhibitor program, and we look forward to working together on the advancement of this global program."

"Abbott is a market leader in the field of antiviral therapies, and we have a shared vision and commitment to the discovery and development of promising HCV therapies that address this high unmet medical need globally," stated Jay R. Luly, President and CEO of Enanta Pharmaceuticals.

Under the terms of the agreement, Abbott gains worldwide access to Enanta's substantial intellectual property position for a variety of different types of compounds, which includes several issued U.S. patents. Abbott also gains access to Enanta's drug discovery capabilities in the HCV NS3 and NS3/4A protease inhibitor field.

Additionally, Enanta will receive an upfront payment of $57 million, which includes a cash payment and an equity investment. If all potential clinical and regulatory milestones are met, additional payments of up to $250 million will be made to Enanta, and further payments will be due if multiple products develop from the program. Enanta will receive double-digit royalties and holds an option to fund 40 percent of development costs and U.S. commercialization efforts (sales and promotion costs) in exchange for a 40-percent profit share in the U.S. on medicines from this alliance that result in commercial approval.

"Through this alliance, we will enhance our HCV protease inhibitor program and allow both companies to participate in the long-term value creation of these compounds, by leveraging Enanta's core expertise in chemistry and drug discovery, with Abbott's proven track-record in the discovery, development, and commercialization of antiviral therapies," stated Yujiro S. Hata, Senior Vice President of Business Development at Enanta Pharmaceuticals.

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

About Hepatitis C Virus

Hepatitis C is a liver disease affecting over 170 million people worldwide. The virus is spread through direct contact with the blood of an infected person. Hepatitis C increases a person's risk of developing chronic liver disease, cirrhosis, liver cancer and death. Liver disease associated with HCV infection is growing rapidly, and current therapies only provide sustained benefit in about half of patients with the genotypel form of the virus. Specifically targeted antiviral therapies for HCV, such as NS3/4a protease inhibitors, may have the potential to increase the proportion of patients in whom the virus can be eradicated.

About Enanta

Enanta Pharmaceuticals is a research and development company that uses its novel chemistry approach and drug discovery capabilities to create best in class small molecule drugs in the anti-infective field. At the heart of Enanta is its commitment to innovative chemistry that surpasses traditional medicinal chemistry approaches. The Company's successful integration of chemistry with biology has created a new class of macrolide antibiotics that overcome bacterial resistance. Antibacterial focus areas include community respiratory tract infections as well as hospital and community infections relating to *MRSA*. Additionally, Enanta has discovered antiviral agents targeted against the Hepatitis C virus (HCV). Enanta is a privately held company with offices in Watertown, MA. More information about the company can be found at www.enanta.com.

About Abbott

Abbott is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals and medical products, including nutritionals, devices and diagnostics. The company employs 65,000 people and markets its products in more than 130 countries.

Abbott's news releases and other information are available on the company's web site at www.abbott.com.

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote such omission.

EXHIBIT D

ARBITRATION PROCEDURES

The Parties recognize that from time to time a dispute may arise relating to either Party's rights or obligations under this Agreement. The Parties agree that any such dispute shall be resolved by the Alternative Dispute Resolution ("**ADR**") provisions set forth in this Exhibit, the result of which shall be binding upon the Parties.

To begin the ADR process, a Party first must send written notice of the dispute to the other Party for attempted resolution by good faith negotiations between their respective presidents (or their designees) of the affected subsidiaries, divisions, or business units within twenty-eight (28) days after such notice is received (all references to "days" in this ADR provision are to calendar days). If the matter has not been resolved within twenty-eight (28) days of the notice of dispute, or if the Parties fail to meet within such twenty-eight (28) days, either Party may initiate an ADR proceeding as provided herein. The Parties shall have the right to be represented by counsel in such a proceeding.

1. To begin an ADR proceeding, a Party shall provide written notice to the other Party of the issues to be resolved by ADR. Within fourteen (14) days after its receipt of such notice, the other Party may, by written notice to the Party initiating the ADR, add additional issues to be resolved within the same ADR.

2. Within twenty-one (21) days following the initiation of the ADR proceeding, the parties shall select a mutually acceptable neutral to preside in the resolution of any disputes in this ADR proceeding. If the parties are unable to agree on a mutually acceptable neutral within such period, either party may request the President of the CPR Institute for Dispute Resolution ("**CPR**"), 366 Madison Avenue, 14th Floor, New York, New York 10017, to select a neutral pursuant to the following procedures:

(a) The CPR shall submit to the parties a list of not less than five (5) candidates within fourteen (14) days after receipt of the request, along with a *Curriculum Vitae* for each candidate. No candidate shall be an employee, director, or shareholder of either party or any of their subsidiaries or affiliates.

(b) Such list shall include a statement of disclosure by each candidate of any circumstances likely to affect his or her impartiality.

(c) Each Party shall number the candidates in order of preference (with the number one (1) signifying the greatest preference) and shall deliver the list to the CPR within seven (7) days following receipt of the list of candidates. If a Party believes a conflict of interest exists regarding any of the candidates, that Party shall provide a written explanation of the conflict to the CPR along with its list showing its order of preference for the candidates. Any Party failing to return a list of preferences on time shall be deemed to have no order of preference.

(d) If the Parties collectively have identified fewer than three (3) candidates deemed to have conflicts, the CPR immediately shall designate as the neutral the candidate for whom the Parties collectively have indicated the greatest preference. If a tie should result between two candidates, the CPR may designate either candidate. If the Parties collectively have identified three (3) or more candidates deemed to have conflicts, the CPR shall review the explanations regarding conflicts and, in its sole discretion, may either (i) immediately designate as the neutral the candidate for whom the Parties collectively have indicated the greatest preference, or (ii) issue a new list of not less than five (5) candidates, in which case the procedures set forth in subparagraphs 2(a) – 2(d) shall be repeated.

3. No earlier than twenty-eight (28) days or later than fifty-six (56) days after selection, the neutral shall hold a hearing to resolve each of the issues identified by the Parties. The ADR proceeding shall take place at a location agreed upon by the parties. If the Parties cannot agree, the neutral shall designate a location other than the principal place of business of either Party or any of their subsidiaries or affiliates.

4. At least seven (7) days prior to the hearing, each Party shall submit the following to the other party and the neutral:

(a) a copy of all exhibits on which such Party intends to rely in any oral or written presentation to the neutral;

(b) a list of any witnesses such Party intends to call at the hearing, and a short summary of the anticipated testimony of each witness;

(c) a proposed ruling on each issue to be resolved, together with a request for a specific damage award or other remedy for each issue. The proposed rulings and remedies shall not contain any recitation of the facts or any legal arguments and shall not exceed one (1) page per issue. The parties agree that neither side shall seek as part of its remedy any punitive damages.

(d) a brief in support of such party's proposed rulings and remedies, provided that the brief shall not exceed twenty (20) pages. This page limitation shall apply regardless of the number of issues raised in the ADR proceeding.

Except as expressly set forth in subparagraphs 4(a) – 4(d), no discovery shall be required or permitted by any means, including depositions, interrogatories, requests for admissions, or production of documents.

5. The hearing shall be conducted on two (2) consecutive days and shall be governed by the following rules:

(a) Each Party shall be entitled to five (5) hours of hearing time to present its case. The neutral shall determine whether each Party has had the five (5) hours to which it is entitled.

(b) Each Party shall be entitled, but not required, to make an opening statement, to present regular and rebuttal testimony, documents or other evidence, to cross-examine witnesses, and to make a closing argument. Cross-examination of witnesses shall occur immediately after their direct testimony, and cross-examination time shall be charged against the Party conducting the cross-examination.

(c) The Party initiating the ADR shall begin the hearing and, if it chooses to make an opening statement, shall address not only issues it raised but also any issues raised by the responding Party. The responding Party, if it chooses to make an opening statement, also shall address all issues raised in the ADR. Thereafter, the presentation of regular and rebuttal testimony and documents, other evidence, and closing arguments shall proceed in the same sequence.

(d) Except when testifying, witnesses shall be excluded from the hearing until closing arguments.

(e) Settlement negotiations, including any statements made therein, shall not be admissible under any circumstances. Affidavits prepared for purposes of the ADR hearing also shall not be admissible. As to all other matters, the neutral shall have sole discretion regarding the admissibility of any evidence.

6. Within seven (7) days following completion of the hearing, each Party may submit to the other Party and the neutral a post-hearing brief in support of its proposed rulings and remedies, provided that such brief shall not contain or discuss any new evidence and shall not exceed ten (10) pages. This page limitation shall apply regardless of the number of issues raised in the ADR proceeding.

7. The neutral shall rule on each disputed issue within fourteen (14) days following completion of the hearing. Such ruling shall adopt in its entirety the proposed ruling and remedy of one of the parties on each disputed issue but may adopt one Party's proposed rulings and remedies on some issues and the other Party's proposed rulings and remedies on other issues. The neutral shall not issue any written opinion or otherwise explain the basis of the ruling.

8. The neutral shall be paid a reasonable fee plus expenses. These fees and expenses, along with the reasonable legal fees and expenses of the prevailing Party (including all expert witness fees and expenses), the fees and expenses of a court reporter, and any expenses for a hearing room, shall be paid as follows:

(a) If the neutral rules in favor of one Party on all disputed issues in the ADR, the losing Party shall pay 100% of such fees and expenses.

(b) If the neutral rules in favor of one Party on some issues and the other Party on other issues, the neutral shall issue with the rulings a written determination as to how such fees and expenses shall be allocated between the Parties. The neutral shall allocate fees and expenses in a way that bears a reasonable relationship to the outcome of the ADR, with the Party prevailing on more issues, or on issues of greater value or gravity, recovering a relatively larger share of its legal fees and expenses.

9. The rulings of the neutral and the allocation of fees and expenses shall be binding, non-reviewable, and non-appealable, and may be entered as a final judgment in any court having jurisdiction.

10. Except as provided in paragraph 9 or as required by law, the existence of the dispute, any settlement negotiations, the ADR hearing, any submissions (including exhibits, testimony, proposed rulings, and briefs), and the rulings shall be deemed Confidential Information. The neutral shall have the authority to impose sanctions for unauthorized disclosure of Confidential Information.

11. All ADR hearings shall be conducted in the English language.

SCHEDULE 1

ABBOTT COMPOUNDS

[*****]

SCHEDULE 2

ABBOTT PATENT RIGHTS

None.

SCHEDULE 3

EXCLUDED COMPOUNDS

[*****]

SCHEDULE 4

LICENSED PATENT RIGHTS

Title	ENP-Numbers	Application Number/ Patent Number	Country	Filing Date	Patent Issue Date	Status
Azapeptide	ENP-057	7,125,845	US (Utility)	03-Jul-2003	24-Oct-2006	Granted
		05010029A1	PCT Nationalization	19-May-2004	NA	Published
		[*****]	[*****]	[*****]	[*****]	[*****]
Quinoxaline	ENP-060	10/826,743	US (Utility)	16-Apr-2004	NA	Allowed
		[*****]	[*****]	[*****]	[*****]	[*****]
		[*****]	[*****]	[*****]	[*****]	[*****]
		[*****]	[*****]	[*****]	[*****]	[*****]
		2004800129286	China	16-Apr-2004	NA	Published
		04750236.4	European Patent Convention	16-Apr-2004	NA	Published
		06104304.7	Hong Kong	10-Apr-2004	NA	Published
		2006-513078	Japan	16-Apr-2004	NA	Pending
		1020057019856	Korea	16-Apr-2004	NA	Published
		US04/11841	PCT	16-Apr-2004	NA	Published
Tripeptide	ENP-065	10/849,107	US (Utility)	15-May-2004	NA	Allowed
		[*****]	[*****]	[*****]	[*****]	[*****]
Heteroaryl	ENP-066	10/774,047	US (Utility)	06-Feb-2004	NA	Published
		[*****]	[*****]	[*****]	[*****]	[*****]
		[*****]	[*****]	[*****]	[*****]	[*****]
		0480009268.6	China	06-Feb-2004	NA	Published
		047090204	European Patent Convention	06-Feb-2004	NA	Published
		[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

Title	ENP-Numbers	Application Number/ Patent Number	Country	Filing Date	Patent Issue Date	Status
		[*****]	[*****]	[*****]	[*****]	[*****]
		[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
		[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

SCHEDULE 5

MATERIAL TERMS TO BE INCLUDED IN CO-PROMOTION AGREEMENT

The Co-Promotion Agreement to be negotiated by the Parties upon exercise by Enanta of a Co-Promotion Option shall contain the following material terms. Capitalized terms used in this Schedule 5 and not otherwise defined have the meanings given to them in the Agreement.

1. Co-Promotion Rights.

(a) Enanta and Abbott hereby acknowledge and agree that the overall objective of co-promotion is to reach a broad customer audience, avoid confusion and redundancy of the marketing message for Co-Promoted Products and maximize the particular strengths that the Parties bring to the Co-Promotion of Co-Promoted Products. In connection therewith, it is the expectation of the Parties that each Marketing and Sales Plan shall provide that Enanta will perform up to the Enanta Co-Development Percentage of the total Detailing effort made each Calendar Year applicable to Co-Promoted Products in the Co-Promotion Territory (the "Co-Promotion Detailing Target"); provided, that, the allocation of the Detailing obligations between the Parties shall take into account the position of the Detail, the number of calls and the quality/difficulty and relative importance of the target audience. All such Detailing calls shall be made in such markets as the JDCC reasonably considers to be appropriate for the successful Commercialization of such Co-Promoted Product based on objective, quantifiable information and market research data with the objectives of allocating to each of Enanta and Abbott target audience and accounts from which each such Party will have the opportunity to attain its Co-Promotion Detailing Target. Notwithstanding the commercially reasonable and diligent efforts of the Parties to effect an objective allocation of individual accounts and target audience between the Parties, the Parties recognize that it may be necessary from time to time to reassign individual accounts and/or target audience between the Parties and the JDCC shall be entitled to review the allocation of accounts as it reasonably determines to be appropriate.

(b) The object of Co-Promotion is to increase Co-Promotion efforts to the Co-Promotion Target Audience with a consistent marketing message. It is recognized that the Parties bring particular strengths to the ongoing Commercialization of Co-Promoted Products in the Co-Promotion Territory. With respect to each Co-Promoted Product, the JDCC will assign to each Party a role in Commercialization functions and activities as the JDCC considers to be reasonably appropriate for the successful Commercialization of such Co-Promoted Product.

(c) Abbott shall grant to Enanta a co-exclusive (together with Abbott and its Affiliates), royalty-free license, with the right to grant sublicenses solely to Affiliates, under the Abbott Technology and Abbott Patent Rights, to Co-Promote Co-Promoted Products in the Co-Promotion Territory.

(d) Enanta and Abbott shall use an integrated sales force to Detail each Co-Promoted Product. In connection therewith, neither Party will, without the other Party's prior written consent, use a Representative to Detail a Co-Promoted Product if that Representative is also Detailing a product that is approved for an indication that is directly competitive with the Co-Promoted Product. Enanta and Abbott hereby agree that each such Party shall be responsible for ensuring that its Representatives Detail each Co-Promoted Product in a manner consistent with the Marketing and Sales Plan and/or the decisions of the JDCC. Notwithstanding the foregoing, in performing their respective Detailing obligations hereunder, each of the Parties agrees to (a) use Representatives with an experience profile appropriate for the target audience and Detailing role as described in the Marketing and Sales Plan; (b) provide its own sales management organization and infrastructure for its Representatives and (c) Detail the Co-Promoted Product in the first or second position.

2. Commercialization Efforts. Each Party shall use commercially reasonable efforts to execute its obligations under each Co-Promotion Marketing and Sales Plan, consistent with the applicable Co-Promotion Commercialization Budget, and to cooperate diligently with each other in carrying out such Co-Promotion Marketing and Sales Plan.

3. Co-Promotion Marketing and Sales Plan and Budget.

(a) Preparation of Plan and Budget. Abbott, in good faith consultation with Enanta, shall develop a Marketing and Sales Plan ("Co-Promoted Product Marketing and Sales Plan") for each Co-Promoted Product for the Co-Promotion Territory, and each such Co-Promotion Marketing and Sales Plan shall be reviewed and approved by the JDCC; provided that each such Co-Promotion Marketing and Sales Plan shall be consistent with Enanta's rights under the Agreement. Each Co-Promotion Marketing and Sales Plan shall include but not be limited to: (i) demographics and market dynamics, market strategies, estimated launch date(s) in the Co-Promotion Territory, a sales and expense forecast (including at least three (3) years of estimated sales and expenses) for the Co-Promotion Territory, manufacturing plans and expected product profile; (ii) a market plan (including Advertising (to be defined in the Co-Promotion Agreement) and Detailing forecasts and pricing strategies pertaining to discounts, samples and nominal price sales) for the Co-Promotion Territory; (iii) a commercialization budget ("Co-Promotion Commercialization Budget") for each Co-Promoted Product for the Co-Promotion Territory, including the Third Parties proposed to be utilized and, to the extent practicable, any proposed Third Party arrangements. Each Co-Promotion Commercialization Budget shall include a budget of the expenses expected to be incurred in connection with performing the corresponding Co-Promotion Marketing and Sales Plan. Each Co-Promotion Marketing and Sales Plan and Co-Promotion Commercialization Budget shall be submitted to the JDCC for review and approval by a date to be established by the JDCC, taking into account Abbott's and Enanta's annual budget planning calendars, but no later than December 31 of each year. It is contemplated that each Co-Promotion Marketing and Sales Plan and Co-Promotion Commercialization Budget will become more comprehensive as the Co-Promotion of the applicable Co-Promoted Product evolves.

(b) Changes to Plans/Budgets. Any significant change in a Co-Promotion Marketing and Sales Plan or Co-Promotion Commercialization Budget during the course of the

year will be communicated promptly to the JDCC. In addition, Abbott shall provide an update on each Co-Promotion Marketing and Sales Plan and Co-Promotion Commercialization Budget to the JDCC in a manner consistent (with respect to timing and content) with such updates as are reported internally by Abbott or its Affiliates on its or their other products at such time, but no less frequently than semi-annually.

(c) Detail Audit Rights. Each of Abbott and Enanta shall maintain electronic records of Details performed for a period of [*****] years from the date of performance. Each such Party shall have the right to inspect such records of the other Party to verify Detailing reports provided to the JDCC under this Agreement. Each Audited Party shall make its records available for inspection by appropriate representatives of the Auditing Party during regular business hours at such place or places where such records are customarily kept, upon reasonable notice from the Auditing Party, solely to verify the accuracy of such statements. All information concerning such statements, and all information learned in the course of any audit or inspection, shall be Confidential Information of the Audited Party. The Auditing Party shall pay the costs of such inspections, except that in the event there is any downward adjustment in the number of Details shown by such inspection of more than [*****] of the number of Details reported in such statement, the Audited Party shall pay the costs of such inspection.

4. Control Over Advertising and Detailing.

(a) Neither Party shall engage in any Advertising or use any label, package, literature or other written material (other than General Public Relations (to be defined in the Co-Promotion Agreement) in connection with a Co-Promoted Product in the Co-Promotion Territory, unless the specific form and content thereof is approved by the JDCC.

(b) General Public Relations on the part of either Party need to be approved by the JDCC, and all representations and statements pertaining to Co-Promoted Products that appear in General Public Relations of Enanta or Abbott and include subject matter not previously approved by the JDCC shall be subject to the approval of the JDCC.

(c) All Advertising and Detailing undertaken by either Party hereto shall be undertaken in good faith with a view towards maximizing the sales of the applicable Co-Promoted Product.

(d) Except with the prior written consent of the other Party, neither Party shall use the name of the other Party or any Affiliate of the other Party in Advertising, Detailing or General Public Relations.

(e) Abbott shall have the sole responsibility for (i) deciding on pricing and for obtaining all pricing approvals as may be required for all Co-Promoted Products, (ii) conducting all billing and collections for Co-Promoted Products; and (iii) overseeing and implementing all other reimbursement matters but shall, in all such cases, consult with, and reasonably consider the views of, the JDCC with respect to the foregoing.

(f) Abbott shall have sole responsibility for arranging for the distribution and warehousing of Co-Promoted Products.

(g) Neither Party shall engage in any Advertising or use any label, package, literature or other written material (other than General Public Relations) in connection with a Co-Promoted Product unless the specific form and content thereof is approved by the JDCC. Without the prior written consent of the other party, no Party shall use the name of the other Party or any Affiliate of the other Party in General Public Relations.

5. Sales Efforts in the Co-Promotion Territory. As part of each Co-Promotion Marketing and Sales Plan for the Co-Promotion Territory, the JDCC shall determine the targeted level of sales of the applicable Co-Promoted Product for the Co-Promotion Target Audience for the Calendar Year covered by such Co-Promotion Marketing and Sales Plan. Each Co-Promotion Marketing and Sales Plan shall provide each Party the opportunity to perform a percentage of the Detailing calls to the Co-Promotion Target Audience each calendar year as the JDCC reasonably considers to be appropriate for the successful Commercialization of such Co-Promoted Product. The Parties shall allocate physicians in the Co-Promotion Target Audience in an unbiased manner based on objective, quantifiable information and market research data with the objectives of allocating to each Party those physicians in the Co-Promotion Target Audience with the appropriate Detailing frequency to optimize the penetration of such Co-Promoted Product and achieve such Co-Promotion's sales target. Notwithstanding the commercially reasonable efforts of the Parties to effect an objective allocation between them, the Parties recognize that it may be necessary from time to time to reassign individual medical professionals in the Co-Promotion Target Audience to optimize the targeted market opportunity, and, as a result, the JDCC shall be entitled to review the allocation of medical professionals in the Co-Promotion Target Audience as it reasonably determines to be appropriate.

6. Training Program. The Parties shall (a) develop a training program for the promotion of all Products (including, without limitation, all Co-Promoted Products in the Co-Promotion Territory) and (b) train all Representatives of both Parties to be used for the Co-Promotion of Co-Promoted Products in the Co-Promotion Territory as soon as practicable after the approval of the Marketing and Sales Plan by the JDCC. The Parties agree to utilize such training programs on an ongoing basis to assure a consistent, focused promotional strategy and all such training shall be carried out at a time that is mutually acceptable to Enanta and Abbott. No Representative of either Party may Detail a Co-Promotion Product unless such representative successfully completes the training program described in this Section 6. Except as provided herein, it is agreed that for the Product specific training, the internal costs and the out-of-pocket costs of such training programs (including without limitation the out-of-pocket costs of the development, production, printing of such training materials) shall not be included as a Development Cost under this Agreement and shall be treated as a Commercialization Expense.

7. Trademarks. Abbott shall select the Product Trademark under which each Co-Promoted Product shall be marketed. The Parties shall market each Co-Promoted Product in the Co-Promotion Territory exclusively under such Product Trademark (all such trademarks being hereinafter referred to as the "Co-Promotion Trademarks"), and Abbott shall grant Enanta a license to use such Co-Promotion Trademarks solely for such Co-Promotion. Abbott shall register the Co-Promotion Trademarks in the Co-Promotion Territory and shall take all such actions as are required to continue and maintain in full force and effect in the Co-Promotion Territory the Co-Promotion Trademarks and the registrations thereof, and shall be solely responsible for all expenses incurred in connection therewith. As between the Parties, Abbott shall be the exclusive owner of the Co-Promotion Trademarks in the Co-Promotion Territory.

8. Product Recalls. In the event that any Regulatory Authority issues or requests a recall or takes similar action in connection with a Co-Promoted Product, or in the event a Party reasonably believes that an event, incident or circumstance has occurred that may result in the need for a recall, market withdrawal or other corrective action regarding a Co-Promoted Product, such Party shall promptly advise the other Party thereof by telephone or facsimile. Following such notification, Abbott shall decide and have control of whether to conduct a recall or market withdrawal (except in the event of a recall or market withdrawal mandated by a Regulatory Authority, in which case it shall be required) or to take other corrective action in any country and the manner in which any such recall, market withdrawal or corrective action shall be conducted, subject to the oversight of the JDCC and provided that Abbott shall keep Enanta regularly informed regarding such recall, market withdrawal or corrective action. In the event of a dispute about whether to recall a Co-Promoted Product or to conduct a market withdrawal or take other corrective action, the final decision on such matter shall be made by Abbott. In the event that Enanta disagrees with any such decision for reasons related to safety of a Co-Promoted Product, Enanta may elect to terminate its Co-Promotion of such Co-Promoted Product immediately by written notice to Abbott. Abbott shall bear all expenses of any such recall, market withdrawal or corrective action (including, without limitation, expenses for notification, destruction and return of the affected Co-Promoted Product and any refund to customers of amounts paid for such Co-Promoted Product).

9. Co-Promotion Mechanism.

(a) Sales. All sales of Co-Promoted Products in the Co-Promotion Territory shall be booked by Abbott. If, during the term of the Co-Promotion Agreement, Enanta receives orders from customers for a Co-Promoted Product, it shall refer such orders to Abbott.

(b) Processing of Orders for Co-Promoted Products.

(i) All orders for Co-Promoted Products received and accepted by Abbott during the term of the Co-Promotion Agreement shall be executed by Abbott in a reasonably timely manner consistent with the general practices applied by it in executing orders for other pharmaceutical products sold by it or its Affiliates.

(ii) Abbott shall have the discretion to reject any order received by it for a Co-Promoted Product; provided, however, that Abbott shall not reject such orders on an arbitrary basis, but only with reasonable justification and consistent with the general policies applied by it with respect to orders for other pharmaceutical products sold by it or its Affiliates.

(iii) Abbott shall comply with all Applicable Laws in selling any Co-Promoted Product.

10. Termination of Co-Promotion Participation. In addition to its termination right under Section 8, at the end of any Calendar Quarter, Enanta shall have the right, exercisable upon three (3) Calendar Quarters prior written notice (the “Co-Promotion Termination Notice Period”) to Abbott, to terminate its Co-Promotion of any Co-Promoted Product.

SCHEDULE 6

CALCULATION OF OPERATING INCOME

"Advertising" means the advertising and promotion of the Co-Developed Products in the Co-Development Territory through any means, including, without limitation, (i) television and radio advertisements; (ii) advertisements appearing in journals, newspapers, magazines or other media; (iii) seminars and conventions; (iv) packaging design; (v) professional education programs; (vi) samples (including related costs for manufacturing, shipping, and use taxes), visual aids and other selling materials; (vii) hospital formulary committee presentations; and (viii) presentations to state and other governmental formulary committees; provided, however, that Advertising shall exclude Detailing and General Public Relations. With regard to advertising and promotion that include products other than Co-Developed Products, the JDCC shall determine the percentage of such advertising and promotion that will be deemed Advertising for the purposes of this Agreement.

"Annual Operating Income" means the Operating Income derived in any Calendar Year.

"Commercialization Expense" means the sum of (a) Promotion Expense; (b) Marketing Expense; (c) any reasonable internal and out-of-pocket costs, expenses and fees incurred in prosecuting, maintaining, enforcing and defending the Product Trademark, Licensed Patent Rights, and/or Abbott Patent Rights covering a Co-Developed Product; (d) the cost of preparing and filing Drug Approval Applications with respect to Co-Developed Products; and (e) any other out-of-pocket cost or expense expressly stated to be a Commercialization Expense in this Agreement or under the Marketing and Sales Plan.

"Cost of Goods" will be consistent with Abbott's accounting practices used for its other products and means the fully absorbed manufacturing costs attributable to the manufacture of a Co-Developed Product calculated in accordance with GAAP and consistent with the Marketing and Sales Plan and includes, without limitation, [*****].

"Detail" means, with respect to a Co-Developed Product, an interactive, live, face-to-face contact of a Representative within the Co-Development Territory with a medical professional with prescribing authority or other individuals or entities that have a significant impact or influence on prescribing decisions, in an effort to increase physician prescribing preferences of such Co-Developed Product for its approved uses within the Co-Development Territory, which shall involve (a) a primary product presentation (i.e. a Detail in which the Co-Developed Product is given an important emphasis) or (b) a secondary product presentation (i.e. a non-primary product presentation; provided, however, the emphasis is not less than that placed upon other products presented), in each case as measured by the relevant Party's internal recording of such activity. When used as a verb, "Detailing" means performing Details. When used as an adjective, "Detailing" means of or related to performing Details.

"Distribution Costs" means all freight and distribution costs incurred in connection with, and directly attributable to, the distribution of a Co-Developed Product to the extent not otherwise included in Commercialization Expense.

"General Public Relations" means any public relations activity (including a press release or image piece) which (i) promotes generally the business of a company or deals in a general manner with the activities of such company in a general pharmaceutical market; and (ii) mentions in an incidental manner the fact that such company or its Affiliates markets or sells one or more of the Co-Developed Products or provides other incidental information concerning one or more of the Co-Developed Products. Announcements related to this Agreement or that concern primarily the relationship of either Party to each other are not General Public Relations and must be agreed upon by both Parties in writing prior to release.

"Marketing Expense" means all reasonable out-of-pocket costs and all internal costs on an FTE basis equal to Abbott's then applicable FTE Rate, annually for those individuals fully dedicated to the Product incurred by the Parties that are directly attributable to the following functions for the sale, promotion and marketing of a Co-Developed Product in the Co-Development Territory: (a) market research on such Co-Developed Product, (b) marketing communications, (c) corporate accounts, (d) managed care, (e) sales force training, (f) product hotlines, (g) reimbursement support, (h) contracting, (i) pricing, (j) conducting compassionate use programs and for domestic Phase IV studies for Co-Developed Products (including without limitation fully absorbed manufacturing costs for any Co-Developed Product utilized in such compassionate use programs) and (k) telemarketing services. Marketing Expense shall not include any General Public Relations or any other activities that promote the business of Abbott or Abbott as a whole without specifically referencing any Co-Developed Product.

"Operating Income" means, with respect to a Co-Developed Product, Net Sales minus (a) Cost of Goods of such Co-Developed Product; (b) any Commercialization Expense applicable to the Co-Developed Product; (c) Third Party Royalties and (d) Distribution Costs, in each case, incurred in that Calendar Quarter for that Co-Developed Product. For purposes of clarity, "Net Sales" with respect to Co-Developed Products shall not include [*****].

"Net Sales" has the meaning provided in Article 1.

"Personnel Costs" means the reasonable costs of employment of personnel employed by or under contract to a Party including, but not limited to, salaries, benefits (including the costs of cars or allowances therefore), travel, lodging, meals and office and computing supplies.

"Product Trademark" has the meaning provided in Article 1.

"Promotion Expense" means all reasonable out-of-pocket costs and expenses incurred by Abbott and directly attributable to the promotion of a Co-Developed Product in the Co-Development Territory to the extent that such costs are not included in Marketing Expense including, but not limited to (i) marketing, Advertising and promoting of Co-Developed Products (including, without limitation, educational expenses, advocate development programs and symposia, sales meetings, direct to consumer/patient advertising, samples, agency fees for the development of promotional materials and printing of promotional materials) and (ii) training and communication materials for the Co-Developed Products.

"Representative" means an individual (a) employed and trained by Abbott or Enanta or (b) employed by a Third Party or self-employed and trained by or on behalf of Abbott or Enanta, in either case, to Detail a Product.

"Third Party Royalties" means royalty payments made to any Third Party pursuant to an agreement by and between a Party and such Third Party that are necessary to make, use, or sell such Co-Developed Product in the Co-Development Territory.

An example of a calculation of Operating Income is set forth in Exhibit I to this Schedule . In calculating the Operating Income the following principles shall apply:

1. There shall be no double counting of any costs or expenses or of any revenues, and to the extent a cost or expense has been included in one category or sub-category, it shall not be included in another; similarly, to the extent any revenue has been taken into account in one category or sub-category it shall not be taken into account in another.
2. When allocating costs and expenses under this Agreement, each Party shall utilize the same policies and principles as it utilizes consistently within its group and business units when making internal cost allocations.
3. To the extent an item of income or revenue is received by a Party or a cost or expense is incurred by a Party, and is necessary and specifically and directly identifiable, attributable and allocable to the Commercialization of Co-Developed Product and is not otherwise accounted for in the calculation of Operating Income, such Party shall credit such income or revenue and shall be permitted to charge such cost or expense to the Operating Income.
4. All costs and expenses shall be determined, and all calculations shall be made, in accordance with GAAP.
5. [*****].
6. To the extent a Co-Developed Product that is sold in the Co-Development Territory contains or comprises a Product and one or more other ingredients that were [*****], the Parties shall negotiate in good faith whether an adjustment should be made to the determination of Net Sales for such Co-Developed Product, and the amount of any such adjustment, based upon [*****]. In the case where the Parties are unable to agree on whether, or the amount of, such adjustment, the Parties shall submit the matter to arbitration in accordance with Section 14.1.

EXAMPLE OF OPERATING INCOME/OPERATING LOSS CALCULATION FOR CO-DEVELOPED PRODUCT

[*****]

FIRST AMENDMENT TO COLLABORATIVE DEVELOPMENT AND LICENSE AGREEMENT

This First Amendment (this "First Amendment"), made this 27th day of January, 2009 to the Collaborative Development and License Agreement dated November 27, 2006 (the "Agreement"), is entered into by and between Abbott Laboratories, having its principal office at 100 Abbott Park Road, Abbott Park, IL 60064-3500 (together with its affiliates, "Abbott") and Enanta Pharmaceuticals, Inc., with principal offices at 500 Arsenal Street, Watertown, Massachusetts 02472 ("Enanta").

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the Parties hereto intending to be legally bound hereby agree as follows:

A. Any capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Agreement,

B. In Sections 1.18, 1.72, 2.1.4(h), 3.1, 3.5, 3,6, 4.1.1, 11.3.1(c), and 11.3.2(b) of the Agreement, any occurrence of the words (whether in the singular or the plural) "Compound or Abbott Compound" or "Compound and/or Abbott Compound" (and in the case of Sections 1.67, 1.74, 2.3.1, 4.5.1, 5.1, 5.2, 6.5.1(b), 10.2.1, and 11.3.6(c) the occurrence of the word "Compound") shall be changed to the words "Compound, Abbott Compound, compound covered by Joint Patent Rights or compound covered by Joint Technology." In addition, each occurrence of the word "Compound" in Sections 8.2.2(b), 8.5.1(a), 8.5.2(a), 10.1.6, 11.3.2(e) and 12.2.3 shall be changed to "Compound or compound covered by Joint Patent Rights or compound covered by Joint Technology."

C. Section 1.29(a) of the Agreement is hereby deleted in its entirety, and the following Section 1.29(a) is inserted in lieu of the deleted Section:

> "(a) with respect to activities of either Party in the Research Program and/or the conduct by Abbott of evaluation activities pursuant to Section 3.9, the efforts and resources typically used by companies that are similar in size to such Party in the performance of research programs with respect to, and/or the evaluation of, comparable research compounds, and"

D. A new section 3.9 shall be added to the Agreement, as follows:

> 3.9 **Evaluation Period.** Notwithstanding anything in this Agreement to the contrary, during the period commencing upon the termination or expiration of the Research Program Term (including any extensions thereto) continuing for a period of six (6) months (as so extended, the "Evaluation Period"), Abbott shall have the right to analyze any Compounds, Abbott Compounds, compounds

covered by Joint Patent Rights or compound covered by Joint Technology that were synthesized prior to the termination or expiration of the Research Program Term (each, an "Evaluation Compound") solely for the purpose of identifying one or more Compounds, Abbott Compounds, compounds covered by Joint Patent Rights or compounds covered by Joint Technology suitable for further Development as Candidates. Either Party may nominate any Evaluation Compound as a Candidate by providing written notice to the JSC pursuant to Section 3.5 and the JSC may select any Evaluation Compound so nominated as a Candidate pursuant to Section 3.6, subject to all applicable provisions of this Agreement (including, but not limited to, applicable provisions in Article 2 and Sections 3.3, 3.4, 3.5, 3.6 and 3.7 and this Section 3.9), which provisions shall survive the termination or expiration of the Research Program Term. During the Evaluation Period, (a) chemistry scale-up of Evaluation Compounds is permitted (including, but not limited to, the use of Enanta Technology and/or Program Technology), but no further medicinal chemistry will be conducted by Abbott under this Agreement; and (b) Section 8.1.1 and Section 8.3.1 shall apply to the evaluation activities conducted pursuant to this Section 3.9. Abbott shall pay Enanta a non-refundable, non-creditable evaluation fee in the amount of [*****] by wire transfer of immediately available funds on the date of commencement of the Evaluation Period and fund [*****] Enanta FTEs during the Evaluation Period at an annualized rate of [*****] per FTE. All amounts due hereunder for FTEs shall be payable on the first day of each calendar quarter occurring during the Evaluation Period. In addition to the foregoing:

(a) As to each patent or patent application of a Joint Patent Right, Abbott and Enanta shall agree to apportion each such patent or patent application into: (i) patent(s) and application(s) claiming only HCV NS3 or HCV NS3/4A protease inhibitor compounds, pharmaceutical compositions containing such compounds, methods for manufacturing such compounds and/or methods of using such compounds in treating HCV infections; and/or (ii) patent(s) and application(s) claiming subject matter not set forth in the foregoing subsection 3.9(a)(i), including, without limitation, formulation technology, compounds other than compounds set forth in subsection 3.9(a)(i), compositions containing compounds other than compounds set forth in subsection 3.9(a)(i), and/or methods of manufacturing compounds other than compounds set forth in subsection 3.9(a)(i). Upon the expiration or termination of the Term (except if the Agreement is terminated pursuant to Section 11.3.3, 11.2.3, or is otherwise terminated for reasons of a Party's bankruptcy or insolvency), Abbott shall be deemed to have assigned, and hereby does assign, to Enanta all of Abbott's right, title and interest solely to patents/patent applications set forth in subsection 3.9(a)(i) above, Patents and patent applications set forth in subsection 3.9(a)(ii) shall be jointly owned upon the expiration or termination of the Term. Upon expiration or termination of the Term (except if the Agreement is terminated pursuant to Section 11.3.3, 11.2.3, or is otherwise terminated for reasons of a Party's bankruptcy or insolvency), Abbott shall grant Enanta an exclusive (even as to Abbott), perpetual, fully-paid, royalty-free, world-wide license, with the

right to sublicense, under the patents and patent applications set forth in subsection 3.9(a)(ii) to Develop and Commercialize HCV NS3 or HCV NS3/4A protease inhibitor compounds claimed by such patents and patent applications as set forth in subsection 3.9(a)(i) in the Field. In the event that Abbott commercializes in the Field any HCV protease inhibitors conceived after the Term as a result of utilizing the technology claimed in patents/patent applications set forth in subsection 3.9(a)(ii), Abbott shall pay Enanta a royalty on products containing such HCV protease inhibitors as described in section 6.5.1; and in such event, Enanta shall grant Abbott an exclusive (even as to Enanta), perpetual, world-wide license, with the right to sublicense, under the patents/patent applications set forth in subsection 3.9(a)(ii) to make, use, sell, offer to sell, or have made the aforesaid HCV protease inhibitors. In the event that Abbott and Enanta do not agree in apportioning claims in such patents and patent applications, then such dispute shall be resolved by joint patent counsel selected by the JSC who (and whose firm) is not at the time of the dispute, and was not at any time during the five (5) years prior to the dispute, performing services for either of the Parties. The Parties shall share equally in the expenses of such patent counsel.

(b) During the Evaluation Period, at Abbott's request: (i) Enanta shall render reasonable assistance (including, but not limited to, providing to Abbott available quantities of Compounds, compounds covered by Joint Patent Rights and compounds covered by Joint Technology) to Abbott to facilitate Abbott's activities undertaken pursuant to this Section 3.9; and (ii) the words "Evaluation Period" shall be inserted after the words "Research Term" in each of Sections 8.5.1(a) and 8.5.2(a).

(c) During the Evaluation Period, Abbott shall use Commercially Reasonable Efforts to undertake its activities pursuant to this Section 3.9 and shall comply with the reporting requirements of Section 3.5 of this Agreement.

(d) After expiration of the Evaluation Period and continuing for the remainder of the Term, the Parties may nominate and designate Evaluation Compounds as Candidates under the applicable provisions set forth in this Agreement, including, but not limited to Section 3.6. Upon the termination or expiration of the Term, the Parties' respective rights to nominate and designate Evaluation Compounds under Section 3.9 shall terminate.

E. A new section 3.10 shall be added to the Agreement, as follows:

3.10 **External Compounds.** Either Party (a "Providing Party") may, in its sole discretion, provide the other Party (a "Receiving Party") with access to any proprietary compound Controlled by such Providing Party that is not a Compound, Abbott Compound, compound covered by Joint Patent Rights or compound covered by Joint Technology (each an "External Compound" and collectively, the "External Compounds") solely to enable the Receiving Party to

conduct research activities involving the combination of such External Compound with a Compound, Abbott Compound, compound covered by Joint Patent Rights or compound covered by Joint Technology ("Combination Activities"). In addition, a Providing Party may, in its sole discretion, conduct Combination Activities itself with an External Compound Controlled by such Providing Party. Prior to conducting any Combination Activities hereunder the Parties shall obtain approval from the other Party. Notwithstanding anything in this Agreement to the contrary: (i) the Providing Party shall retain all right, title and interest in and to any such External Compound; (ii) the Receiving Party shall receive no right, title or interest in or to, nor any express or implied license to use, such External Compound in any way, other than to perform Combination Activities expressly authorized by the Providing Party; (iii) the Providing Party shall have no limitation on its ability, in its sole discretion, to withhold access under this Section 3.10 to any of its External Compounds, or to withdraw the Receiving Party's access to any of its External Compounds at any time for any or no reason immediately upon written notice; (iv) the Providing Party shall have sole and exclusive ownership of all right, title and interest in and to any Technology other than technology covered by Joint Combination Patent Rights (as defined below), that is conceived or first reduced to practice by either Party in the conduct of Combination Activities that relates solely to the External Compound of the Providing Party or its use; (v) the Providing Party and the Receiving Party shall jointly own any patent right that is conceived or first reduced to practice by either Party in the conduct of Combination Activities that relates solely to the use of an External Compound specifically in combination with a Compound, Abbott Compound, compound covered by Joint Patent Rights or compound covered by Joint Technology ("Joint Combination Patent Right"); (vi) no Joint Technology, Joint Patent Rights or Abbott Improvements shall result from any activities conducted by any Party with External Compounds; and (vii) the Providing Party, acting through patent counsel of its choice, shall be solely responsible for the preparation, filing, prosecution and maintenance of Joint Combination Patent Rights; provided, that, for purposes of determining the remaining rights and obligations of the Parties with respect to the filing, prosecution and maintenance of any such patent rights by the Providing Party, such patent rights shall be deemed to be Joint Patent Rights for purposes of this Agreement and shall be governed by Article 10 . Subject to Article 8 of this Agreement, the Providing Party shall have no limitation on its ability, in its sole discretion, to conduct or direct any research, development, commercialization or any other activities with respect to any External Compound. In addition to the foregoing:

(a) all data and results (including raw data and reports) produced or generated by either Party in the conduct of Combination Activities will be shared with the other Party as soon as it is available and may be used by both Parties subject to the limitations set forth in this Agreement. In addition, if the Receiving Party or the Providing Party will be conducting Combination Activities with respect to an External Compound, the Providing Party shall provide the Receiving Party with detailed scientific data relating to such External Compound, including

any preclinical and clinical data, but excluding compound structure with respect to the type of Combination Activities to be conducted at least [*****] business days in advance of proposed start date of the Combination Activities; provided, that all such data shall be treated as Confidential Information of the Providing Party. By way of example, it is the understanding of the Parties that the Providing Party will be obligated under this Section 3.9(a) to provide virology data to the Receiving Party only to the extent that the Combination Activities to be conducted by the Receiving Party involve virology activities and to provide toxicology data to the Receiving Party only to the extent that the Combination Activities to be conducted by the Receiving Party involve toxicology activities.

(b) The Providing Party or Receiving Party, as the case may be, shall provide written notice to the other Party at least [*****] business days in advance of the proposed start date of any proposed Combination Activities.

F. A new section 3.11 shall be added to the Agreement, as follows:

3.11 **Confidentiality of Information Concerning External Compounds.** For purposes of clarity, subject to Section 1.33, all information provided by a Providing Party to a Receiving Party regarding any External Compound pursuant to Section 3.10, and any information regarding any External Compound ascertained in connection with activities authorized under Section 3.10, shall be Confidential Information of the Providing Party for purposes of this Agreement. Notwithstanding Article 7 of the Agreement, each of Abbott and Enanta agree that during the Term and for an additional [*****] years thereafter, they shall not disclose (except only to employees to the extent necessary to enable such employees to perform the activities authorized under Section 3.10 above) or use (except as specifically allowed under Section 3.10 above and Section 7.1.2), any Confidential Information provided by the Providing Party regarding any External Compound, or any Confidential Information regarding any External Compound ascertained in connection with activities authorized under Section 3.10 without, in either case, the prior written authorization of the Providing Party.

G. Section 10.1.4 of the Agreement is hereby deleted in its entirety, and the following Section 10.1.4 is inserted in lieu of the deleted Section:

10.1.4 **Joint Patent Rights.** The JSC shall determine the jurisdictions within the Territory in which patent applications will be filed with respect to Joint Patent Rights as well as the patent counsel that shall represent both Enanta and Abbott for the preparation, filing, prosecution and maintenance of Joint Patent Rights. Each Party will independently select which countries it will financially support with respect to the preparation, filing, prosecution and maintenance of Joint Patent Rights. The Parties shall share (at a rate of [*****] of the total costs with respect to each country) in the expenses incurred for the preparation, filing

prosecution and maintenance of Joint Patent Rights in each country independently selected by both Parties. The expenses incurred for the preparation, filing, prosecution and maintenance of Joint Patent Rights in any country that is selected by one Party but not by the other Party shall be borne solely by the Party selecting that country. For purposes of clarity, (a) neither Party shall be obligated to share in the expenses incurred in the preparation, filing, prosecution and maintenance of any Patent Rights under this Agreement and (b) any decision by a Party not to share in the expenses incurred for the preparation, filing, prosecution and maintenance of Joint Patent Rights in any country shall not affect the rights of such Party with respect to such Joint Patent Rights in such country.

H. Section 11.1 of the Agreement is hereby deleted in its entirety, and the following Section 11.1 is inserted in lieu of the deleted Section:

11.1 **Term.** This Agreement shall commence on the Effective Date and shall continue in full force and effect until the end of the Evaluation Period and, if at the end of the Evaluation Period, Abbott is Developing a Candidate or Commercializing a Product arising out of the Research Program, thereafter until (a) such time as Abbott is no longer Developing a Candidate for use in the Field and in the Territory or (b) if, as of the time Abbott is no longer Developing any Candidates, Abbott is Commercializing any Product, until such time as all Royalty Terms for all Products and all Co-Development Terms for all Co-Developed Products have ended, unless earlier terminated in accordance with the provisions of this Article 11 (the "**Term**").

I. Abbott and Enanta agree that this First Amendment shall be annexed to and made part of the Agreement. Any conflicts arising between this First Amendment and the Agreement shall be resolved in favor of the provisions of this First Amendment. Except as herein provided, all of the terms and conditions in the Agreement remain unchanged and are hereby reaffirmed.

J. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Abbott and Enanta have each caused this First Amendment to be executed by a duly authorized representative as of the day and year first above written.

ABBOTT LABORATORIES		ENANTA PHARMACEUTICALS, INC.	
By:	/s/ John M. Leonard	By:	/s/ Jay R. Luly
Name:	/s/ John M. Leonard	Name:	Jay R. Luly
Title:	Senior VP, Global Pharmaceutical Research and Development	Title:	President and CEO

SECOND AMENDMENT TO COLLABORATIVE DEVELOPMENT AND LICENSE AGREEMENT

This Second Amendment (this "Second Amendment"), made this 9th day of December, 2009 ("Second Amendment Effective Date") to the Collaborative Development and License Agreement dated November 27, 2006 (as previously amended, the "Agreement"), is entered into by and between Abbott Laboratories, having its principal office at 100 Abbott Park Road, Abbott Park, IL 60064-3500 (together with its affiliates, "Abbott") and Enanta Pharmaceuticals, Inc., with principal offices at 500 Arsenal Street, Watertown, Massachusetts 02472 ("Enanta").

WHEREAS on November 27, 2006, the parties entered into a Collaborative Development and License Agreement;

WHEREAS on January 27, 2009, the parties amended the November 27, 2006 Collaborative Development and License Agreement in a First Amendment to Collaborative Development and License Agreement;

WHEREAS under the terms of the Agreement, the Research Program Term is set to expire and Abbott and Enanta both desire to extend the Research Program Term;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the Parties hereto intending to be legally hound hereby agree as follows:

A. Any capitalized term used and not otherwise defined herein shall have the meaning set forth in the Agreement.

B. Section 1.99 of the Agreement is hereby deleted in its entirety and replaced by the following Section 1.99:

1.99 **"Research Program Term"** means the period beginning on the Approval Date and, subject to Section 3.8, ending on December 15, 2010.

C. Notwithstanding anything in the Agreement to the contrary, Enanta shall commit to the Research Program at least [*****] FTEs during the period beginning on the Second Amendment Effective Date and ending December 15, 2010.

D. The words "if extended as per Section 3.8" shall be deleted from the second sentence of Section 6.3.1 in the Agreement.

E. [*****].

F. Abbott and Enanta agree that this Second Amendment shall be annexed to and made part of the Agreement. Any conflicts arising between this Second Amendment and the Agreement shall be resolved in favor of the provisions of this Second Amendment. Except as herein provided, all of the terms and conditions in the Agreement remain unchanged.

G. This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Abbott and Enanta have each caused this Second Amendment to be executed by a duly authorized representative as of the day and year first above written.

ABBOTT LABORATORIES		ENANTA PHARMACEUTICALS, INC.	
By:	/s/ John M. Leonard	By:	/s/ Yujiro Hata
Name:	John M. Leonard, M.D.	Name:	Yujiro Hata
Title:	Senior Vice President, Pharmaceuticals Research and Development	Title:	Chief Business Officer

Enanta has requested that portions of this document be accorded confidential treatment pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

COLLABORATION AND LICENSE AGREEMENT

This COLLABORATION AND LICENSE AGREEMENT ("**Agreement**") is made as of February 16, 2012 ("**Effective Date**")**,** by and between Novartis Institutes for BioMedical Research, Inc., with its principal office at 250 Massachusetts Avenue, Cambridge, Massachusetts 02139 ("**Novartis**") and Enanta Pharmaceuticals, Inc., with its principal office at 500 Arsenal Street, Watertown, Massachusetts 02472 ("**Enanta**"). Novartis and Enanta are each referred to individually as a "**Party**" and together as the "**Parties.**"

RECITALS

WHEREAS, Novartis and its Affiliates are in the business of discovering, developing, manufacturing, marketing and selling pharmaceuticals worldwide;

WHEREAS, Enanta owns or Controls the Enanta IP relating to the Enanta Compounds;

WHEREAS, Enanta and Novartis are interested in generating Collaboration Compounds and new Enanta Compounds that target NS5A; and

WHEREAS, Novartis wishes to obtain, and Enanta wishes to grant, exclusive rights to the Enanta Compounds and the Collaboration Compounds in the Field and in the Territory on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**. Unless the context otherwise requires, the terms in this Agreement with initial letters capitalized, shall have the meanings set forth below, or the meaning as designated in the indicated places throughout this Agreement.

"**Accounting Standards**" means, with respect to Enanta, US GAAP (United States Generally Accepted Accounting Principles) and, with respect to Novartis, the IFRS (International Financial Reporting Standards), in each case, as generally and consistently applied throughout the Party's organization. Each Party shall promptly notify the other in writing in the event that it changes the Accounting Standards pursuant to which its records are maintained, it being understood that each Party may only use internationally recognized accounting principles (e.g. IFRS, US GAAP, etc).

"**Acquired Product**" shall have the meaning set forth in Section 4.3.

"**Acquired Program**" shall have the meaning set forth in Section 4.3.

"**Acquirer**" shall have the meaning set forth in the definition of Change of Control.

"**Affiliate**" means, with respect to a Party, any entity or person that controls, is controlled by, or is under common control with that Party. For the purpose of this definition, 'control' or 'controlled' means, direct or indirect, ownership of fifty percent (50%) or more of the shares of stock entitled to vote for the election of directors in the case of a corporation or fifty percent (50%) or more of the equity interest in the case of any other type of legal entity; status as a general partner in any partnership; or any other arrangement whereby the entity or person controls or has the right to control the board of directors or equivalent governing body of a corporation or other entity or the ability to cause the direction of the management or policies of a corporation or other entity. The Parties acknowledge that in the case of entities organized under the laws of certain countries where the maximum percentage ownership permitted by law for a foreign investor is less than fifty percent (50%), such lower percentage shall be substituted in the preceding sentence, provided that such foreign investor has the power to direct the management and policies of such entity.

"**Alliance Manager**" shall have the meaning set forth in Section 5.1.

"**Blended Rate**" means (a) the total amount of royalties (stated in United States Dollars) that would be payable with respect to the relevant Product under Sections 11.3 and 11.4 in all countries where royalties are due for Products as determined in accordance with the methodology provided in Section 11.5, without any applicable reduction in the royalty rate under Section 11.6 and/or 11.7, divided by (b) the total Net Sales (stated in United States Dollars) of such Product in that same period in such countries, expressed as a percentage.

"**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

"**Calendar Year**" means a period of twelve (12) consecutive calendar months ending on December 31.

"**Change of Control**" means, following the Effective Date, the occurrence that any Third Party, or group of Third Parties acting in concert (collectively, an "**Acquirer**"): (a) becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the total voting power of the stock of Enanta or its Affiliates then outstanding and normally entitled to vote in elections of its or their board of directors; (b) consolidates with or merges with or into Enanta or its Affiliates pursuant to a transaction in which more than fifty percent (50%) of the total voting power of the voting securities outstanding of the surviving entity normally entitled to vote in elections of directors (or equivalent governing body) is not held by the Persons holding at least fifty percent (50%) of the outstanding shares of the relevant entity preceding such consolidation or merger; (c) obtains, whether through conveyance, assignment, transfer or lease, all or substantially all of the assets of Enanta or its Affiliates; or (d) acquires effective control of the management and policies of Enanta or its Affiliates.

"**Claims**" means all Third Party demands, claims, actions, proceedings and liability (whether criminal or civil, in contract, tort or otherwise) for losses, damages, reasonable legal costs and other reasonable expenses of any nature whatsoever.

"**Co-Detail Notice**" has the meaning set forth in Section 10.2.

"**Co-Detail Option Exercise Notice**" has the meaning set forth in Section 10.3.

"**Co-Detailing/Co-Detail**" means co-Detailing activities for the Products to be conducted by Enanta through its own sales force in the United States in the event that Enanta exercises its rights under Section 10.2.

"**Co-Detailing Agreement**" has the meaning set forth in Section 10.3(c).

"**Collaboration Compound**" means any NS5A Compound that is not an Enanta Compound and that is conceived of, reduced to practice or created (i) in the course of performance of the Research Program, or (ii) in the course of any exercise by Novartis or its Affiliates of the license granted in Section 3.1(b) or otherwise through the material use of any scientific Confidential Information of Enanta, including any complexes, chelates, clathrates, esters, salts, stereoisomers, enantiomers, pro-drug forms, hydrates, solvates, polymorphs, other non-covalent derivatives, metabolites, and crystalline forms of any such compounds.

"**Collaboration IP**" means all Patent Rights, Know-How and other intellectual property that is owned or Controlled by either Party or its Affiliates, and (i) generated in the course of performance of the Research Program, or (ii) generated by Novartis or its Affiliates outside of the Research Program in the course of any exercise by Novartis or its Affiliates of the licenses granted hereunder and directly related to or claiming the structure of any Collaboration Compound, or directly related to the use, formulation or manufacture of any such Collaboration Compound, provided that in no event shall Collaboration IP include any Enanta Patents or any Enanta Know-How.

"**Combination Products**" mean any pharmaceutical product (in any formulation) containing one or more active pharmaceutical ingredients in addition to a Licensed Compound.

"**Commercialize**" means to market, promote, distribute, import, export, offer to sell and/or sell Product and/or conduct other Commercialization, and "**Commercialization**" means commercialization activities relating to Product(s), including activities relating to marketing, promoting, distributing, importing, exporting, offering for sale and/or selling Product(s).

"**Commercially Reasonable Efforts**" means the diligent expenditure of those efforts and resources that Novartis or its Affiliates would reasonably use were it developing or commercializing its own pharmaceutical product that is of similar market and profit potential and of similar risk profile at a similar stage in its product life as the applicable Product, taking into account, among other things, anticipated product labeling, anticipated financial return, relevant medical and clinical considerations, anticipated regulatory environment and competitive market conditions, all as measured by the facts

and circumstances at the time such efforts are due. For clarity, it is understood and acknowledged that Commercially Reasonable Efforts in the Development or Commercialization of a Product may include sequential implementation of clinical trials and/or intervals between clinical trials for data interpretation and clinical program planning and approval, to the extent such implementation is consistent with the scientific, technical and commercial factors relevant to Development or Commercialization of such Product in the relevant country.

"**Competing Product**" means any product containing an NS5A Compound or related product, alone or in combination with another active pharmaceutical ingredient, which is not a Licensed Compound or Product.

"**Confidential Information**" means all Know-How and other proprietary information and data of a financial, commercial or technical nature which the disclosing Party or any of its Affiliates has supplied or otherwise made available to the other Party or its Affiliates, whether disclosure is made orally, in writing or in electronic form, and including any other information deemed Confidential information as expressly provided in this Agreement.

"**Control**" or "**Controlled**" means, with respect to any Know How, Patent Rights, other intellectual property rights, or any proprietary or trade secret information, the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense of or under such Know How, Patent Rights, or intellectual property rights to the other Party as contemplated hereunder, or to otherwise disclose such proprietary or trade secret information to the other Party as contemplated hereunder, without breaching the terms of any agreement with a Third Party, or misappropriating the proprietary or trade secret information of a Third Party.

"**Detail**" means a face to face discussion between a sales representative and a Prescriber for the purposes of discussing and informing such Prescriber of the characteristics of the Products. When used as a verb, the terms "**Detail**" or "**Detailing**" means to perform a Detail.

"**Develop**" or "**Development**" means preclinical and clinical drug development activities relating to Licensed Compounds or Products, including, without limitation, test method development and stability testing, assay and audit development, toxicology, formulation, quality assurance and quality control development, statistical analysis, clinical trials and regulatory affairs, and the preparation, filing and prosecution of new drug applications and Regulatory Approvals and their equivalent worldwide.

"**EMA**" means the European Medicines Agency or any successor entity thereto.

"**Enanta Background IF**" means, subject to Section 20.1, all Patent Rights, Know-How and other intellectual property that are Controlled by Enanta or its Affiliates during the Term that are not included within Enanta IP or Collaboration IP and that are necessary or useful for the conduct of the Research Program or the Development, manufacture, Commercialization, use, importation or sale of Licensed Compound(s) or Product(s) in

the Field and in the Territory, provided that Enanta Background IP shall not include Patent Rights, Know-How or other intellectual property to the extent relating to any compound whose structure is proprietary to Enanta or its Affiliates and that is not an NS5A Compound, whether used alone or in combination with any other molecule, including without limitation any NS5A Compound.

"**Enanta Compound**" means (i) the small molecule known as EDP-239 and any other NS5A Compound claimed in the Enanta Patents, including any complexes, chelates, clathrates, esters, salts, stereoisomers, enantiomers, pro-drug forms, hydrates, solvates, polymorphs, other non-covalent derivatives, metabolites, and crystalline forms of such compounds to the extent such structures are claimed in the Enanta Patents, and (ii) any other novel NS5A Compounds which are proprietary to and Controlled by Enanta as of the Effective Date, but which are not claimed in the Enanta Patents as of such date.

"**Enanta IP**" means the Enanta Patents and Enanta Know-How.

"**Enanta Know-How**" means any Know-How owned or Controlled by Enanta or any of its Affiliates relating to the Licensed Compounds that is reasonably necessary or useful for the research, Development, manufacture, Commercialization, use, importation or sale of Licensed Compound(s) in the Field and in the Territory and that is not generated solely or jointly by Enanta or its Affiliates in the course of performance of the Research Program. However, Enanta Know-How shall not include Know-How owned or Controlled by Enanta or its Affiliates to the extent not relating to NS5A Compounds, including Know-How directed to combination therapies, and which is or may be or become owned or Controlled by Enanta or its Affiliates, and which is or may become exclusively licensed to Third Parties in connection with collaborations regarding proprietary compounds directed to HCV-relevant targets other than NS5A.

"**Enanta Patents**" means the patents and patent applications identified in Exhibit A and all Patent Rights claiming priority thereto, and any other Patent Rights that are not Collaboration IP and are owned or Controlled by Enanta or any of its Affiliates to the extent they include claims to novel NS5A Compounds. However, Enanta Patents shall not include claims in Patent Rights not listed in Exhibit A owned or Controlled by Enanta or its Affiliates which do not claim Enanta's novel NS5A Compound structures, including claims directed to combination therapies, and which are or may be or become owned or Controlled by Enanta or its Affiliates, and which are or may become exclusively licensed to Third Parties in connection with collaborations regarding Enanta's proprietary compounds directed to HCV-relevant targets other than NS5A.

"**Encumbrance**" means any claim, charge, equitable interest, hypothecation, lien, mortgage, pledge, option, license, assignment to a Third Party, power of sale, retention of title by a Third Party, right of pre-emption, right of first refusal or security interest of any kind.

"**FDA**" means the United States Food and Drug Administration or any successor entity thereto.

"**Field**" means all uses.

"**First Commercial Sale**" means the first sale of a Product by or under the authority of Novartis or an Affiliate, or a sublicensee of Novartis or of a Novartis Affiliate, to a Third Party in a country in the Territory following Regulatory Approval of such Product in that country or, if no such Regulatory Approval or similar marketing approval is required, the date upon which such Product is first commercially launched in such country; provided that First Commercial Sale shall not include any distribution or other sale solely for so-called treatment IND sales, named patient sales, compassionate or emergency use sales and pre-license sales.

"**FPFV**" means the administration of the first dose of a Licensed Compound or Product to the first patient (or volunteer, as relevant) while participating in a clinical trial.

"**FTE Rate**" shall mean a rate of [*****] per annum based on the yearly time for a full-time equivalent scientific employee during the Research Term, consisting of a total of [*****] hours per annum ("**FTE**"), to be pro-rated on a daily basis if necessary (per annum amount to be divided by [*****] to produce the rate per whole day consisting of eight hours); such rate to be restricted to scientific work and managerial activities related directly to the Research Program. For the avoidance of doubt, such rate includes all benefits, travel, overhead and any other expenses.

"**Generic Equivalent**" means any product with the same active ingredient and administration route as the Product bioequivalent to and substitutable (i.e., "AA" or "AB" therapeutic equivalence code or other therapeutic equivalence code hereafter created with similar meaning) for the Product and that is sold under an ANDA or NDA pursuant to the FDC Act, or pursuant to the applicable law of the relevant jurisdiction.

"**IND**" means an Investigational New Drug application in the US filed with the FDA or the corresponding application for the investigation of Products in any other country or group of countries, as defined in the applicable laws and regulations and filed with the Regulatory Authority of the relevant country or group of countries.

"**Insolvency Event**" means, in relation to either Party, any one of the following: (a) that Party becomes insolvent (as determined under the laws of that Party's jurisdiction of organization); (b) that Party is the subject of voluntary or involuntary bankruptcy proceedings instituted on behalf of or against such Party (except for involuntary bankruptcy proceedings which are dismissed within sixty (60) days); (c) an administrative receiver, receiver and manager, interim receiver, custodian, sequestrator or similar officer is appointed in respect of that Party; (d) a resolution shall have been passed by that Party's directors or stockholders to wind up that Party, other than a resolution for the solvent reconstruction or reorganization of that Party; (e) a resolution shall have been passed by that Party's directors or stockholders to make an application for an administration order or to appoint an administrator; or (f) that Party proposes or makes any general assignment, composition or arrangement with or for the benefit of all or some of that Party's creditors or makes or suspends or threatens to suspend making payments to all or some of that Party's creditors or the Party submits to any type of voluntary arrangement.

"**Invoice**" shall mean an invoice substantially in the form of Exhibit C.

"**Joint Steering Committee**" or "JSC" means the committee established as set forth in Section 5.2.

"**Know-How**" means all technical information, know-how and data, including inventions (whether patentable or not), discoveries, trade secrets, specifications, instructions, processes, formulae, materials, expertise and other technology applicable to compounds, formulations, compositions, products or to their manufacture, development, registration, use or commercialization or methods of assaying or testing them or processes for their manufacture, formulations containing them, compositions incorporating or comprising them and including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, preclinical and clinical data, instructions, processes, formulae, expertise and information, regulatory filings and copies thereof, relevant to the development, manufacture, use or commercialization of and/or which may be useful in studying, testing, development, production or formulation of products, or intermediates for the synthesis thereof.

"**Knowledge**" means the actual knowledge of Enanta.

"**Licensed Compound**" means any Enanta Compound or Collaboration Compound.

"**Loss of Market Exclusivity**" means, with respect to any Product in any country, the following has occurred: (a) the Net Sales of such Product in that country in any Calendar Year are less than [*****] in any Calendar Year of such Product in that country immediately preceding the launch of a Generic Equivalent; and (b) the decline in such sales is attributable in material part to the marketing or sale in such country of a Generic Equivalent of such Product by a Third Party.

"**MAA**" means an application for the authorization to market the Product in any country or group of countries outside the United States, as defined in the applicable laws and regulations, and filed with the Regulatory Authority, of a given country or group of countries.

"**Major EU Country**" means any of France, Germany, Italy, Spain and the United Kingdom.

"**Milestones**" means the milestone events relating to the Products as set forth in Section 11.2.

"**Milestone Payments**" means the payments to be made by Novartis to Enanta upon the achievement of the corresponding Milestones as set forth in Section 11.2.

"**NDA**" means a New Drug Application in the United States for authorization to market the Product, as defined in the applicable laws and regulations of, and filed with, the FDA.

"**Net Sales**" means, with respect to any Product, the gross amount invoiced by or on behalf of Novartis or any of its Affiliates or its or its Affiliates' sublicensees (a "**Seller**") for such Product sold to Third Parties (other than to any such sublicensees for resale) in bona fide, arm's length transactions, less deductions from gross sales booked on an accrual basis as determined in accordance with Novartis' Accounting Standards as consistently applied, less a deduction of [*****] for uncollectible amounts on previously sold items. The deductions from gross sales in accordance with Novartis Accounting Standards may include, without limitation, the following:

(i) normal trade and cash discounts actually given;

(ii) amounts repaid or credited by reasons of defects, rejections, recalls or returns;

(iii) rebates and chargebacks granted to customers and third parties (including, without limitation, Medicare, Medicaid, Managed Healthcare and similar types of rebates);

(iv) any amounts recorded in gross revenue associated with goods provided to customers for free;

(v) amounts provided or credited to customers through coupons and other discount programs to the extent consistent with Seller's normal practices;

(vi) delayed ship order credits, discounts or payments related to the impact of price increases between purchase and shipping dates;

(vii) fee for service payments to customers for any non-separable services (including compensation for maintaining agreed inventory levels and providing information) to the extent consistent with Seller's normal practices; and

(viii) other specifically identifiable deductions substantially similar to those itemized above in accordance with Novartis' Accounting Standards.

With respect to the calculation of Net Sales:

(1) Net Sales shall only include the value charged or invoiced on the first arm's length sale to a Third Party, and sales between or among Novartis and its Affiliates and any sublicensees of either shall be disregarded for purposes of calculating Net Sales;

(2) If a Product is delivered to the Third Party before being invoiced (or is not invoiced), Net Sales will be calculated at the time that the revenue recognition criteria under Novartis Accounting Standards are met;

(3) In the case of any sale of any Product that is not an arm's-length transaction exclusively for cash, Net Sales shall be calculated as above on the fair market value of the non-cash consideration received as reasonably determined by Novartis.

(4) In the event that the Product is sold as a Combination Product, the Net Sales will be calculated by multiplying the Net Sales of the Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in the relevant country of the Product containing the Licensed Compound as the sole active ingredient in finished form, and B is the weighted average sale price (by sales volume) in that country of the product(s) containing the other active pharmaceutical ingredient(s) as the sole active ingredient(s) in finished form. Regarding prices comprised in the weighted average price when sold separately referred to above, if these are available for different dosages from the dosages of Licensed Compound and other active pharmaceutical ingredient(s) that are included in the Combination Product, then Novartis shall be entitled to make a reasonable proportional adjustment to such prices in calculating the royalty-bearing Net Sales of the Combination Product following consultation with Enanta. If the product(s) containing the Licensed Compound or the other active pharmaceutical ingredient(s) as the sole active ingredient(s) are not sold as such and thus the weighted average sale price cannot be determined, the calculation of Net Sales for Combination Products will be agreed by the Parties at least thirty (30) days prior to the First Commercial Sale of such Combination Product based on the relative value contributed by each active pharmaceutical ingredient (each Party's agreement not to be unreasonably withheld or delayed).

"**Novartis Exclusivity Period**" shall have the meaning set forth in Section 4.2.

"**NS5A Compound**" shall mean a molecule: (a) to which [*****] that are [*****] to its inhibitory effects contain [*****]; (b) whose activity against [*****] that is required for HCV replication is [*****]; and (c) that inhibits replication of [*****].

"**Patent Rights**" means all patents and patent applications, including all divisionals, continuations, substitutions, continuations-in-part, re-examinations, reissues, additions, renewals, extensions, registrations, and supplemental protection certificates and the like of any of the foregoing.

"**Person**" means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity.

"**Phase I Clinical Trial**" means a study in humans which provides for the first introduction into humans of a product, conducted in normal volunteers or patients to get information on product safety, tolerability, pharmacological activity or pharmacokinetics, as more fully defined in 21 C.F.R. § 312.21(a) (or the foreign equivalent thereof).

"**Phase II Clinical Trial**" means a study in humans of the safety, dose ranging and efficacy of a product, which is prospectively designed to generate sufficient data (if successful) to commence pivotal clinical trials, as further defined in 21 C.F.R. § 312.21(b) (or the foreign equivalent thereof).

"**Phase III Clinical Trial**" means a controlled study in humans of the efficacy and safety of a product, which is prospectively designed to demonstrate statistically whether such product is effective and safe for use in a particular indication in a manner sufficient to file an application to obtain Regulatory Approval to market the product, as further defined in 21 C.F.R. § 312.21(c) (or the foreign equivalent thereof).

"**Prescriber**" means a healthcare professional authorized to prescribe a Product or issue hospital orders for a Product, or those other allied professionals that are part of the treatment team and who are recognized for this purpose in the Commercialization plan, as applicable.

"**Prior CDA**" means the Confidentiality Agreement between the Parties dated as of September 30, 2009 and amended on November 17, 2011, and the Confidentiality Agreement between Parties dated September 9, 2011.

"**Product**" means any pharmaceutical preparation (including drug substance and drug product) incorporating a Licensed Compound as an active ingredient, alone or in combination with other active ingredients.

"**Regulatory Approval**" means any and all approvals (including any applicable governmental price and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority that are necessary for the marketing and sale of a Product in the relevant country or group of countries.

"**Regulatory Authority**" means any governmental agency or authority responsible for granting Regulatory Approvals for Products, including the FDA, EMA and any corresponding national or regional regulatory authorities, as relevant.

"**Regulatory Filings**" means, with respect to the Licensed Compound(s) or Product(s), any submission to a Regulatory Authority of any appropriate regulatory application, and shall include, without limitation, any submission to a regulatory advisory board, marketing authorization application, and any supplement or amendment thereto. For the avoidance of doubt, Regulatory Filings shall include any IND, NDA or the corresponding application in any other country or group of countries.

"**Research Plan**" means the research plan attached as Exhibit B to this Agreement and any amendments thereto.

"**Research Program**" means all research and drug discovery activities conducted solely or jointly by the Parties during the Research Term pursuant to the Research Plan.

"**Research Term**" means the period of funded research described in Section 2.3 (as may be extended in accordance therewith and as shall terminate if the Term earlier terminates).

"**Royalty Term**" shall have the meaning set forth in Section 11.3(b).

"**Sales and Royalty Report**" means a written report or reports showing, on a Product-by-Product, and country-by-country basis, each of: (a) the Net Sales of each Product in each country in the Territory during the reporting period by Novartis and its Affiliates and their respective sublicensees; (b) the royalties payable, in United States Dollars, which shall have accrued hereunder with respect to such Net Sales; (c) withholding taxes, if any, required by applicable law to be deducted with respect to such royalties; and (d) the rate of exchange used by Novartis in determining the amount of United States Dollars payable hereunder, as determined in accordance with Section 12.2. If no royalty or payment is due for any reporting period hereunder, Novartis shall so report.

"**Senior Officers**" means, for Novartis, the Chief Executive Officer of Novartis or his/her designee, and for Enanta, the Chief Executive Officer of Enanta or his/her designee.

"**Significant Pharmaceutical Company**" means, with respect to a given Change of Control transaction, a company in the pharmaceutical industry that, in its most recent fiscal year completed prior to the announcement of such Change of Control had annual sales in excess of [*****], as reflected in such company's financial statements, based on the prevailing currency exchange rates in effect on the last business day of such fiscal year as quoted at Bloomberg.com, as relevant.

"**Term**" shall have the meaning set forth in Section 15.1.

"**Territory**" means worldwide.

"**Third Party**" means any Person other than a Party or an Affiliate of a Party.

"**United States**" or "US" means the United States of America, its territories and possessions.

"**USD**" or "$" means United States Dollars, the lawful currency of the United States.

"**Valid Claim**" means: (a) a claim of an issued and unexpired patent under the Enanta IP or Collaboration IP, or a supplementary protection certificate thereof, which has not been held permanently revoked, unenforceable or invalid by a decision of a court, patent office or other forum of competent jurisdiction, unappealable or unappealed within the time allowed for appeal and that is not admitted to be invalid or unenforceable through reissue, disclaimer or otherwise (i.e., only to the extent the subject matter is disclaimed or is sought to be deleted or amended through reissue); or (b) a claim of a pending patent application under the Enanta IP or Collaboration IP that has not been abandoned, finally rejected or expired without the possibility of appeal or refiling; provided that "Valid Claim" shall exclude any such claim in such a pending application that has not been granted within six (6) years following the earliest priority filing date for such claim (unless and until such claim is granted).

1.2 **Interpretation**. In this Agreement, unless otherwise specified:

(a) "includes" and 'including' shall mean respectively includes and including without limitation;

(b) a Party includes its permitted assignees and/or the respective successors in title to substantially the whole of its undertaking;

(c) a statute or statutory instrument or any of their provisions is to be construed as a reference to that statute or statutory instrument or such provision as the same may have been or may from time to time hereafter be amended or re-enacted;

(d) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;

(e) the Exhibits and other attachments form part of the operative provision of this Agreement and references to this Agreement shall, unless the context otherwise requires, include references to the Exhibits and attachments;

(f) the headings in this Agreement are for information only and shall not be considered in the interpretation of this Agreement;

(g) general words shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of acts, matters or things; and

(h) the Parties agree that the terms and conditions of this Agreement are the result of negotiations between the Parties and that this Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party participated in the preparation of this Agreement.

2. RESEARCH PROGRAM.

2.1 **Goal**. The objective of the Research Program shall be to discover, characterize, and optimize Enanta Compounds and/or Collaboration Compounds suitable for Development and Commercialization by Novartis and its Affiliates as Product(s).

2.2 **Research Plan; Recordkeeping**. During the Research Term, each Party and its Affiliates shall use commercially reasonable efforts to perform their obligations under the Research Plan including by applying such tools, assays, reagents, capabilities and the like as are useful to the Research Program, based on the application of reasonable scientific judgment. An initial outline of the Research Plan shall be attached to this Agreement as Exhibit B. The final Research Plan, shall be approved by the JSC within thirty (30) days after the Effective Date. Each Party and its Affiliates shall maintain complete and accurate records of all work, results, data, and developments made pursuant to its efforts under the Research Plan. Such records shall fully and properly reflect all work done and results in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. Each Party and its Affiliates shall grant to the other Party and its Affiliates reasonable access to all data (including, without limitation, all primary data and

data contained in laboratory notebooks) that is generated in the course of performance of the Research Program. Each Party shall maintain such laboratory notebooks and associated accessory records substantially in accordance with the requirements of Exhibit E. Novartis and its Affiliates shall also have the right, at reasonable intervals and upon reasonable notice to Enanta, to have authenticated copies of such records made to use and transfer as permitted hereunder. Any data not otherwise contained in laboratory notebooks and relevant to the Research Program or to Collaboration IP shall be provided to Novartis upon reasonable request in a format mutually agreed by the Parties. In the event of a termination of this Agreement by Enanta pursuant to Section 15.2(a) or 15.4 or by Novartis pursuant to 15.3, Enanta shall have the right, at reasonable intervals and upon reasonable notice to Novartis, to have authenticated copies made of Novartis' laboratory notebooks and associated accessory records relevant to the Research Program or to Collaboration IP, to use and transfer as permitted hereunder, and any data not otherwise contained in laboratory notebooks and relevant to the Research Program or to Collaboration IP shall be provided to Enanta upon reasonable request in a format mutually agreed by the Parties.

2.3 **Term and Scope of Research Program**. The Research Program shall commence on the Effective Date and shall continue until the first (1st) anniversary of the Effective Date (the "**Research Term**"). No later than [*****] months prior to expiration of the Research Term, the Parties may agree to extend the Research Term and shall discuss, in good faith, the scope of additional research funding to be provided to Enanta by Novartis and the proposed Research Plan. In the event of a Change of Control, Novartis may terminate the Research Program by providing thirty (30) days' prior written notice to Enanta.

3. LICENSES

3.1 **License Grant.**

(a) Subject to the terms and conditions of this Agreement, Enanta and its Affiliates hereby grant to Novartis and its Affiliates an exclusive (even as to Enanta and its Affiliates), royalty-bearing, sublicensable (pursuant to Section 3.2) license, under the Enanta IP and the Collaboration IP to Develop, have developed, make, have made, use, distribute, have distributed, export, have exported, import, have imported, promote, have promoted, market, have marketed, sell, have sold and offer to sell and otherwise Commercialize the Licensed Compound(s) and Product(s) in the Field and in the Territory.

(b) Subject to the terms and conditions of this Agreement, Enanta and its Affiliates hereby grant to Novartis and its Affiliates an exclusive (even as to Enanta and its Affiliates), royalty-bearing, sublicensable (pursuant to Section 3.2(c)) license, under the Enanta IP and the Collaboration IP to research Licensed Compound(s) and Product(s) for exploitation in the Field and in the Territory pursuant to the license granted in (a) above.

(c) The exclusive licenses granted above shall be subject to Enanta's right to perform those aspects of the Research Program required to be performed by Enanta as provided in this Agreement and described in the Research Plan, or as otherwise approved by the JSC.

3.2 Sublicensing and Subcontracting Rights.

(a) Novartis and its Affiliates may sublicense the rights granted by Enanta under Section 3.1(a) of this Agreement at any time at its/their sole discretion and without approval of Enanta, provided that Novartis shall remain responsible for the performance of this Agreement and shall cause such Third Party to comply with all applicable terms and conditions of this Agreement.

(b) Notwithstanding any other provision of this Agreement, neither Novartis nor any of its Affiliates shall have the right to grant any sublicense which is a Naked Patent License to any Third Party under any Patent Rights within the Enanta IP or any Patent Rights within the Collaboration IP that are owned solely by Enanta without the prior written consent of Enanta, which consent shall not be unreasonably withheld, conditioned, or delayed. For purposes hereof, a "**Naked Patent License**" shall mean a sublicense under the relevant Patent Rights granted to a Third Party and permitting the Development or Commercialization of a Licensed Compound or Product that was not under active Development or Commercialization by Novartis under the terms of this Agreement as of the time the relevant sublicense is granted. For clarity, this Section shall not prohibit any activities permitted by Section 3.2(c) below.

(c) In addition, Novartis may subcontract to Third Parties the performance of tasks and obligations reasonably related to Novartis' research, Development and Commercialization of Licensed Compounds and Products hereunder as Novartis deems reasonably appropriate, which subcontract may include a sublicense of rights necessary to performance of the subcontract as reasonably required, provided that Novartis shall at all times remain primarily responsible and liable to Enanta for all such activities as if such activities had been undertaken by Novartis, for any failure of any subcontractor to comply with the terms of this Agreement, and Novartis shall be fully liable to accordingly indemnify Enanta against any loss, damages, costs, claims or expenses which are awarded against, or incurred by Enanta as a result of any breach by any subcontractor of any of the provisions of the relevant subcontract, as if the breach had been that of Novartis.

3.3 Enanta Background IP. Subject to Section 20.1, Enanta and its Affiliates hereby grant to Novartis and its Affiliates a non-exclusive license under the Enanta Background IP (with the right to sublicense solely in connection with, and as reasonably relevant to, a sublicense granted pursuant to Section 3.2) to research, Develop, have developed, make, have made, use, distribute, have distributed, export, have exported, import, have imported, promote, have promoted, market, have marketed, sell, have sold and offer to sell and otherwise Commercialize the Licensed Compound(s) and Product(s) in the Field in the Territory.

3.4 **No Other Rights**. Novartis and its Affiliates expressly acknowledge and agree that they will not use Confidential Information of Enanta in the research, development, or commercialization of any NS5A Compound that is not a Product, as defined in this Agreement, and shall have no rights to do so under any license or other right granted herein. Each Party expressly reserves and retains all intellectual property rights not expressly granted herein, and no right or license under any Patent Rights, trademarks, Know-How or other proprietary rights of either Party is granted or shall be granted by implication. Except as otherwise expressly provided in this Agreement, neither Party shall receive any rights under this Agreement to own, use or access the Patent Rights, Know-How or other intellectual property of the other Party.

4. EXCLUSIVITY

4.1 **Enanta Exclusivity to Novartis**. During the Term of this Agreement, other than the performance of the Research Program during the Research Term, Enanta and its Affiliates will not, alone or in collaboration with a Third Party, anywhere in the Territory, research, develop, manufacture or commercialize a Competing Product. Notwithstanding the foregoing, such prohibition shall not prevent Enanta and its Affiliates from participating in (including without limitation receiving payments under) agreements with Third Parties with respect to products which include another active pharmaceutical ingredient used in combination with an NS5A Compound, so long as Enanta has no active research or development role with respect to such NS5A Compound, and so long as Enanta provides no Enanta Know-How, and grants no rights under the Enanta IP or Collaboration IP, with respect to the research, development, manufacture or commercialization of such NS5A Compounds under any such agreement. Notwithstanding anything in this Agreement to the contrary, in the event of a Change of Control of Enanta, the exclusivity obligations of Enanta set forth above shall not restrict the research, development or commercialization of any compound, product or program owned or controlled by the relevant Acquirer, so long as all such activities are conducted independent of the Enanta scientific team (as it exists at the date of consummation of the Change of Control) and without use of any proprietary Enanta Know-How, Enanta IP or Collaboration IP that is exclusively licensed to Novartis hereunder.

4.2 **Novartis Exclusivity to Enanta**. Except as set forth in Sections 4.3 and 4.4, Novartis and its Affiliates will not, directly or indirectly, [*****] until the earlier of: [*****] anniversary [*****]; and (b) [*****] (subject to any extension as provided below, the "**Novartis Exclusivity Period**")**.**

4.3 **Acquired Products and Acquired Programs**. The provisions of Section 4.2 shall not apply to the continued actions relating to any Competing Product or any NS5A Compound research or Development program, rights to which were acquired by Novartis or its Affiliates as the result of an acquisition by Novartis or its Affiliates of a Third Party, [*****] (such product, an "**Acquired Product**"**,** and such program, an "**Acquired Program**"). In the event that Novartis or its Affiliates acquire an Acquired Product and/or Acquired Program, Novartis agrees that:

(a) activities of Novartis and its Affiliates relating to any Acquired Product and Acquired Program will be staffed independently, except at senior executive levels, from the activities conducted hereunder with respect to research, Development and Commercialization of Licensed Compounds and Products;

(b) the licenses and rights granted by Enanta to Novartis and its Affiliates hereunder do not extend to such Acquired Product or Acquired Program;

(c) the commitment of Novartis and its Affiliates to use Commercially Reasonable Efforts pursuant to Sections 7.2 and 9.1 hereof shall not be affected by any consideration of the Acquired Product or Acquired Program, and Novartis and its Affiliates shall use all reasonable efforts to ensure that the Licensed Compound(s) and Product(s) Development timelines will be unaffected by the acquisition;

(d) any clinical trials with respect to any Acquired Product for which patient enrollment has commenced as of the consummation of the acquisition may be completed, but no new clinical trials may be commenced with respect to any such Acquired Product until the Novartis Exclusivity Period has expired;

(e) if the Acquired Program is in the preclinical or discovery stage, then no patient enrollment in a clinical trial of any Acquired Product will be commenced by Novartis or any Affiliate until the Novartis Exclusivity Period has expired;

(f) Novartis and its Affiliates may not use any Enanta Confidential Information or, during the Novartis Exclusivity Period, non-public clinical data resulting from the Licensed Compound(s) or Product(s), for the benefit of such Acquired Product or Acquired Program; and

(g) if a clinical trial of an Acquired Product permitted under subsection (d) above continues after [*****], then, unless [*****], the Novartis Exclusivity Period shall be extended by the amount of time that such clinical trial continues after [*****], but in no event shall such extension period exceed [*****] months.

4.4 [*****]

5. GOVERNANCE

5.1 **Alliance Managers**. Within thirty (30) days following the Effective Date, each Party will appoint (and notify the other Party of the identity of) a senior representative having a general understanding of pharmaceutical development and commercialization issues to act as its alliance manager under this Agreement ("**Alliance Manager**"). The Alliance Managers will serve as the contact point between the Parties and will be primarily responsible for facilitating the flow of information and otherwise promoting communication, coordination and collaboration between the Parties, including periodic

communications between the Parties in connection with the Parties' reporting requirements; providing single point communication for seeking consensus both internally within the respective Party's organization and together regarding key global strategy and planning issues, as appropriate, including facilitating review of external corporate communications; and raising cross-Party and/or cross-functional disputes in a timely manner. Each Party may replace its Alliance Manager on written notice to the other Party.

5.2 Joint Steering Committee.

(a) The Parties will establish a Joint Steering Committee, composed of three (3) senior personnel of Enanta and three (3) senior personnel of Novartis (one (1) of which will be the Party's Alliance Manager) and which personnel for each Party, collectively, shall have a general understanding of drug research, manufacturing, Development and Commercialization issues.

(b) Within thirty (30) days following the Effective Date, each Party will designate its initial members to serve on the JSC and notify the other Party of the dates of availability for the first meeting of the JSC. Each Party may replace its representatives on the JSC on prior written notice to the other Party.

(c) The JSC will: (i) approve and revise the Research Plan; (ii) oversee the research activities pursuant to the Research Plan, including the research budget; (iii) review and discuss research activities conducted by Novartis or its Affiliates with respect to Licensed Compound(s); (iv) review and discuss Development activities and plans with respect to Licensed Compound(s) and Product(s); (v) review and discuss Novartis' Commercialization plans and strategies with respect to the Product(s); and (vi) consider and act upon such other matters as specified in this Agreement.

(d) The JSC also may, at any time it deems necessary or appropriate, establish additional joint committees and delegate such of its responsibilities as it determines appropriate to such joint committees.

5.3 Meetings of the Joint Steering Committee.

(a) The JSC shall meet [*****] and at such other times as the Parties may agree during [*****], after which the JSC shall meet [*****] month intervals until [*****], after which it shall be dissolved. The first meeting of the JSC shall be held as soon as reasonably practicable, but in no event later than sixty (60) days following the Effective Date. At the first meeting of the JSC, the members shall reasonably and in good faith determine how it will function with respect to minutes, agendas, timelines and other administrative matters. Meetings shall be held at such place or places as are mutually agreed or by teleconference or videoconference.

(b) Each Party may from time to time invite a reasonable number of participants, in addition to its representatives, to attend JSC meetings in a non-voting capacity, with the consent of the other Party (which shall not be unreasonably withheld).

(c) [*****] to act as chairperson of the JSC. The chairperson shall set agendas for JSC meetings provided that the agendas will include any matter requested by either Party.

5.4 **Decision Making**. Each Party shall in good faith consult with the other and take such other Party's views into account in respect of any matter before the JSC or any other committee established by the Parties hereunder, it being understood and agreed that Novartis shall have sole control and decision-making with respect to the research, Development, manufacture and Commercialization of the Licensed Compound(s) and Product(s), subject to the terms of this Agreement. If consensus cannot be reached with respect to any issue under the purview of the JSC, then the resolution and/or course of conduct shall be determined by Novartis, in its sole reasonable discretion. In exercising its final decision-making authority with respect to JSC decisions, Novartis shall act in accordance with the objectives of the Research Program, and the terms of this Agreement, and shall exercise good faith, prudent scientific and business judgment in accordance with the standards Novartis applies to other projects and products of similar scientific and commercial potential. Notwithstanding the foregoing, Enanta shall not be required to take any action by virtue of Novartis' decision-making authority under this Section 5.4 that Enanta reasonably believes would be inconsistent with the scope of the existing, mutually agreed Research Program, materially increase Enanta's unreimbursed expenses, cause Enanta to violate the terms of any other Agreement with a Third Party, or cause Enanta to violate any law or intellectual property right of any Third Party.

5.5 **Costs of Governance**. The Parties agree that the costs incurred by each Party in connection with its participation at any meetings under this Section 5 shall be borne solely by such Party.

5.6 **Change of Control**. In the event of a Change of Control, Novartis may immediately dissolve the JSC by providing written notice to Enanta; provided that if the Research Program is still ongoing, the JSC may not be dissolved until the end of the Research Program.

5.7 **Post-JSC Reporting; Query Rights.**

(a) Upon dissolution of the JSC pursuant to Section 5.3(a), 5.6 or 16.1(c), Novartis shall commence providing progress reports to Enanta at [*****] month intervals during the Term of this Agreement, the first of which shall be due [*****] months after the last JSC meeting. These reports shall include without limitation: (i) a summary of research activities conducted by Novartis or its Affiliates with respect to Licensed Compound(s); (ii) a summary of Development activities and plans with respect to Licensed Compound(s) and Product(s); (iii) a summary of Novartis' Commercialization activities and plans with respect to the Product(s),

and (iv) a summary of any key issues encountered during Development or Commercialization, including without limitation any issues regarding safety, toxicity, clinical trial delays or manufacturing concerns.

(b) Enanta shall also have the right, from time to time, between reports provided under Section 5.7(a) and/or JSC meetings, as reasonably required to prepare for Board meetings, investor meetings or the like, to inquire of Novartis, through Novartis' Alliance Manager, whether there have been any significant developments with respect to the Development, manufacture or Commercialization of Products that have not yet been reported to Enanta pursuant to Section 7.3(e) or otherwise, and Novartis shall promptly and in good faith provide any such information as reasonably requested by Enanta.

6. DISCLOSURE OF ENANTA KNOW-HOW AND COOPERATION

6.1 **Disclosure of Enanta Know-How**. Within [*****] days after the Effective Date, Enanta will transfer to Novartis copies of its Know-How, data, information and results related to the Enanta Compounds that are necessary or useful for the Development, manufacture or Commercialization of the Enanta Compounds and Product(s). Following this initial transfer, at the reasonable request of Novartis, Enanta will provide reasonable assistance to Novartis and its Affiliates in connection with Novartis' exercise of the licenses and rights granted to Novartis under this Agreement, including by providing information to assist Novartis or its designated Affiliate in Developing and manufacturing the Licensed Compound(s) and Product(s), and related activities. Without limiting the foregoing, requested information may include, without limitation, manufacturing batch records, Development reports, analytical results, filings and correspondence with any Regulatory Authority (including notes or minutes of any meetings with any Regulatory Authority), raw material and excipient sourcing information, quality audit findings and any other relevant technical information relating to the Licensed Compound(s) and/or the Product(s).

6.2 **Compound Transfer**. Within [*****] days after the Effective Date, and from time to time during the Term of this Agreement, at the reasonable request of Novartis, Enanta or its Affiliates, shall provide to Novartis or its designated Affiliate reasonable quantities of any Licensed Compounds in Enanta's possession for use by Novartis and its Affiliates in connection with activities under this Agreement. For clarity, except as provided in the Research Plan, Enanta shall not be required to synthesize any new quantities of Licensed Compounds for delivery pursuant to this Section 6.2, and shall be permitted to retain reasonable quantities of Licensed Compounds for use pursuant to the Research Program or following any termination of Novartis' rights hereunder.

6.3 **Cooperation**. Enanta shall provide cooperation under this Agreement, including without limitation pursuant to Sections 6.1 and 6.2, as reasonably requested by Novartis. Any reasonable assistance requested during the [*****] day period commencing with the Effective Date shall be provided by Enanta to Novartis and its Affiliates [*****]. Thereafter, any assistance requiring a material expenditure of effort on the part of Enanta and that is not included as part of the Research Plan shall be provided [*****] commencing with the Effective Date [*****].

6.4 Notwithstanding anything in this Agreement to the contrary, (i) in no event will Enanta personnel be required to travel pursuant Articles 6, 7 or 8 of this Agreement without reimbursement of related expenses by Novartis, and (ii) in no event will Enanta be required to participate in, or conduct any activities related to, the research, development or commercialization of any Product which includes [*****].

7. DEVELOPMENT

7.1 **Development**. From and after the Effective Date Novartis will be solely responsible for conducting the preclinical, clinical and other Development of the Licensed Compound(s) and/or Product(s), all at Novartis' sole expense.

7.2 **Development Diligence**. Novartis shall itself, or through its Affiliates or sublicensees, use Commercially Reasonable Efforts to Develop Licensed Compounds and Products in the Field in the Territory. Subject to compliance with the foregoing, the Development of the Product(s) shall be in Novartis' sole discretion. For the purposes of clarity, Commercially Reasonable Efforts in this context shall not be deemed to require Novartis to Develop every Licensed Compound or Product in each indication in each country in the Territory.

7.3 **Regulatory.**

(a) Novartis will: (i) determine the regulatory plans and strategies for the Licensed Compound(s) and/or Product(s); (ii) make all regulatory filings with respect to the Product(s) either itself or through its Affiliates or sublicensees; and (iii) be responsible for obtaining and maintaining Regulatory Approvals throughout the Territory in the name of Novartis and/or its Affiliates and/or its sublicensees.

(b) Enanta shall fully cooperate with and provide assistance to Novartis and its Affiliates and sublicensees, at Novartis' sole expense, in connection with filings to any Regulatory Authority relating to the Licensed Compound(s) and/or Product(s), including by executing any required documents, providing reasonable access to personnel and providing Novartis and its designated Affiliates with copies of all relevant, reasonably required documentation, provided that the first [*****]. Any additional regulatory assistance requiring a material expenditure of time or effort on the part of Enanta shall be provided at a reasonable expense rate mutually agreed by the Parties.

(c) To the extent required with respect to the Development or Commercialization of Licensed Compounds, Enanta shall grant or cause to be granted to Novartis and its Affiliates or sublicensees cross-reference rights to any drug master files relevant to Licensed Compounds or Products, and other regulatory filings relevant to Licensed Compounds or Products, submitted by Enanta or its Affiliates with any Regulatory Authority.

(d) Subject to Section 14, Novartis and its Affiliates shall have the sole right to disclose the existence of any clinical trials conducted under this Agreement.

(e) Novartis shall keep Enanta's Alliance Manager reasonably apprised of all material changes in the status of the Product Development programs, including without limitation by providing at least fifteen (15) days' prior written notice of the commencement of any new clinical trial of a Product, and by providing prompt notification with respect to any other significant developments with respect to the Development, manufacture or Commercialization of Products including without limitation any issues regarding Product safety, toxicity, clinical trial delays or manufacturing concerns, or a material delay in any previously communicated Development or Commercialization plan.

7.4 **Compliance**. Each Party agrees that in performing its obligations under this Agreement: (a) it shall comply with all applicable current international regulatory standards, including cGMP, cGLP, cGCP and other rules, regulations and requirements; and (b) it will not employ or use any person that has been debarred under Section 306(a) or 306(b) of the U.S. Federal Food, Drug and Cosmetic Act.

8. MANUFACTURING

8.1 **Manufacturing**. Novartis and its Affiliates or its designated sublicensees shall be solely responsible, at Novartis' expense, for the manufacture and supply of the Licensed Compound(s) and Product(s) being Developed or Commercialized under this Agreement.

8.2 **Manufacturing Know-How and Assistance.**

(a) During the Term of this Agreement, Enanta shall fully cooperate with and provide assistance to Novartis or its designee, through documentation, consultation, and face-to-face meetings, to enable Novartis or its designee, in an efficient and timely manner, to proceed with manufacturing of the Licensed Compound(s) and to obtain all appropriate Regulatory Approvals for manufacturing. Cooperation for manufacturing assistance shall not be subject to the cap of man hours in Section 6.3.

(b) Following the Effective Date, the Parties will work together to transfer all ongoing obligations under any existing GMP manufacturing agreements relevant to Licensed Compounds to Novartis.

9. COMMERCIALIZATION

9.1 **Commercialization**. Subject to Article 10, Novartis and its Affiliates shall be solely responsible, at Novartis' expense, for all aspects of Commercialization of the Product(s) in the Territory, including planning and implementation, distribution, marketing, booking of sales, pricing and reimbursement. Novartis shall itself, or through its Affiliates or sublicensees, use Commercially Reasonable Efforts to Commercialize Products in the Field in the Territory. Notwithstanding the foregoing, Novartis' application of

Commercially Reasonable Efforts shall not require Novartis or its Affiliates to Commercialize a Product in any country or territory in which Novartis reasonably determines it is not commercially reasonable to do so for such Product(s), including without limitation for reasons of lack of rights to Product components other than Licensed Compounds in such country or territory.

9.2 **Pharmacovigilance**. Within [*****] months following the Effective Date, the Parties shall agree upon and implement a procedure for the mutual exchange of adverse event reports and safety information associated with the Product. Details of the operating procedure respecting such adverse event reports and safety information exchange shall be the subject of a mutually-agreed written pharmacovigilance agreement between the Parties which shall be entered into within such [*****] month period.

10. CO-DETAILING

10.1 **Enanta Co-Detail Right**. Enanta shall have the right to Co-Detail Product(s) in the United States in accordance with agreed Commercialization plans and budgets under certain preconditions as further specified below; provided that in the event of a Change of Control where the Acquirer is a Significant Pharmaceutical Company, Novartis may immediately terminate Enanta's right to Co-Detail Products by providing written notice to Enanta.

10.2 **Co-Detail Option**. At least [*****] months before the planned submission of an NDA to the FDA for each Product being Developed hereunder to reach such stage, Novartis will notify Enanta of Novartis' preliminary estimate of the annual number of Details it anticipates for Products in the United States (the "**Co-Detail Notice**") and will provide Enanta with a proposed Commercialization plan and budget that includes, without limitation, an outline of the anticipated date of initiation of Detailing activities, the expected total number of sales representatives, as well as the anticipated date of First Commercial Sale for the relevant Product in the United States. In the event that Enanta wishes to Co-Detail any such Product in the United States, it shall provide notice in writing to Novartis of such election no later than [*****] days after its receipt of the Co-Detail Notice, which notice shall contain the information as further provided in Sections 10.3(a) and (b) (the "**Co-Detail Option Exercise Notice**"). Prior to giving any such notice, Enanta may request reasonable discussions with Novartis regarding the expected activities, which the Parties shall conduct in good faith. In the event that Enanta does not respond within the relevant [*****] day period, Enanta shall be deemed to have declined to exercise its rights to Co-Detail the relevant Product. In the event that Enanta does not elect to Co-Detail the first Product offered to it by Novartis, Enanta shall have the right to elect to Co-Detail the second Product offered to Enanta by Novartis on the same terms as provided above. In the event that Enanta does not elect to Co-Detail the second Product offered to it by Novartis, then Enanta's right to Co-Detail any Products hereunder shall terminate.

10.3 **Co-Detail Mechanism**. Any Co-Detail Option Exercise Notice provided by Enanta will:

(a) specify Enanta's desired level of participation in the Co-Detail of Products in the United States (the "**Enanta Co-Detail Effort**")**;** provided, however, that the Enanta Co-Detail Effort shall not exceed [*****] of the total projected Detailing effort for Products in the United States as specified in the Co-Detail Notice. In the event that Novartis materially increases the annual number of Details it anticipates for Products in the United States at any time after providing the Co-Detail Notice, then Enanta shall have the right to reduce the Enanta Co-Detail Effort commensurately, but such reduction shall apply to all Products thereafter and may not later be increased by Enanta. In addition, in no event shall Novartis be required to decrease its sales force with respect to Products as a consequence of Enanta's exercise of its Co-Detail right following receipt of the second Co-Detail Notice as provided above;

(b) be accompanied by reasonably detailed plans demonstrating, to Novartis' reasonable satisfaction, that Enanta will have in place, at least [*****] before the earlier of the anticipated First Commercial Sale of such Product in the United States and/or contemplated start of Detailing activities for Products in the United States, as indicated in the Co-Detail Notice, the requisite sales force and sales force infrastructure required to provide the Enanta Co-Detail Effort as follows:

(i) Such sales force shall comprise Enanta-employed sales representatives who (A) have a level of experience and/or academic qualifications similar to standards imposed by Novartis upon its own sales force for a comparable product, which Novartis shall provide to Enanta as part of the Co-Detail Notice; (B) devote not less [*****] and attention to Detailing of Products; and (C) are not engaged in detailing any product for [*****] that is not a Product; and

(ii) Such sales force infrastructure shall include (A) a sales force automation system through which sales representatives can record calls electronically, receive email communications and reports, view sales reports and download specialist targets and lists; (B) a sample accountability system that complies with all applicable laws and regulations; (C) a sales training department; (D) a department responsible for the design and administration of Enanta sales incentive plan; (E) a voice mail system; (F) a system for sales reporting and analysis; (G) a sales administration and operations department that handles, among other things, fleet management; (H) a department that establishes and maintains territory alignments consistent with target customer lists provided by Novartis; (I) an electronic roster system that tracks sales force vacancy, turnover, demographics and territory occupancy; (J) an electronic field expense reporting system; and (K) compliance reporting as required by all applicable laws and regulations.

(c) Promptly following receipt of Enanta's Co-Detail Option Exercise Notice, Novartis and Enanta will commence negotiations in good faith and enter into a

more detailed co-detailing agreement (the "**Co-Detailing Agreement**") pursuant to which: (i) Enanta shall have the non-exclusive right to Co-Detail Products in the United States in accordance with the terms hereof; and (ii) the Parties will set forth terms and conditions for the Co-Detail by Enanta of Products in the United States, containing reasonable and customary provisions for an agreement of such type. The Parties shall use commercially reasonable efforts to enter into and execute the Co-Detailing Agreement no later than [*****] days before the expected launch of the first Product for which Enanta has exercised its Co-Detail right. Either Party may assign such Co-Detailing Agreement or related duties to an Affiliate following prior written notice to the other Party. In the event of a Change of Control involving a Significant Pharmaceutical Company, Novartis may immediately terminate the Co-Detailing Agreement by providing written notice to Enanta.

(d) Enanta's Co-Detail activities hereunder and under the Co-Detailing Agreement shall be conducted in accordance with the Commercialization plan (including a Commercialization budget) for the relevant Product, which shall be reasonably consistent with the Co-Detail Notice, unless otherwise mutually agreed.

(e) For clarity, regardless of Enanta's decision to Co-Detail, Novartis shall retain all decision-making authority related to Product branding, marketing plan, advertising, materials, regulatory and legal affairs, and pricing and commercial terms and all other aspects of Commercializing the Products in the United States.

(f) Enanta's costs of performing Co-Detailing activities will be reimbursed by Novartis on an [*****] basis at an [*****] for such detailing activities (such [*****] to be negotiated as part of the Co-Detailing Agreement). Enanta shall not be entitled to any other compensation for performing Co-Detailing activities unless agreed by the Parties in writing.

(g) Once the Parties have entered into a Co-Detailing Agreement, Enanta shall be required to Co-Detail all Products in accordance with the terms of such Co-Detailing Agreement. The Parties acknowledge and agree that such Co-Detailing Agreement shall be a separate agreement between the Parties and that a breach of any such agreement that is not a breach of the other sections of this Agreement shall not give rise to a right to terminate this Agreement. For clarity, Enanta shall not be required to Co-Detail, or to continue to Co-Detail, any Product to the extent such activities would violate the terms of any agreement between Enanta and a Third Party.

11. FINANCIAL PROVISIONS

11.1 Upfront Payment; Reimbursement for Manufacture of EDP-239 Intermediates and QA Audit Expense. In consideration of the licenses and rights granted to Novartis and its Affiliates hereunder, Novartis shall pay to Enanta a one-time upfront payment of $34 million within thirty (30) days after the Effective Date, subject to receipt by Novartis of

an Invoice therefor, which Invoice shall be issued no earlier than the Effective Date. In addition, Novartis shall pay to Enanta: (i) [*****] as a reimbursement for Enanta's manufacturing expenses related to EDP-239 intermediates; and (ii) up to [*****] as a reimbursement for the expenses [*****]. Novartis shall pay such amounts within [*****] days after the Effective Date, subject to receipt by Novartis of an Invoice therefor, which Invoice shall be issued no earlier than the Effective Date.

11.2 **Milestone Payments**. In further consideration of the licenses and rights granted to Novartis hereunder, upon first achievement of each of the following Milestones set forth below by any Product (or group of Products as provided below with respect to Sales Milestones), the corresponding one-time Milestone Payments shall be due and payable by Novartis to Enanta. Payment shall be made as provided in Section 12.1.

(a) Clinical Milestones

Milestone Event	Milestone Payment
FPFV in the first Phase I Clinical Trial for a Product	$11 million
FPFV in the first Phase II Clinical Trial for a Combination Product involving patients infected with the Hepatitis C virus	$15 million
FPFV in the first Phase III Clinical Trial for a Product	[*****]

(b) Regulatory Approval Milestones

Milestone Event	Milestone Payment
First Regulatory Approval for a Product in the [*****]	[*****]
First Regulatory Approval for a Product in the [*****]	[*****]
First Regulatory Approval for a Product in the [*****]	[*****]
First Regulatory Approval for a Product in the [*****]	[*****]
First Regulatory Approval for a Product in [*****]	[*****]
First Regulatory Approval for a Product in [*****]	[*****]

(c) Sales Milestones (note: Product as used in this subsection (c) includes any and all Products which contain a particular Licensed Compound):

Milestone Event	Milestone Payment
Annual Net Sales of a Product meets or exceeds [*****]	[*****]
Annual Net Sales of a Product meets or exceeds [*****]	[*****]
Annual Net Sales of a Product meets or exceeds [*****]	[*****]
Annual Net Sales of a Product meets or exceeds [*****]	[*****]

(d) If a subsequent Clinical Milestone is achieved with respect to a Product before one or more prior Clinical Milestones (e.g., if the first FPFV in the first Phase III Clinical Trial for the first Product occurs prior to FPFV in the first Phase II Clinical Trial in HCV for the first Combination Product), then all prior "missed" Clinical Milestones shall be deemed achieved with respect to such Product upon achievement of the subsequent Clinical Milestone and the corresponding missed Milestone Payment(s) shall become due and payable.

(e) For the avoidance of doubt: (i) each Milestone Payment shall be payable only on the first occurrence of the relevant Milestone; and (ii) none of the Milestone Payments shall be payable more than once.

11.3 Incremental Royalty Payments.

(a) In further consideration of the licenses and rights to Novartis hereunder, during the applicable Royalty Term, Novartis will make royalty payments to Enanta on Net Sales of the applicable Products in the Territory by Novartis, its Affiliates and sublicensees at the applicable rates set forth below, where Product as used in this subsection (a) only (and not any other subsection of this Section 11.3) includes any and all Products which contain a particular Licensed Compound:

Annual Net Sales of Product during the Royalty Term	Royalty Rate
Up to and including [*****]	[*****]
Increment from [*****]	[*****]
Increment from [*****]	[*****]
Increment over [*****]	[*****]

(b) Royalties will be payable on a Product-by-Product and country-by-country basis from First Commercial Sale of such Product in such country until the later of: (i) the expiration of the last to expire Valid Claim which, but for the licenses granted in this Agreement, would be infringed by the manufacture, use or sale of such Product in such country; and (ii) ten (10) years from the First Commercial Sale of such Product in such country ("**Royalty Term**"). Following the Royalty Term on a Product-by-Product and country-by-country basis, the licenses granted to Novartis and its Affiliates under Section 3.1 with respect to such Product(s) shall continue in effect, but shall become fully paid-up, non-exclusive, royalty-free, transferable, perpetual and irrevocable. For the avoidance of doubt, royalties shall be payable only once with respect to the same unit of Product.

11.4 **Know-How Royalty**. For any period during the Royalty Term in which the sale of a Product in any country is not covered by a Valid Claim which, but for the licenses granted in this Agreement, would be infringed by the manufacture, use or sale of such Product in such country, then the royalty rates applicable to Net Sales of such Product in such country during such period shall be reduced by [*****], according to the methodology provided in Section 11.5 below.

11.5 **Royalty Example**. If, by way of example, Net Sales of a given Product in the Territory in a given Calendar Year are [*****], with Net Sales distributed across countries as follows: (a) [*****] Net Sales in countries in which there is a Valid Claim; (b) [*****] Net Sales in countries where the manufacture, use or sale of the Product is not covered by a Valid Claim; and (c) [*****] Net Sales in countries where the Royalty Term for such country has expired; then royalties due under Sections 11.3 and 11.4 for such Product in such Calendar Year shall be calculated as follows: Net Sales on which royalties are due shall be [*****] (= (a) + (b)). The royalty rate applicable under Section 11.3 shall be calculated as [*****]. The royalties due for (a) above shall be calculated as [*****]. No royalties shall be due with regard to (c) above. Total royalties due under Sections 11.3 and 11.4 shall be equal to [*****], subject to further reductions, if any, under Sections 11.6 and 11.7.

11.6 **Loss of Market Exclusivity**. In the event of a Loss of Market Exclusivity for any Product in any country, provided that Novartis has taken and is taking all commercially reasonable actions available to it to enforce any Patent Rights it may own or control that could prevent relevant sales of a Generic Equivalent in such country, then the royalty rates applicable to Net Sales of such Product in such country in accordance with Section 11.3 shall be reduced by [*****] as follows: for such purposes, the reduction will be calculated assuming that the royalty rate in such country is the Blended Rate for such Product (i.e., the reduced royalty rate for such country shall be [*****] of the Blended Rate). Such reduction shall be first applied with respect to such country starting with sales in the Calendar Quarter following the Calendar Quarter in which Loss of Marketing Exclusivity occurs for such Product in such country.

11.7 Third Party Obligations.

(a) Notwithstanding the provisions of this Section 11.7, Enanta shall remain responsible for the payment of royalty, milestone and other payment obligations, if any, due to Third Parties under any Enanta Patents or Enanta Know-How which have been licensed to Enanta and are sub-licensed to Novartis under this Agreement. All such payments shall be made promptly by Enanta in accordance with the terms of its license agreement.

(b) In the event that Novartis reasonably determines that rights to intellectual property owned or Controlled by a Third Party claiming the structure of any Licensed Compound are required in order to avoid infringement of such Third Party's rights, Novartis shall have the right to negotiate and acquire such rights through a license or otherwise. Novartis shall be entitled to deduct from the payments due to Enanta under Sections 11.2 and 11.3 with respect to the relevant Licensed Compound or Product [*****] of the amounts paid (whether in the form of [*****]) by Novartis to such Third Party; provided, however, that in no event shall the amounts due to Enanta from Novartis with respect to the relevant Product be reduced through this subsection 11.7(b) by more than [*****] of the amounts otherwise due for such Product in any Calendar Quarter. Any amount that Novartis is entitled to deduct that is reduced by the above-recited limitation on the deduction shall be carried forward and Novartis may deduct such amount from subsequent payments due to Enanta with respect to the relevant Product until the full amount that Novartis was entitled to deduct is deducted.

(c) In the event that Novartis reasonably determines that it would be useful to acquire rights to intellectual property owned or Controlled by a Third Party, which intellectual property rights do not pertain (i) to the structure of any Licensed Compound or (ii) to the structure of any other active ingredient in a Product or the formulation of only such other active ingredient, in order to Develop, manufacture, Commercialize or sell a Product, Novartis shall have the right to negotiate and acquire such rights through a license or otherwise. Novartis shall be entitled to deduct from the payments due to Enanta under Section 11.3 with respect to the relevant Licensed Compound or Product [*****] of the amounts paid (whether in the form of [*****]) by Novartis to such Third Party; provided, however, that in no event shall the [*****] due to Enanta from Novartis with respect to the relevant Product be reduced through this subsection 11.7(c) by more than [*****] of the royalty amounts otherwise due for such Product in any Calendar Quarter; and provided further that, with respect to intellectual property relevant to more than one active ingredient of a Combination Product, any such deductions shall be reasonably apportioned between or among the applicable components of the Combination Product. Any amount that Novartis is entitled to deduct that is reduced by the above-recited limitation on the deduction shall be carried forward and Novartis may deduct such amount from subsequent [*****] due to Enanta with respect to the relevant Product until the full amount that Novartis was entitled to deduct is deducted.

11.8 **Royalty Floor**. Except in connection with a termination by Novartis pursuant to Section 15.2(b), in no event shall the total royalty payable to Enanta for any Product in any country in any Calendar Quarter after giving effect to all applicable reductions set forth herein, be reduced to less than [*****] of the rate specified in Section 11.3(a) for sales of a given Product in any given country.

11.9 **Research Funding**. Enanta shall support the Research Program with [*****] Enanta FTEs during each year of the Research Term, as further specified in the agreed Research Plan. Novartis shall pay Enanta quarterly in arrears for such FTEs at the FTE Rate within [*****] days after receipt of an Invoice therefor. Any pre-approved out-of pocket expenses shall be invoiced for reimbursement along with any such FTEs.

11.10 **No Projections**. Enanta and Novartis acknowledge and agree that nothing in this Agreement shall be construed as representing an estimate or projection of anticipated sales of any Product, and that the Milestones and Net Sales levels set forth above or elsewhere in this Agreement or that have otherwise been discussed by the Parties are merely intended to define the Milestone Payments and royalty obligations to Enanta in the event such Milestones or Net Sales levels are achieved. NEITHER ENANTA NOR NOVARTIS MAKES ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, THAT IT WILL BE ABLE TO SUCCESSFULLY COMMERCIALIZE ANY PRODUCT OR, IF COMMERCIALIZED, THAT ANY PARTICULAR NET SALES LEVEL OF SUCH PRODUCT WILL BE ACHIEVED.

12. REPORTS AND PAYMENT TERMS

12.1 **Payment Terms.**

(a) Novartis shall provide Enanta with written notice of the achievement of each Milestone within [*****] days after such Milestone has been achieved. After receipt of such notice (if applicable), Enanta shall submit an Invoice to Novartis with respect to the corresponding Milestone Payment. Novartis shall pay such Milestone Payment within [*****] days after receipt of such Invoice.

(b) Within [*****] days after each Calendar Quarter during the Term of this Agreement following the First Commercial Sale of a Product, Novartis will provide to Enanta a Sales and Royalty Report. Enanta shall submit an Invoice with respect to the royalty amount shown therein. Novartis shall pay such royalty amount within [*****] days after receipt of the Invoice.

(c) All payments from Novartis to Enanta shall be made by wire transfer in United States Dollars to the credit of such bank account as may be designated by Enanta in this Agreement or in writing to Novartis. Any payment which falls due on a date which is not a Business Day in Cambridge, Massachusetts or Basel, Switzerland may be made on the next succeeding Business Day in Cambridge, Massachusetts or Basel, Switzerland.

12.2 **Currency**. All payments under this Agreement shall be payable in United States Dollars. When conversion of payments from any foreign currency is required to be undertaken by Novartis, the United States Dollar equivalent shall be calculated using Novartis' then-current standard exchange rate methodology applied in its external reporting for the conversion of foreign currency sales into United States Dollars. Upon request by Enanta, Novartis shall provide Enanta with information on Novartis' then-current currency exchange policy.

12.3 **Taxes**. Enanta will pay any and all taxes levied on account of any payments made to it under this Agreement. If any taxes are required to be withheld by Novartis, Novartis will: (a) deduct such taxes from the payment made to Enanta; (b) timely pay the taxes to the proper taxing authority; (c) send proof of payment to Enanta; and (d) reasonably assist Enanta in its efforts to obtain a credit for such tax payment. Each Party agrees to reasonably assist the other Party in lawfully claiming exemptions from and/or minimizing such deductions or withholdings under double taxation laws or similar circumstances.

12.4 **Interest Due**. Without limiting any other rights or remedies available to Enanta, Novartis shall pay Enanta interest on any late payments made under this Agreement, whether late due to late payment of an Invoice or due to late notification to Enanta of the corresponding event or report giving rise to the Invoice pursuant to Section 12.1, at a rate per annum equal to the lesser of the [*****] month [*****] or [*****], calculated on the total number of days payment is late.

12.5 **Records and Audit Rights.**

(a) Each Party shall keep complete, true and accurate books and records in accordance with its Accounting Standards in relation to this Agreement, including, with respect to Novartis and its Affiliates, in relation to Net Sales and royalties, and with respect to Enanta, in relation to FTE efforts expended under the Research Program. Novartis and its Affiliates shall require any sublicensees to keep (all in accordance with generally accepted accounting principles, consistently applied), complete and accurate records in sufficient detail to properly reflect relevant Net Sales and to enable the royalties payable hereunder to be determined. Each Party or other selling entity will keep such books and records for at least three (3) years following the Calendar Year to which they pertain.

(b) Enanta may upon written request, cause an internationally-recognized independent accounting firm (the "**Auditor**") which is reasonably acceptable to Novartis to inspect the relevant records of Novartis and its Affiliates to verify the royalties payable by Novartis and the related reports, statements, records and books of accounts, as applicable. Novartis may upon written request, cause an Auditor that is reasonably acceptable to Enanta to inspect the relevant records of Enanta and its Affiliates as reasonably required to verify the amounts payable by Novartis hereunder or Enanta's required FTE support or reimbursable expenses, as applicable. Before beginning its audit, the Auditor shall execute an undertaking

acceptable to Party being audited by which the Auditor agrees to keep confidential all information reviewed during the audit. The Auditor shall have the right to disclose to the auditing Party only its conclusions regarding any payments owed under this Agreement.

(c) Each Party and its Affiliates shall make their records available for inspection by the Auditor during regular business hours at such place or places where such records are customarily kept, upon receipt of reasonable advance notice from the other Party. The records shall be reviewed solely to verify the accuracy of payments hereunder and compliance with this Agreement. Such inspection right shall not be exercised more than once in any calendar year and not more frequently than once with respect to records covering any specific period of time. In addition, the auditing Party agrees to hold in strict confidence all information received and all information learned in the course of any audit or inspection, except to the extent necessary to enforce its rights under this Agreement or to the extent required to comply with any law, regulation or judicial order.

(d) The Auditor shall provide its audit report and basis for any determination to the audited Party at the time such report is provided to the auditing Party before it is considered final.

(e) In the event that the final result of any such inspection reveals an undisputed underpayment or overpayment, the underpaid or overpaid amount shall be settled promptly.

(f) The auditing Party shall pay for such audits, as well as its expenses associated with enforcing its rights with respect to any payments hereunder. In addition, if an underpayment (with respect to royalties) or overpayment (with respect to research-related payments to Enanta) of more than ten percent (10%) of the total payments due hereunder for the applicable calendar year is discovered, the fees and expenses charged by the Auditor shall be paid by the audited Party.

(g) To the extent applicable, Novartis and its Affiliates shall include in each sublicense granted by it to any sublicensee a provision requiring the sublicensee to maintain records of sales made pursuant to such license and to grant access to such records by Novartis' designated independent accountant to the same extent and under the same obligations as required of Novartis under this Agreement. Enanta shall have the right to request audits of sublicensees by Novartis for reasonable cause. Novartis shall advise Enanta in advance of each audit of any sublicensee with respect to Product sales. Novartis will provide Enanta with a summary of the results received from the audit and, if Enanta so requests, a copy of the audit report with respect to Product sales. Novartis shall pay for any such audits of sublicensees, provided that Enanta will pay for any such audits of sublicensees that are expressly requested by Enanta in writing. Notwithstanding the foregoing, if an underpayment of more than [*****] is discovered, the fees and expenses charged by the Auditor shall be paid by Novartis, unless otherwise borne by the sublicensee.

13. INTELLECTUAL PROPERTY RIGHTS

13.1 Ownership of Inventions.

(a) All Know-How arising from the Parties' activities under this Agreement, and any patent applications and patents covering inventions therein, made solely by employees or consultants of a Party shall be solely owned by such Party. All Know-How arising from the Parties' activities under this Agreement, and any patent applications and patents covering inventions therein, made jointly by employees or consultants of both Parties shall be owned jointly by the Parties. Determination of inventorship shall be made in accordance with United States patent laws.

(b) Enanta's rights in any such Know-How and Patent Rights which are Enanta Patents, Enanta Know-How or Collaboration IP, as appropriate, will be exclusively licensed to Novartis as provided in Section 3.1. Subject to the foregoing, each Party may use, or license to any Third Party, any jointly owned Know-How and Patent Rights for any purpose consistent with the provisions of this Agreement without accounting to or obtaining the approval of the other Party. However, neither Party shall assign to any Third Party its interest in any jointly owned Patent Rights without the other Party's prior written consent (not to be unreasonably withheld), except to the extent permitted in Section 20.1.

13.2 Patent Prosecution.

(a) Novartis shall, in consultation with Enanta, be responsible for filing, prosecuting and maintaining the Enanta IP (in the name of Enanta) and Collaboration IP (in the name(s) of the owner(s) thereof as determined in accordance with Section 13.1(a)) at Novartis' own cost and expense. Novartis shall use Commercially Reasonable Efforts to obtain appropriate patent protection with respect to claimed inventions that are supported by the relevant specification, whether or not relevant to Products being actually Developed or Commercialized by Novartis hereunder. Enanta shall fully cooperate with Novartis in connection with the filing, prosecution and maintenance of the Enanta IP and the Collaboration IP to the extent reasonably requested by Novartis, including by providing access to relevant persons and executing all documentation reasonably requested by Novartis. Novartis shall consult with Enanta and keep Enanta reasonably informed of the status of such Enanta IP and Collaboration IP, and provide copies of all relevant documents in a timely manner for Enanta's review and comment, including any material reduction in scope, and will reasonably consider any Enanta comments in good faith, it being understood and agreed, however, that Novartis shall have the authority to make, in good faith, all final decisions relating thereto.

(b) Novartis will notify Enanta of any decision not to file applications for, or to cease prosecution and/or maintenance of, or not to continue to pay the expenses of prosecution and/or maintenance of, any Enanta IP and Collaboration IP, including without limitation any decision to abandon any pending or issued claim in the Enanta IP or Collaboration IP. Novartis will provide such notice at least thirty (30) days prior to any relevant filing or payment due date, or any other due date that requires action, in connection with such Patent Right and/or claim. In such event, Novartis shall permit Enanta, at its sole discretion and expense, to file or to continue prosecution or maintenance of such Enanta IP or Collaboration IP, Novartis shall fully cooperate with Enanta in connection with the filing, prosecution and maintenance of the Enanta IP and the Collaboration IP to the extent reasonably requested by Enanta, including by providing access to relevant persons and executing all documentation reasonably requested by Enanta.

13.3 Patent Infringement.

(a) Each Party will promptly notify the other of any infringement by a Third Party of any of the Enanta IP or Collaboration IP of which it becomes aware, including any "patent certification" filed in the United States under 21 U.S.C. §355(b)(2) or 21 U.S.C. §355(j)(2) or similar provisions in other jurisdictions and of any declaratory judgment, opposition, or similar action alleging the invalidity, unenforceability or non-infringement (collectively "**Third Party Infringement**")**.**

(b) To the extent reasonably related to any exclusive license granted to Novartis under this Agreement, Novartis will have the first right to bring and control any legal action in connection with the Third Party Infringement at its own expense as it reasonably determines appropriate, and Enanta shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. If Novartis fails to bring an action or proceeding with respect to, or to otherwise terminate, any such infringement of any Enanta IP or Collaboration IP: (i) within one hundred twenty (120) days following the notice of alleged infringement; or (ii) prior to twenty (20) days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, Enanta shall have the right, but not the obligation, upon written approval of Novartis (such approval not to be unreasonably withheld or delayed), to bring and control any such action at its own expense and by counsel of its own choice, and Novartis shall have the right, at its own expense, to be represented in any such action by counsel of its own choice; provided, however, that if Novartis notifies Enanta in writing prior to ten (10) days before such time limit for the filing of any such action that Novartis intends to file such action before the time limit, then Novartis shall be obligated to file such action before the time limit, and Enanta will not have the right to bring and control such action.

(c) At the request and expense of the Party prosecuting the relevant action pursuant to Section 13.3(b), the other Party shall provide reasonable assistance in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required.

(d) In connection with any proceeding pursuant to Section 13.3(b), Novartis shall not enter into any settlement admitting the invalidity of, or otherwise impairing Enanta's rights in, the Enanta IP or the Collaboration IP without the prior written consent of Enanta, which will not be unreasonably withheld or delayed.

(e) Any recoveries resulting from such an action relating to a claim of Third Party Infringement subject to Section 13.3(b) shall be first applied against payment of each Party's costs and expenses in connection therewith. In the event that Novartis brought such action, any remainder will be retained by (or if received by Enanta, paid to) Novartis; provided, however, that any portion of such remainder that is attributable to lost profits with respect to the Product shall be subject to a royalty payment to Enanta of [*****]. In the event that Enanta brought any such action, any remainder shall be divided equally between Enanta and Novartis.

13.4 **Trademarks**. Novartis shall have the right to brand the Products using Novartis related trademarks and any other trademarks and trade names it determines appropriate for the Product, which may vary by country or within a country ("**Product Marks**"). Novartis shall own all rights in the Product Marks and register and maintain the Product Marks in the countries and regions it determines reasonably necessary.

13.5 **Patent Marking**. To the extent commercially feasible and consistent with prevailing business and legal practices, Novartis shall mark, and shall cause its Affiliates and sublicensees to mark, all Products that are manufactured or sold under this Agreement with the number of each issued patent owned or controlled by Enanta that applies to such Products.

13.6 **Data Exclusivity and Orange Book Listings**. With respect to data exclusivity periods (such as those periods listed in the FDA's Orange Book (including without limitation any available pediatric extensions) or periods under national implementations of Article 11.1(a)(iii) of Directive 2001/EC/83, or similar periods as may be applicable to a biologic or drug, and all international equivalents), Novartis shall use commercially reasonable efforts consistent with its obligations under applicable law (including any applicable consent order) to seek, maintain and enforce all such data exclusivity periods available for the Products exclusively licensed by Novartis hereunder. With respect to filings in the FDA Orange Book or other similar filings or listings as may be applicable to a biologic or drug (and foreign equivalents) for issued patents for a Product, upon request by Novartis, Enanta shall provide reasonable cooperation to Novartis in filing and maintaining any such listing and filings.

13.7 **Patent Extensions.**

(a) If requested by Novartis, Enanta shall cooperate in obtaining patent term restoration (under but not limited to Drug Price Competition and Patent Term Restoration Act), supplemental protection certificates or their equivalents, and

patent term extensions with respect to the Enanta Patents in any country and/or region where applicable. Enanta shall provide all reasonable assistance requested by Novartis, including permitting Novartis to proceed with applications for such in the name of Enanta, if deemed appropriate by Novartis, and executing documents and providing any relevant information to Novartis.

(b) If elections with respect to obtaining any such patent term extensions are to be made, Novartis shall have the right to make the election to seek patent term extension, restoration or supplemental protection, provided that such election shall be made in accordance with industry norms.

14. CONFIDENTIALITY

14.1 Duty of Confidence.

Subject to the other provisions of this Section 14, all Confidential Information disclosed by a Party or its Affiliates under this Agreement will be maintained in confidence and otherwise safeguarded by the recipient Party. The recipient Party may only use Confidential Information of the other Party for the purposes of this Agreement and pursuant to the rights granted to the recipient Party under this Agreement. Subject to the other provisions of this Section 14, each Party shall hold as confidential such Confidential Information of the other Party or its Affiliates in the same manner and with the same protection as such recipient Party maintains its own confidential information. Subject to the other provisions of this Section 14, a recipient Party may only disclose Confidential Information of the other Party to employees, agents, contractors, consultants and advisers of the Party and its Affiliates and sublicensees and to Third Parties to the extent reasonably necessary for the purposes of, and for those matters undertaken pursuant to, this Agreement; and provided that such Persons are bound to maintain the confidentiality of the Confidential Information in a manner consistent with the confidentiality provisions of this Agreement.

14.2 **Exceptions**. The obligations under this Section 14 shall not apply to any information to the extent the recipient Party can demonstrate by competent evidence that such information:

(a) is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this Agreement or either Prior CDA by the recipient Party or its Affiliates;

(b) was known to, or was otherwise in the possession of, the recipient Party or its Affiliates prior to the time of disclosure by the disclosing Party or any of its Affiliates;

(c) is disclosed to the recipient Party or an Affiliate on a non-confidential basis by a Third Party lawfully in possession thereof who is entitled to disclose it without breaching any confidentiality obligation to the disclosing Party or any of its Affiliates; or

(d) is independently developed by or on behalf of the recipient Party or its Affiliates, as evidenced by its written records, without reference to the Confidential Information disclosed by the disclosing Party or its Affiliates under this Agreement.

14.3 **Authorized Disclosures**. In addition to disclosures allowed under Section 14.2, to the extent (and only to the extent) that it is reasonably necessary or appropriate to fulfill its obligations or exercise its rights under this Agreement, the recipient Party may disclose Confidential Information belonging to the disclosing Party in the following instances:

(a) filing or prosecuting Patent Rights as permitted by this Agreement;

(b) in connection with Regulatory Filings for Products made pursuant to this Agreement;

(c) prosecuting or defending litigation as permitted by this Agreement;

(d) subject to Sections 14.4 and 14.5, complying with applicable governmental laws and regulations (including, without limitation, the rules and regulations of the Securities and Exchange Commission or any national securities exchange) and with judicial process, if in the reasonable opinion of the recipient Party's counsel, such disclosure is necessary for such compliance; and

(e) disclosure, in connection with the performance of this Agreement and solely on a need-to-know basis, to: Affiliates; potential sublicensees; or employees, independent contractors (including without limitation consultants and clinical investigators) or agents, each of whom prior to disclosure must be bound by written obligations of confidentiality and non-use no less restrictive than the obligations set forth in this Section 14; provided, however, that the recipient Party shall remain responsible for any failure by any Person who receives Confidential Information pursuant to this Section 14 to treat such Confidential Information as required under this Section 14.

(f) If and whenever any Confidential Information is disclosed in accordance with this Section 14.3, such disclosure shall not cause any such information to cease to be Confidential Information except to the extent that such permitted disclosure results in a public disclosure of such information (otherwise than by breach of this Agreement). Where reasonably possible and subject to Sections 14.4 and 14.5, the recipient Party shall notify the disclosing Party of the recipient Party's intent to make such disclosure pursuant to paragraphs (a) through (d) of this Section 14.3 sufficiently prior to making such disclosure so as to allow the Disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information.

14.4 **Required Disclosure**. A recipient Party may disclose Confidential Information pursuant to interrogatories, requests for information or documents, subpoena, civil investigative demand issued by a court or governmental agency or as otherwise required by law;

provided however, that the recipient Party shall notify the disclosing Party promptly upon receipt thereof, giving (where practicable) the disclosing Party sufficient advance notice to permit it to oppose, limit or seek confidential treatment for such disclosure, and to file for patent protection if relevant; and provided, further, that the recipient Party shall furnish only that portion of the Confidential Information which it is advised by counsel is legally required whether or not a protective order or other similar order is obtained by the disclosing Party.

14.5 **Securities Filings**. In the event either Party proposes to file with the Securities and Exchange Commission or the securities regulators of any state or other jurisdiction a registration statement or any other disclosure document which describes or refers to this Agreement under the Securities Act of 1933, as amended, the Securities Exchange Act, of 1934, as amended, or any other applicable securities law, the Party shall notify the other Party of such intention and shall provide such other Party with a copy of relevant portions of the proposed filing not less than five (5) business days prior to such filing (and any revisions to such portions of the proposed filing a reasonable time prior to the filing thereof), including any exhibits thereto relating to the Agreement, and shall use reasonable efforts to obtain confidential treatment of any information concerning the Agreement that such other Party requests be kept confidential, and shall only disclose Confidential Information which it is advised by counsel is legally required to be disclosed. No such notice shall be required under this Section 14.5 if the substance of the description of or reference to this Agreement contained in the proposed filing has been included in any previous filing made by the either Party hereunder or otherwise approved by the other Party.

14.6 **Terms of Agreement**. The existence and the terms and conditions of this Agreement that the Parties have not specifically agreed to disclose pursuant to Section 14.5 or Section 19 shall be considered Confidential Information of both Parties. Either Party may disclose such terms on a need-to-know basis to a *bona fide* investor (provided that such investor is not, and is not affiliated with, a pharmaceutical company), investment banker, and their attorneys and agents, provided that each such Person to whom such information is to be disclosed is informed of the confidential nature of such information and has entered into a written agreement with the Party, or is otherwise bound by professional rules, requiring such Person to keep such information confidential. Promptly after the Effective Date, the Parties shall agree upon a redacted form of this Agreement, the relevant provisions of which may be disclosed on a need-to-know basis to potential licensees, acquirers or merger partners and their attorneys and agents, provided that each such Person to whom such information is to be disclosed is informed of the confidential nature of such information and has entered into a written agreement with the Party, or is otherwise bound by professional rules, requiring such Person to keep such information confidential.

14.7 **Ongoing Obligation for Confidentiality**. Upon early termination of this Agreement for any reason, each Party and its Affiliates shall immediately return to the other Party or destroy any Confidential Information disclosed by the other Party, except for one copy which may be retained in its confidential files for archive purposes.

15. TERM AND TERMINATION

15.1 **Term**. The term of this Agreement will commence upon the Effective Date and continue until the expiration of all royalty payment obligations of Novartis hereunder, unless earlier terminated as permitted by this Agreement (the "**Term**").

15.2 **Termination for Cause.**

(a) **Termination by Enanta for Cause**. If Novartis is in material breach of any material obligation hereunder (other than with respect to a breach of Novartis' obligations under Sections 7.2 or 9.1 with respect to any given Product, which is governed by Section 15.4), Enanta may give written notice to Novartis specifying the claimed particulars of such breach, and in the event such material breach is not cured within the relevant time period specified below after such notice, Enanta shall have the right thereafter to terminate this Agreement immediately by giving written notice to Novartis to such effect. Novartis shall have [*****] days to either cure such breach (except to the extent such breach involves the failure to make a payment when due, which breach must be cured within [*****] days following such notice) or, if cure cannot be reasonably effected within such [*****] day period, to deliver to Enanta a plan for curing such breach which is reasonably sufficient to effect a cure within a reasonable period not to exceed [*****] days. Following delivery of such plan, Novartis shall use commercially reasonable efforts to carry out the plan and cure the breach. Any termination by Enanta under this Section and the effects of termination provided herein shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled from Novartis.

(b) **Partial Termination by Novartis for Cause**. If Enanta is in material breach of any material obligation hereunder, Novartis may give written notice to Enanta specifying the claimed particulars of such breach and its desire to partially terminate certain aspects of this Agreement as provided in Section 16.1. In the event that Enanta does not dispute the existence or materiality of an alleged breach specified in such notice and such material breach is not cured following such notice as provided below, Novartis shall have the right thereafter to terminate certain aspects of this Agreement immediately as provided in Section 16.1 by giving written notice to Enanta to such effect. Enanta shall have [*****] days to either cure any such breach or, if cure cannot be reasonably effected within such [*****] day period, to deliver to Novartis a plan for curing such breach which is reasonably sufficient to effect a cure within a reasonable period not to exceed [*****] days. Following delivery of such plan, Enanta shall use commercially reasonable efforts to carry out the plan and cure the breach. If Enanta disputes in good faith the existence or materiality of an alleged breach and provides notice to Novartis of such dispute within the first [*****] days of the [*****] day notice period specified above, Novartis shall not have the right to implement the payment reduction set forth in Section 16.1(b) unless and until the existence of such material breach or failure by Enanta has been confirmed in

accordance with Section 20.5, and Enanta has failed to cure such breach within [*****] days following such confirmation. It is understood and acknowledged that during the pendency of any such dispute as to the existence or materiality of an alleged breach, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder; provided that Novartis shall place into a mutually agreed escrow account [*****] which become due during the pendency of such proceedings. In the event that the existence of such material breach or failure by Enanta is confirmed in accordance with Section 20.5, and Enanta fails to cure such breach as provided above following such confirmation, then Novartis shall be entitled to receive [*****]. In the event that the existence of such material breach or failure by Enanta is not confirmed in accordance with Section 20.5, or if Enanta cures such breach as provided above, then Enanta shall be entitled to receive the amounts in escrow. Any termination by Novartis under this Section and the effects of termination provided herein shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled from Enanta.

(c) **Full Termination by Novartis for Cause**. If Enanta is in material breach of any material obligation hereunder, Novartis may give written notice to Enanta specifying the claimed particulars of such breach and its desire to fully terminate this Agreement with the consequences as set forth in Section 16.2. In the event such material breach is not cured within the relevant time period specified below after such notice, Novartis shall have the right thereafter to terminate this Agreement immediately with the consequences as set forth in Section 16.2 by giving written notice to Enanta to such effect. Enanta shall have [*****] days to either cure such breach or, if cure cannot be reasonably effected within such [*****] day period, to deliver to Novartis a plan for curing such breach which is reasonably sufficient to effect a cure within a reasonable period not to exceed [*****] days. Following delivery of such plan, Enanta shall use commercially reasonable efforts to carry out the plan and cure the breach. Any termination by Novartis under this Section and the effects of termination provided herein shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled from Enanta.

(d) Either Enanta or Novartis may terminate this Agreement without notice if an Insolvency Event occurs in relation to the other Party. In any event when a Party first becomes aware of the likely occurrence of any Insolvency Event in regard to that Party, it shall promptly so notify the other Party in sufficient time to give the other Party sufficient notice to protect its interests under this Agreement.

(e) Novartis may terminate this Agreement in the event Enanta rejects this Agreement under Section 365 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "**Code**").

15.3 Termination by Novartis Without Cause. Novartis may terminate this Agreement without cause at any time after the Effective Date in its entirety or on a Licensed Compound-by-Licensed Compound basis at any time on one hundred twenty (120) days' prior written notice to Enanta.

15.4 Termination by Enanta For Failure of Novartis to Use Commercially Reasonable Efforts.

(a) Subject to Section 15.4(b), Enanta shall have the right to terminate the rights licensed to Novartis under the Agreement with respect to a given Product if Novartis is in breach of its obligations as set forth in Sections 7.2 or 9.1 with respect to such Product, provided however, that Novartis' rights shall not terminate unless (i) Novartis is given [*****] days prior written notice by Enanta of Enanta's intent to terminate, stating the reasons and justification for such termination, and (ii) Novartis, or its Affiliate or sublicensee, has not taken good faith commercially reasonable steps during the [*****] day period following such notice to diligently pursue the Development and/or Commercialization of the relevant Product.

(b) If Novartis disputes in good faith the existence or materiality of an alleged breach specified in a notice provided by Enanta pursuant to Section 15.4(a), and Novartis provides notice to Enanta of such dispute within the first [*****] days of the [*****] day notice period specified in Section 15.4(a), Enanta shall not have the right to terminate rights under this Agreement unless and until the existence of such material breach or failure by Novartis has been determined in accordance with Section 20.5 and Novartis fails to cure such breach within [*****] days following such determination. It is understood and acknowledged that during the pendency of any such dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder.

15.5 Rights in Bankruptcy.

(a) The Parties agree that this Agreement constitutes an executory contract under Section 365 of the Code for the license of "intellectual property" as defined under Section 101 of the Code and constitutes a license of "intellectual property" for purposes of any similar laws in any other country in the Territory. The Parties further agree that Novartis, as licensee of such rights under this Agreement, will retain and may fully exercise all of its protections, rights and elections under the Code, including, but not limited to, Section 365(n) of the Code, and any similar laws in any other country in the Territory. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against Enanta under the Code and any similar laws in any other country in the Territory, Novartis will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property to the extent included in the license grants hereunder and

reasonably related to the practice of such license, and the same, if not already in its possession, will be promptly delivered to it: (i) upon any such commencement of a bankruptcy proceeding upon its written request therefor, unless Enanta elects to continue to perform all of its obligations under this Agreement; or (ii) if not delivered under (i) above, following the rejection of this Agreement by or on behalf of Enanta upon written request therefor by Novartis.

(b) All rights, powers and remedies of Novartis provided for in this Section 15.5 are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including, without limitation, under the Code and any similar laws in any other country in the Territory). In the event of an Insolvency Event in relation to Enanta, Novartis, in addition to the rights, power and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist at law or in equity (including, without limitation, under the Code).

16. EFFECT OF TERMINATION

16.1 Partial Termination by Novartis for Cause. Upon partial termination of this Agreement by Novartis pursuant to Section 15.2(b):

(a) any licenses granted by Novartis to Enanta hereunder will terminate and revert to Novartis;

(b) the licenses and other rights granted by Enanta to Novartis and its Affiliates under Article 3 will remain in effect in accordance with their respective terms; provided, however, that (i) the amount of any Milestone Payments and royalties applicable to Net Sales of Product which become due after the effective date of partial termination shall be reduced by [*****]; and (ii) Novartis shall have the right to offset any damages Novartis has suffered as a result of Enanta's breach, in such amounts as are finally determined to be due to Novartis pursuant to Section 20.5 or otherwise agreed by Enanta in writing, against any such Milestone Payments and/or royalties which become due after the effective date of partial termination; and

(c) the Agreement will otherwise remain in full force and effect except that (i) Novartis will have the right to dissolve the JSC upon written notice to Enanta, (ii) Novartis' obligations pursuant to Section 4.2 will terminate, and (iii) Enanta's rights to Co-Detail Products pursuant to Article 10 will terminate and Novartis will have the right to immediately terminate any Co-Detailing Agreement by providing written notice to Enanta.

16.2 Full Termination by Novartis for Cause. Upon termination of this Agreement by Novartis pursuant to Section 15.2(c), (d) or (e):

(a) any licenses and other rights granted by either Party to the other Party hereunder will terminate and revert to the granting Party;

(b) Novartis will cooperate with Enanta promptly and as reasonably requested by Enanta to transition the responsibility for the filing, prosecution, and maintenance of the Enanta IP back to Enanta. The provisions of Section 13.2 shall continue to apply with respect to Collaboration IP unless otherwise agreed in writing by the Parties;

(c) Novartis hereby grants Enanta a right of first negotiation, exercisable by written notice to Novartis at any time within [*****] days after such termination, to obtain a worldwide, exclusive, royalty-bearing license, with the right to sublicense, under Collaboration IP owned in whole or in part by Novartis or its Affiliates, and under any other Patent Rights and Know-How Controlled by Novartis or its Affiliates that are not included in the Collaboration IP and that are reasonably necessary to continue to Develop or Commercialize Products then being Developed or Commercialized under this Agreement, to research, develop, make, have made, use, sell, have sold, offer for sale and import Licensed Compound(s) and Product(s), on commercially reasonable terms to be negotiated in good faith by the Parties for up to an additional [*****] days following exercise of such right of first negotiation;

(d) any license granted to Enanta as described in the preceding subsection (c) will include, to the extent requested by Enanta, the right to use clinical and regulatory data and information generated by Novartis for regulatory purposes relating to the Licensed Compounds and/or Products and will provide for Novartis to transfer and assign to Enanta all of its right, title and interest in and to all regulatory submissions and Regulatory Approvals and all drug master files and drug dossiers with respect to the Products (other than those related to manufacturing facilities); and

(e) except as set forth in this Section 16, the rights and obligations of the Parties hereunder shall terminate as of the date of such termination.

16.3 Termination by Enanta for Cause or by Novartis Without Cause. Upon termination of this Agreement by Enanta pursuant to Section 15.2(a) or (d) or Section 15.4 or by Novartis pursuant to Section 15.3:

(a) any licenses and other rights granted by either Party to the other under this Agreement will terminate and revert to the granting Party;

(b) Novartis will cooperate with Enanta promptly and as reasonably requested by Enanta to transition the responsibility for the filing, prosecution, and maintenance of the Enanta IP back to Enanta. The provisions of Section 13.2 shall continue to apply with respect to Collaboration IP unless otherwise agreed in writing by the Parties;

(c) Novartis will transfer and assign to Enanta all of its right, title and interest in and to all regulatory submissions with respect to the Products that were filed by Enanta prior to the Effective Date and transferred to Novartis hereunder;

(d) in the event that this Agreement is terminated on or before the 2nd anniversary of the end of the Research Term, then Novartis will grant Enanta and its Affiliates a worldwide, exclusive, fully paid, perpetual license, with the right to sublicense, under all Collaboration IP owned in whole or in part by Novartis or its Affiliates, to research, develop, make, have made, use, sell, have sold, offer for sale and import Licensed Compound(s) and Product(s);

(e) in the event that this Agreement is terminated after the 2nd anniversary of the end of the Research Term, then the Parties shall negotiate in good faith the terms under which Enanta shall obtain a worldwide, exclusive, license, with the right to sublicense, under Collaboration IP owned in whole or in part by Novartis or its Affiliates, to develop, make, have made, use, sell, have sold, offer for sale and import Licensed Compounds and Products;

(f) in addition to the foregoing, upon request of Enanta following any such termination, the Parties shall negotiate in good faith the terms under which Enanta shall obtain a worldwide, exclusive, royalty-bearing license, with the right to sublicense, under any other Patent Rights and Know-How Controlled by Novartis or its Affiliates that are not included in the Collaboration IP and that are reasonably necessary to continue to Develop or Commercialize Products then being Developed or Commercialized under this Agreement, to develop, make, have made, use, sell, have sold, offer for sale and import any such Product then being Developed or Commercialized under this Agreement;

(g) in the event that the Parties cannot agree upon the terms for any license to be negotiated as provided above within [*****] days after such termination, then, if requested by Enanta during such [*****] day period, the Parties shall refer the matter to arbitration before a mutually acceptable single independent arbitrator, who shall be experienced in the pharmaceutical business, provided that if the Parties cannot agree upon such single arbitrator within [*****] days, such arbitrator will be promptly chosen by the Parties in accordance with the then-prevailing rules of arbitration of the International Chamber of Commerce. For such arbitration, each Party shall submit final proposed terms to the arbitrator within [*****] days of his/her appointment, together with a brief or other written memorandum supporting the merits of their final proposal, provided that each Party will submit its final proposed terms to the other Party at least [*****] days prior to submission to the independent arbitrator. The arbitrator shall promptly convene a hearing, at which time each Party shall have an agreed upon time to argue and present witnesses in support of its final proposal. The independent arbitrator will select between the two sets of terms (i.e., the independent arbitrator will select one of the sets of terms submitted by the Parties, and will not propose a third set of terms, and shall have no discretion or authority with respect to

modifying the proposed terms of either of the Parties), and shall render his/her opinion in writing within [*****] days after the hearing described above. The decision of the arbitrator shall be final and binding on the Parties. The Parties shall equally bear all expenses and costs of the arbitration, including the costs associated with the arbitrators' services, but not the costs incurred by either Party in connection with the preparation for and the presentation of its case.

(h) any license granted to Enanta as described in the preceding subsection (e) or (f) will include, to the extent requested by Enanta, the right to use clinical and regulatory data and information generated by Novartis for regulatory purposes relating to the Licensed Compounds and/or Products and will provide for Novartis to transfer and assign to Enanta all of its right, title and interest in and to all regulatory submissions and Regulatory Approvals and all drug master files and drug dossiers with respect to the Products (other than those related to manufacturing facilities) and for Novartis to reasonably cooperate with Enanta, at Enanta's request and expense, with respect to the transfer of relevant Development and Commercialization activities to Enanta, and to provide Enanta with reasonable access to relevant manufacturing and formulation Know-How; and

(i) except as set forth in this Section 16, the rights and obligations of the Parties hereunder shall terminate as of the date of such termination.

16.4 **Survival**. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination. Without limiting the foregoing, the provisions of Articles 1, 12, 16, 18 and 20, and Sections 3.4, 11.10, 13.1, 15.5, 17.4, 19.2, and any other obligations and rights which are expressly intended to survive, shall survive expiration or termination of this Agreement. The provisions of Section 14 (Confidentiality) shall survive the termination or expiration of this Agreement for a period of [*****] years.

16.5 **Termination Not Sole Remedy**. Termination is not the sole remedy under this Agreement and, whether or not termination is effected and notwithstanding anything contained in this Agreement to the contrary, all other remedies will remain available except as agreed to otherwise herein.

17. REPRESENTATIONS, WARRANTIES AND COVENANTS

17.1 **Representations, Warranties and Covenants by Each Party**. Each Party represents and warrants to the other as of the Effective Date that:

(a) it is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation;

(b) it has full corporate power and authority to execute, deliver, and perform this Agreement, and has taken all corporate action required by law and its organizational documents to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement;

(c) this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms;

(d) other than compliance with the HSR Act, all consents, approvals and authorizations from all governmental authorities or other Third Parties required to be obtained by such Party in connection with this Agreement have been obtained;

(e) the execution and delivery of this Agreement and all other instruments and documents required to be executed pursuant to this Agreement do not and shall not (i) conflict with or result in a breach of any provision of its organizational documents, (ii) result in a breach of any agreement to which it is a party; or (iii) violate any law; and

(f) all of its employees, officers, and consultants who have been involved with the Enanta IP or who will be involved in the Research Program have executed agreements or have existing obligations under applicable laws requiring assignment to such Party of all inventions made during the course of and as the result of their association with such Party free from Encumbrances and obligating the individual to maintain as confidential such Party's Confidential Information as well as confidential information of other parties (including the other Party and its Affiliates) which such individual may receive, to the extent required to support such Party's obligations under this Agreement;

(g) with respect to Novartis, it shall self-insure and, with respect to Enanta, it shall maintain insurance with respect to its activities and obligations under this Agreement in such amounts as are commercially reasonable in the industry for companies conducting similar business and shall require any of its Affiliates undertaking activities under this Agreement to do the same;

(h) it will perform all activities under this Agreement in compliance with all applicable laws and regulations, including but not limited to those relating to the conduct of human clinical studies, animal testing, biotechnological research and the handling and containment of biohazardous materials, and laws and regulations relating to health, safety and the environment, fair labor practices and unlawful discrimination;

(i) (i) neither such Party nor, to the actual knowledge of such Party, any employee, agent or subcontractor of such Party involved or to be involved in the Development of the Licensed Compound(s) and/or the Product(s) has been debarred under Subsection (a) or (b) of Section 306 of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 335a); (ii) no Person who is known by such Party to have been debarred under Subsection (a) or (b) of Section 306 of said Act will be employed by such Party in the performance of any activities hereunder; and (iii) to the actual knowledge of such Party, no Person on any of the FDA clinical

investigator enforcement lists (including, but not limited to, the (1) Disqualified/Totally Restricted List, (2) Restricted List and (3) Adequate Assurances List) will participate in the performance of any activities hereunder.

17.2 Representations and Warranties by Enanta. Enanta represents and warrants to Novartis as of the Effective Date that:

(a) Exhibit A sets forth a complete and accurate list of all Enanta Patents in existence as of the Effective Date, indicating the owner, Enanta, and/or co-owner(s) thereof if such Enanta IP is not solely owned by Enanta;

(b) Exhibit A includes a complete list of all the patents and patent applications that Enanta has filed on novel NS5A compound structures;

(c) Enanta is the sole and exclusive owner of all of the Enanta Patents free from Encumbrances, and is listed in the records of the appropriate governmental agencies as the sole and exclusive owner of record for each registration, grant and application included in the Enanta Patents;

(d) Enanta has the right to grant to Novartis and its Affiliates the licenses under the Enanta IP that it purports to grant hereunder;

(e) Enanta has the right to use and disclose and to enable Novartis and its Affiliates to use and disclose (in each case under appropriate conditions of confidentiality) the Enanta Know-How to be licensed to Novartis as provided under this Agreement;

(f) to the Knowledge of Enanta, the issued patents in the Enanta Patents are valid and enforceable without any claims, challenges, oppositions, interference or other similar proceedings, pending or threatened, and Enanta has filed and prosecuted patent applications within the Enanta Patents in good faith and complied with all duties of disclosure with respect thereto;

(g) to the Knowledge of Enanta, Enanta has not committed any act, or omitted to commit any act, that may cause the Enanta Patents to expire prematurely or be declared invalid or unenforceable;

(h) to the Knowledge of Enanta, all application, registration, maintenance and renewal fees in respect of the Enanta Patents due as of the Effective Date have been paid and all necessary documents and certificates have been filed with the relevant agencies for the purpose of maintaining the Enanta Patents;

(i) Enanta has not granted to any Third Party any rights to the Licensed Compound(s) that would otherwise interfere or be inconsistent with rights granted to Novartis hereunder;

(j) [*****];

(k) [*****];

(l) [*****]; and

(m) [*****].

17.3 Covenants of Enanta. Enanta covenants and agrees that:

(a) it will not grant any interest in the Enanta IP which is inconsistent with the terms and conditions of this Agreement, nor shall Enanta assign its right, title or interest in or to the Enanta IP to any Third Party except as permitted in Section 20.1; and

(b) if, at any time after execution of this Agreement, it becomes aware that it or any employee, agent or subcontractor of Enanta who participated, or is participating, in the performance of any activities hereunder is on, or is being added to the FDA Debarment List or any of the three (3) FDA Clinical Investigator Restriction Lists referenced in Section 17.1(i), it will provide written notice of this to Novartis within two (2) business days of its becoming aware of this fact;

(c) subject to Section 14.3, it will use all reasonable precautions to preserve the confidentiality of the Enanta Know-How to the extent that such Enanta Know-How is subject to an exclusive license to Novartis and its Affiliates.

17.4 **No Other Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS SECTION 17, (A) NO REPRESENTATION, CONDITION OR WARRANTY WHATSOEVER IS MADE OR GIVEN BY OR ON BEHALF OF NOVARTIS OR ENANTA; AND (B) ALL OTHER CONDITIONS AND WARRANTIES WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE ARE HEREBY EXPRESSLY EXCLUDED, INCLUDING ANY CONDITIONS AND WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

18. INDEMNIFICATION; LIABILITY

18.1 **Indemnification by Enanta**. Enanta shall indemnify and hold Novartis, its Affiliates, and their respective officers, directors and employees ("**Novartis Indemnitees**") harmless from and against any Claims against them to the extent arising or resulting from:

(a) Enanta's, or any of its Affiliates', sublicensees' or contractors' actions in connection with the Research Program;

(b) the negligence or willful misconduct of Enanta or any of its Affiliates; or

(c) the breach of any of the obligations, covenants, warranties or representations made by Enanta to Novartis and its Affiliates under this Agreement;

provided, however, that Enanta shall not be obliged to so indemnify, defend and hold harmless the Novartis Indemnitees for any Claims to the extent Novartis has an obligation to indemnify Enanta Indemnitees pursuant to Section 18.2 or to the extent that such Claims arise from the breach, negligence or willful misconduct of Novartis or the Novartis Indemnitee.

18.2 **Indemnification by Novartis**. Novartis shall indemnify and hold Enanta, its Affiliates, and their respective officers, directors and employees ("**Enanta Indemnitees**") harmless from and against any Claims against them to the extent arising or resulting from:

(a) Novartis', or any of its Affiliates', sublicensees' or contractors' actions in connection with the Development, manufacture or Commercialization of the Licensed Compound(s) or Product(s) or performance of the Research Program;

(b) the negligence or willful misconduct of Novartis or any of its Affiliates; or

(c) the breach of any of the obligations, covenants, warranties or representations made by Novartis to Enanta under this Agreement;

provided, however, that Novartis and its Affiliates shall not be obliged to so indemnify, defend and hold harmless the Enanta Indemnitees for any Claims to the extent Enanta has an obligation to indemnify Novartis Indemnitees pursuant to Section 18.1 or to the extent that such Claims arise from the breach, negligence or willful misconduct of Enanta or the Enanta Indemnitee.

18.3 Indemnification Procedure.

(a) For the avoidance of doubt, all indemnification claims in respect of a Novartis Indemnitee or Enanta Indemnitee shall be made solely by Novartis or Enanta, respectively.

(b) A Party seeking indemnification hereunder ("**Indemnified Party**") shall notify the other Party ("**Indemnifying Party**") in writing reasonably promptly after the assertion against the Indemnified Party of any Claim or fact in respect of which the Indemnified Party intends to base a Claim for indemnification hereunder ("**Indemnification Claim Notice**")**,** but the failure or delay to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any obligation or liability that it may have to the Indemnified Party, except to the extent that the Indemnifying Party demonstrates that its ability to defend or resolve such Claim is adversely affected thereby. The Indemnification Claim Notice shall contain a description of the Claim and the nature and amount of the Claim (to the extent that the nature and amount of such Claim is known at such time). Upon the request of the Indemnifying Party, the Indemnified Party shall furnish promptly to the Indemnifying Party copies of all correspondence, communications and official documents (including court documents) received or sent in respect of such Claim.

(c) Subject to the provisions of subsections (d) and (e) below, the Indemnifying Party shall have the right, upon written notice given to the Indemnified Party within thirty (30) days after receipt of the Indemnification Claim Notice, to assume the defense and handling of such Claim, at the Indemnifying Party's sole expense, in which case the provisions of subsection (d) below shall govern. The assumption of the defense of a Claim by the Indemnifying Party shall not be construed as acknowledgement that the Indemnifying Party is liable to indemnify any indemnitee in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's claim for indemnification. In the event that it is ultimately decided that the Indemnifying Party is not obligated to indemnify or hold an Indemnitee harmless

from and against the Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including attorneys' fees and costs of suit) and any losses incurred by the Indemnifying Party in its defense of the Claim. If the Indemnifying Party does not give written notice to the Indemnified Party, within thirty (30) days after receipt of the Indemnification Claim Notice, of the Indemnifying Party's election to assume the defense and handling of such Claim, the provisions of sub-Section (e) below shall govern.

(d) Upon assumption of the defense of a Claim by the Indemnifying Party: (i) the Indemnifying Party shall have the right to and shall assume sole control and responsibility for dealing with the Claim; (ii) the Indemnifying Party may, at its own cost, appoint as counsel in connection with conducting the defense and handling of such Claim any law firm or counsel reasonably selected by the Indemnifying Party; (iii) the Indemnifying Party shall keep the Indemnified Party informed of the status of such Claim; and (iv) the Indemnifying Party shall have the right to settle the Claim on any terms the Indemnifying Party chooses; provided, however, that it shall not, without the prior written consent of the Indemnified Party, agree to a settlement of any Claim which could lead to liability or create any financial or other obligation on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder or which admits any wrongdoing or responsibility for the claim on behalf of the Indemnified Party. The Indemnified Party shall cooperate with the Indemnifying Party and shall be entitled to participate in, but not control, the defense of such Claim with its own counsel and at its own expense. In particular, the Indemnified Party shall furnish such records, information and testimony, provide witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours by the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Claim, and making the Indemnified Party, the Indemnitees and its and their employees and agents available on a mutually convenient basis to provide additional information and explanation of any records or information provided.

(e) If the Indemnifying Party does not give written notice to the Indemnified Party as set forth in subsection (c) or fails to conduct the defense and handling of any Claim in good faith after having assumed such, the Indemnified Party may, at the Indemnifying Party's expense, select counsel reasonably acceptable to the Indemnifying Party in connection with conducting the defense and handling of such Claim and defend or handle such Claim in such manner as it may deem appropriate. In such event, the Indemnified Party shall keep the Indemnifying Party timely apprised of the status of such Claim and shall not settle such Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld. If the Indemnified Party defends or handles such Claim, the Indemnifying Party shall cooperate with the Indemnified Party, at the Indemnified Party's request but at no expense to the Indemnified Party, and shall be entitled to participate in the defense and handling of such Claim with its own counsel and at its own expense.

18.4 **Mitigation of Loss**. Each Indemnified Party will take and will procure that its Affiliates take all such reasonable steps and action as are necessary or as the Indemnifying Party may reasonably require in order to mitigate any Claims (or potential losses or damages) under this Section 18. Nothing in this Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

18.5 **Special, Indirect and Other Losses**. NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE IN CONTRACT, TORT, NEGLIGENCE BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR FOR ANY LOSS OF PROFITS SUFFERED BY THE OTHER PARTY, EXCEPT TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS SECTION 18.

18.6 **No Exclusion**. Neither Party excludes any liability for death or personal injury caused by its negligence or that of its employees, agents or sub-contractors.

19. PUBLICATIONS AND PUBLICITY

19.1 **Publications.**

(a) Except to the extent made in accordance with the provisions of Section 14 or Section 19.2, any proposed public disclosure (whether written, electronic, oral or otherwise) by Enanta relating to the Licensed Compound(s) or Product(s) shall require the prior written consent of Novartis.

(b) For the avoidance of doubt, Novartis or any of its Affiliates may, without any required consents from Enanta, but, to the extent practicable, with at least [*****] days' prior written notice to Enanta, publish or have published information about clinical trials related to the Licensed Compound(s) or Product(s), including the results of such clinical trials. This paragraph shall not affect the rights or obligations of the Parties pursuant to Section 14.

19.2 **Publicity.**

(a) Neither Party shall use the name, symbol, trademark, trade name or logo of the other Party or its Affiliates in any press release, publication or other form of public disclosure without the prior written consent of the other Party in each instance (such consent not to be unreasonably withheld or delayed), except for those disclosures made in accordance with Section 14 or for which consent has already been obtained.

(b) Except as provided in Section 14, each Party agrees not to issue any press release or other public statement, whether oral or written, disclosing the existence of this Agreement, the terms hereof or any information relating to this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, however, that Novartis may issue press releases and other public statements as it deems reasonably appropriate in connection with the Development and Commercialization of Products under this Agreement without such consent but, to the extent practicable, with at least [*****] days' prior written notice to Enanta.

19.3 The Parties acknowledge and agree that a good faith breach by Novartis of any requirement to give prior notice pursuant to this Section 19 shall not be grounds for any termination of this Agreement by Enanta.

20. GENERAL PROVISIONS

20.1 **Assignment**. This Agreement may not be assigned or otherwise transferred by either Party without the prior written consent of the other Party; provided, however, that either Party may assign this Agreement, without the consent of the other Party to any of its Affiliates or to a successor to all or substantially all of its business or assets to which this Agreement relates. Any purported assignment in contravention of this Section 20.1 shall, at the option of the non-assigning Party, be null and void and of no effect. In the event that this Agreement is assigned by a Party in connection with the sale or transfer of all or substantially all of the business and assets of such Party to which the subject matter of this Agreement pertains, notwithstanding any provisions of this Agreement to the contrary, such assignment shall not provide the non-assigning Party with rights or access to intellectual property or technology of the acquirer of the assigning Party. No assignment shall release either Party from responsibility for the performance of any accrued obligation of such Party hereunder. This Agreement shall be binding upon and enforceable against the successor to or any permitted assignees from either of the Parties hereto.

20.2 **Extension to Affiliates**. Novartis shall have the right to extend the rights, immunities and obligations granted in this Agreement to one or more of its Affiliates. All applicable terms and provisions of this Agreement shall apply to any such Affiliate to which this Agreement has been extended to the same extent as such terms and provisions apply to Novartis. Novartis shall remain primarily liable for any acts or omissions of its Affiliates.

20.3 **Severability**. Should one or more of the provisions of this Agreement become void or unenforceable as a matter of law, then this Agreement shall be construed as if such provision were not contained herein and the remainder of this Agreement shall be in full force and effect, and the Parties will use their commercially reasonable efforts to substitute for the invalid or unenforceable provision a valid and enforceable provision which conforms as nearly as possible with the original intent of the Parties.

20.4 **Governing Law and Jurisdiction**. This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts, without reference to conflicts of laws principles. The Parties hereby irrevocably submit to the exclusive jurisdiction of and venue in the state and federal courts located in Boston, Massachusetts, without restricting any right of appeal.

20.5 **Dispute Resolution.**

(a) Except as otherwise set forth in this Agreement, in the event of an unresolved matter, dispute or issue under this Agreement ("**Dispute**"), the Parties will refer the Dispute to the Alliance Managers for discussion and resolution. If the Alliance Managers are unable to resolve such Dispute within thirty (30) days of the Dispute being referred to them by either Party in writing, either Party may require that the Parties forward the matter to the Senior Officers (or designees with similar authority to resolve such dispute), who shall attempt in good faith to resolve such Dispute. If the Senior Officers cannot resolve such Dispute within thirty (30) days of the matter being referred to them in writing, then the Dispute will be resolved as provided in Section 20.5(b), (c) or (d) below, as applicable.

(b) For any Dispute not settled in accordance with Section 20.5(a), a Party wishing to commence arbitration shall first serve notice on the other Party that a Dispute has arisen and demand that mediation commence. The mediation shall last no longer than sixty (60) days and shall be conducted pursuant to the ICC ADR Rules of the International Chamber of Commerce ("ICC") then in effect. Each Party shall pay its own expenses incurred in connection with such mediation, and the fees and expenses of the mediator shall be divided evenly between the Parties. Notwithstanding anything else contained herein, any Party to such mediation shall have the right to commence arbitration in accordance with Section 20.5(c) below at any time after the expiration of sixty (60) days after service of such demand for mediation under this subsection.

(c) Any unresolved Disputes between the Parties relating to, arising out of or in any way connected with this Agreement or any term or condition hereof, or the performance by either Party of its obligations hereunder, whether before or after termination of this Agreement, shall be resolved by final and binding arbitration. Whenever a Party shall decide to institute arbitration proceedings, it shall give written notice to that effect to the other Party. Arbitration shall be held in Boston, Massachusetts, according to the Rules of Arbitration of the ICC in effect at the time of the arbitration, except as they may be modified herein or by mutual agreement of the Parties. No arbitrator (nor any panel of arbitrators) shall have the power to award punitive damages under this Agreement and such award is expressly prohibited. Decisions of the arbitrator(s) shall be final and binding on the Parties. Judgment on the award so rendered may be entered in any court of competent jurisdiction. The costs of the arbitration shall be borne as determined by the arbitrator(s).

(d) Notwithstanding anything to the contrary, either Party may at any time seek to obtain preliminary injunctive relief or other applicable provisional relief from a court of competent jurisdiction with respect to an issue arising under this Agreement if the rights of such Party would be prejudiced absent such relief. A request by a Party to a court of competent jurisdiction for interim measures necessary to preserve the Party's rights, including attachments or injunctions, shall not be deemed incompatible with, or a waiver of, the agreement to mediate or arbitrate contained in this Section 20.5. Notwithstanding anything to the contrary in this Section 20.5, any disputes regarding the scope, validity, enforceability or inventorship of any patents or patent applications shall be submitted for final resolution by a court of competent jurisdiction.

20.6 **Force Majeure**. Neither Party shall be responsible to the other for any failure or delay in performing any of its obligations under this Agreement or for other nonperformance hereunder if such delay or nonperformance is caused by strike, stoppage of labor, lockout or other labor trouble, fire, flood, accident, war, act of terrorism, act of God or of the government of any country or of any local government, or by cause unavoidable or beyond the control of any Party hereto. In such event, the Party affected will use commercially reasonable efforts to resume performance of its obligations.

20.7 **Waivers and Amendments**. The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver shall be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

20.8 **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Enanta and Novartis, or to constitute one as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other.

20.9 **Notices**. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt); (b) sent by fax (with written confirmation of receipt), provided that a copy is immediately sent by an internationally recognized overnight delivery service (receipt requested); or (c) when received by the addressee, if sent by an internationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and fax numbers set forth below (or to such other addresses and fax numbers as a Party may designate by notice):

If to Enanta:

Enanta Pharmaceuticals, Inc.
500 Arsenal Street
Watertown, Massachusetts 02472
Attention: Chief Executive Officer
Facsimile No.: 617-607-0530

If to Novartis:

Novartis Institutes for BioMedical Research, Inc.
250 Massachusetts Avenue
Cambridge, Massachusetts 02139
Attention: General Counsel
Facsimile No.: (617) 871-3354

20.10 **Further Assurances**. Novartis and Enanta hereby covenant and agree without the necessity of any further consideration, to execute, acknowledge and deliver any and all such other documents and take any such other action as may be reasonably necessary to carry out the intent and purposes of this Agreement.

20.11 **Compliance with Law**. Each Party shall perform its obligations under this Agreement in accordance with all applicable laws. No Party shall, or shall be required to, undertake any activity under or in connection with this Agreement which violates, or which it believes, in good faith, may violate, any applicable law.

20.12 **Corporate Citizenship**. Novartis gives preference to parties who share Novartis' societal and environmental values as set forth in the "Novartis Third Party Code of Conduct" which is attached as Exhibit D.

20.13 **No Third Party Beneficiary Rights**. The provisions of this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and they shall not be construed as conferring any rights to any Third Party (including any third party beneficiary rights).

20.14 **English Language**. This Agreement is written and executed in the English language. Any translation into any other language shall not be an official version of this Agreement and in the event of any conflict in interpretation between the English version and such translation, the English version shall prevail.

20.15 **Expenses**. Except as otherwise expressly provided in this Agreement, each Party shall pay the fees and expenses of its respective lawyers and other experts and all other expenses and costs incurred by such Party incidental to the negotiation, preparation, execution and delivery of this Agreement.

20.16 **Entire Agreement**. This Agreement, together with its Exhibits, sets forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other prior communications between the Parties with respect to such subject matter. In the event of any conflict between a substantive provision of this Agreement and any Exhibit hereto, the substantive provisions of this Agreement shall prevail.

20.17 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20.18 **Cumulative Remedies**. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives.

NOVARTIS INSTITUTES FOR BIOMEDICAL RESEARCH, INC.		**ENANTA PHARMACEUTICALS, INC.**	
By:	/s/ Christian Klee	By:	/s/ Jay R. Luly
Name:	Christian Klee	Name:	Jay R. Luly
Title:	VP and CFO	Title:	President and CEO

Exhibit 10.2

Enanta has requested that portions of this document be accorded confidential treatment pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

EXHIBIT A

ENANTA PATENTS

Country Name	*Sub*	*Status*	*Appl'n #*	*Filing Date*	*Patent #*	*Issue Date*
4014.1182 (ENP-182) "Linked Dibenzimidazole Antivirals"						
[*****]		[*****]	[*****]	[*****]		
Patent Cooperation Treaty		Natl Proc	US10/023645	09-Feb-2010		
United States of America		Expired	61/151,079	09-Feb-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1183 (ENP-183) "Novel Dibenzimidazole Derivatives"						
United States of America		PRO	61/153,224	17-Feb-2009		
United States of America	1	PRO	61/156,239	27-Feb-2009		
United States of America	2	ORD	12/702,692	09-Feb-2012		
4014.1184 (ENP-184) "Linked Dibenzimidazole Derivatives"						
United States of America		Expired	61/153,231	17-Feb-2009		
United States of America	1	Expired	61/156,110	27-Feb-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1185 (ENP-185) "Linked Dilmidazole Antivirals"						
Patent Cooperation Treaty		Natl Proc	US10/024447	17-Feb-2010		
United States of America		Expired	61/153,234	17-Feb-2009		
United States of America	1	Expired	61/156,160	27-Feb-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1186 (ENP-186) "Novel Dilmidazole Antivirals"						
United States of America		PRO	61/153,240	17-Feb-2009		
United States of America	1	PRO	61/156,284	27-Feb-2009		
United States of America	2	ORD	12/707,200	17-Feb-2010		
4014.1187 (ENP-187) "Novel Benzimidazole Derivatives"						
[*****]		[*****]	[*****]	[*****]		

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

Country Name	*Sub*	*Status*	*Appl'n #*	*Filing Date*	*Patent #*	*Issue Date*
[*****]		[*****]		[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]		[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]		[*****]		
[*****]		[*****]	[*****]	[*****]		
Patent Cooperation Treaty		Natl Proc	US10/025741	01-March-2010		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/156,131	27-Feb-2009		
United States of America	1	Allowed	12/714,583	01-March-2010	8101643	24-Jan-2012
[*****]	[*****]	[*****]	[*****]	[*****]		
United States of America	3	Unfiled				
[*****]		[*****]	[*****]	[*****]		
4014.1188 (ENP-188) "Hepatitis C Virus Inhibitors"						
United States of America		Expired	61/158,071	06-Mar-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1189 (ENP-189) "Hepatitis C Virus Inhibitors"						
United States of America		Expired	61/156,268	27-Feb-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1190 (ENP-190) "Hepatitis C Virus Inhibitors"						
Patent Cooperation Treaty		Natl Proc	US10/038699	15-Jun-2010		
United States of America		Expired	61/187,374	16-Jun-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		

Country Name	*Sub*	*Status*	*Appl'n #*	*Filing Date*	*Patent #*	*Issue Date*
4014.1191 (ENP-191) "Hepatitis C Virus Inhibitors"						
United States of America		Expired	61/222,586	02-Jul-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1192 (ENP-192) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/241,489	10-Sept-2010		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1198 (ENP-198) "Hepatitis C Virus Inhibitors"						
United States of America		Expired	61,241,578	11-Sep-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1199 (ENP-199) "Hepatitis C Virus Inhibitors"						
United States of America		Expired	61/241,595	11-Sep-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1200 (ENP-200) "Hepatitis C Virus Inhibitors"						
United States of America		PRO	61/241,617	11-Sep-2009		
United States of America	1	ORD	12/879,028	10-Sep-2010		
4014.1201 (ENP-201) "Hepatitis C Virus Inhibitors"						
United States of America		Expired	61/241,577	11-Sep-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1202 (ENP-202) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/241,598	11-Sep-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1204 (ENP-204) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/286,178	14-Dec-2009		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1205 (ENP-205) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		

Country Name	*Sub*	*Status*	*Appl'n #*	*Filing Date*	*Patent #*	*Issue Date*
United States of America		Expired	61/297,918	25-Jan-2010		
United States of America	1	Expired	61/314,304	16-Mar-2010		
[*****]	[*****]	[*****]	[*****]	[*****]		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1209 (ENP-209) "Combination Pharmaceutical Agents as Inhibitors of HCV Replication"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/310,579	04-Mar-2010		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1210 (ENP-210) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/322,438	09-Apr-2010		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1211 (ENP-211) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/372,999	12-Aug-2010		
[*****]	[*****]	[*****]	[*****]	[*****]		
4014.1216 (ENP-216) "Hepatitis C Virus Inhibitors"						
[*****]		[*****]	[*****]	[*****]		
United States of America		Expired	61/351,327	04-Jun-2010		
United States of America	1	Expired	61/415,447	19-Nov-2010		
[*****]	[*****]	[*****]	[*****]	[*****]		
[*****]	[*****]	[*****]	[*****]	[*****]		
[*****]						
[*****]		[*****]	[*****]	[*****]		
[*****]						
[*****]		[*****]	[*****]	[*****]		
[*****]						
[*****]		[*****]	[*****]	[*****]		

Exhibit 10.2

Enanta has requested that portions of this document be accorded confidential treatment pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

EXHIBIT B

RESEARCH PLAN

[*****]

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

EXHIBIT C

SAMPLE INVOICE

Company Name

Street Address
City, State ZIP Code
Phone 1xxxxxx
Fax 1xxxxx

INVOICE

DATE: Month Day, Year
INVOICE #: XX
NOVARTIS PO#: XXXXXXXX

Bill To:
Novartis Institutes for Biomedical Research
Attn: Novartis Contact Name
P.O. Box 5990
Portland, OR 97228-5990

Upfront/Milestone/Royalty or any other payment debit in reference to Research Collaboration and License Agreement between Enanta Pharmaceuticals, Inc. and Novartis Institutes for BioMedical Research, Inc. effective as of (*date*).

PO Line Number	DESCRIPTION	AMOUNT
1	Upfront payment with reference made to the relevant section of the contract	$XX.XX
	TOTAL	$XX.XX

Remit to:
Bank Wire Information:

Bank Name:	XX
Account No.:	XX
ABA#:	XX (only applicable in the US)
IBAN:	XX (only applicable in Europe)
SWIFT CODE:	XX (applicable US and Europe)

Note for e-mail submissions of invoices:

The address is: [*****]

Attached invoice files must contain a Novartis issued purchase order number (PO) on them and cannot be zipped. Invoices without a PO number on them or zipped attachments will not be accepted for processing.

Note to Enanta: When payments shift to post-PoC, Novartis to provide Enanta with new contact information for the invoices.

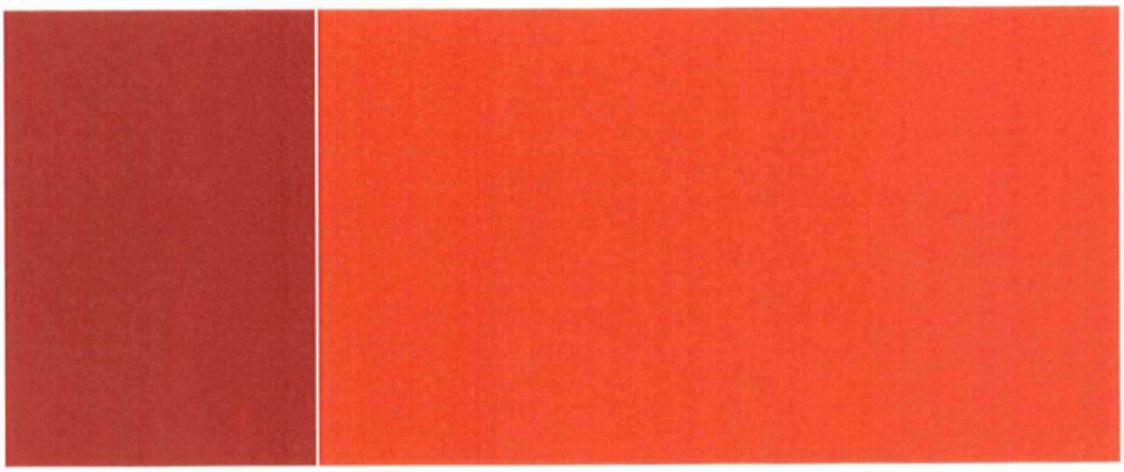
Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

EXHIBIT D

NOVARTIS THIRD PARTY CODE OF CONDUCT

[to be inserted]

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.



Novartis wants to be known for being a responsible corporate citizen. We do everything that we can to operate in a manner that is sustainable – economically, socially and environmentally in the best interests of the long-term success of our enterprise and its stakeholders.

In support of this goal, Novartis firmly supports the principles of the United Nations Global Compact and the Pharmaceutical Industry Principles for Responsible Supply Chain Management, and we are committed to reflecting these in our business principles and practices.

www.novartis.com/supplier

NOVARTIS
caring and curing

Version 2.0, April 2007

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote such omission.

Pharmaceutical Industry Principles for Responsible Supply Chain Management

This document outlines the Pharmaceutical Industry Principles for Responsible Supply Chain Management (the “Principles”) for ethics, labor, health and safety, environment and related management systems. The Principles may be voluntarily supported by any business in the pharmaceutical industry.

Companies supporting the Principles:

- Will integrate and apply these Principles in a manner consistent with their own supplier programs.
- Believe that society and business are best served by responsible business behaviors and practices. Fundamental to this belief is the understanding that a business must, at a minimum, operate in full compliance with all applicable laws, rules and regulations.
- Are aware of differences in culture and the challenges associated with interpreting and applying these Principles globally. While companies supporting the Principles believe that what is expected is universal, it is understood that the methods for meeting these expectations may be different and must be consistent with the laws, values and cultural expectations of the different societies in the world.
- Believe the Principles are best implemented through a continual improvement approach that advances supplier performance over time.

Ethics

Suppliers shall conduct their business in an ethical manner and act with integrity. The ethics elements include:

1. Business Integrity and Fair Competition

All corruption, extortion and embezzlement are prohibited. Suppliers shall not pay or accept bribes or participate in other illegal inducements in business or government relationships. Suppliers shall conduct their business consistent with fair and vigorous competition and in compliance with all applicable anti-trust laws. Suppliers shall employ fair business practices, including accurate and truthful advertising.

2. Identification of Concerns

All workers should be encouraged to report concerns or illegal activities in the workplace, without threat of reprisal, intimidation or harassment. Suppliers shall investigate and take corrective action if needed.

3. Animal Welfare

Animals shall be treated humanely, with pain and stress minimized. Animal testing should be performed after consideration to replace animals, reduce the numbers of animals used or refine procedures to minimize distress. Alternatives should be used wherever scientifically valid and acceptable to regulators.

4. Privacy

Suppliers shall safeguard and make only proper use of confidential information to ensure that company, worker and patient privacy rights are protected.

Labor

Suppliers shall be committed to uphold the human rights of workers and to treat them with dignity and respect. The labor elements include:

1. Freely Chosen Employment

Suppliers shall not use forced, bonded, indentured or involuntary prison labor.

2. Child Labor and Young Workers

Suppliers shall not use child labor. The employment of young workers below the age of 18 shall only occur in non-hazardous work and when young workers are above a country's legal age for employment or the age established for completing compulsory education.

3. Non-Discrimination

Suppliers shall provide a workplace free of harassment and discrimination. Discrimination for reasons such as race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status is not condoned.

4. Fair Treatment

Suppliers shall provide a workplace free of harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers and no threat of any such treatment.

5. Wages, Benefits and Working Hours

Suppliers shall pay workers according to applicable wage laws, including minimum wages, overtime hours and mandated benefits.

Suppliers shall communicate with the worker the basis on which they are being compensated in a timely manner. Suppliers are also expected to communicate with the worker whether overtime is required and the wages to be paid for such overtime.

6. Freedom of Association

Open communication and direct engagement with workers to resolve workplace and compensation issues is encouraged. Suppliers shall respect the rights of workers, as set forth in local laws, to associate freely, join or not join labor unions, seek representation and join workers' councils. Workers shall be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

Health and Safety

Suppliers shall provide a safe and healthy working environment, including for any company-provided living quarters. The health and safety elements include:

1. Worker Protection

Suppliers shall protect workers from over exposure to chemical, biological and physical hazards, physically demanding tasks in the workplace and in any company-provided living quarters.

2. Process Safety

Suppliers shall have programs in place to prevent or mitigate catastrophic releases of chemicals.

3. Emergency Preparedness and Response

Suppliers shall identify and assess emergency situations in the workplace and any company-provided living quarters, and minimize their impact by implementing emergency plans and response procedures.

4. Hazard Information

Safety information relating to hazardous materials – including pharmaceutical compounds and pharmaceutical intermediate materials – shall be available to educate, train and protect workers from hazards.

Environment

Suppliers shall operate in an environmentally responsible and efficient manner, and they shall minimize adverse impacts on the environment. Suppliers are encouraged to conserve natural resources, to avoid the use of hazardous materials where possible and to engage in activities that reuse and recycle. The environmental elements include:

1. Environmental Authorizations

Suppliers shall comply with all applicable environmental regulations. All required environmental permits, licenses, information registrations and restrictions shall be obtained and their operational and reporting requirements followed.

2. Waste and Emissions

Suppliers shall have systems in place to ensure the safe handling, movement, storage, recycling, reuse or management of waste, air emissions and wastewater discharges. Any waste, wastewater or emissions with the potential to adversely impact human or environmental health shall be appropriately managed, controlled and treated prior to release into the environment.

3. Spills and Releases

Suppliers shall have systems in place to prevent and mitigate accidental spills and releases to the environment.

Management Systems

Suppliers shall use management systems to facilitate continual improvement and compliance with the expectations of these principles. The management systems elements include:

1. Commitment and Accountability

Suppliers shall demonstrate commitment to the concepts described in this document by allocating appropriate resources.

2. Legal and Customer Requirements

Suppliers shall identify and comply with applicable laws, regulations, standards and relevant customer requirements.

3. Risk Management

Suppliers shall have mechanisms to determine and manage risks in all areas addressed by this document.

4. Documentation

Suppliers shall maintain documentation necessary to demonstrate conformance with these expectations and compliance with applicable regulations.

5. Training and Competency

Suppliers shall have a training program that achieves an appropriate level of knowledge, skills and abilities in management and workers to address these expectations.

6. Continual Improvement

Suppliers are expected to continually improve by setting performance objectives, executing implementation plans and taking necessary corrective actions for deficiencies identified by internal or external assessments, inspections and management reviews.

NOVARTIS

Corporate Citizenship Guideline # 5

Third Party Management

Purpose and References

1. Purpose of this guideline	This Guideline was issued by the Novartis Group Executive Committee (ECN) on August 21, 2003. In line with the CC Policy and Guideline #1, paragraph 10, it sets forth the Corporate Citizenship criteria which Novartis takes into account in selecting its suppliers and service providers (Third Parties). Novartis supports the "Pharmaceutical Supply Chain initiative" (PSCI) (see also www.pharmaceuticalsupplychain.org). This guideline explains how Novartis integrates these principles in its supplier program.
2. Reference to Novartis Third Party Code of Conduct	To communicate the expectations from the Third Parties, Novartis has established a "Third Party Code of Conduct", which specifies these expectations and is in line with the "Pharmaceutical Industry Principles for Responsible Supply Chain Management".
3. Reference to Guidance Note 5.1	This Guideline is accompanied by the Guidance Note 5.1 "Practical Implementation Recommendations for Corporate Citizenship in Third Party Relations" which provides details for: selecting evaluation criteria; creating a dialogue on Corporate Citizenship principles through the use of standard questionnaires; performing assurance visits; and providing special support in certain situations that Novartis deems warranted.

Responsibilities

4. Divisions, Business Units, Novartis International	The Division Heads, Heads of Consumer Health Business Units, and the Head of Corporate Services are responsible for proper implementation of this Guideline within their units. They shall nominate a Third Party Officer (3PO) within their units. By preference, the 3PO shall be the head of a purchasing department or the head of a supply chain function.
5. Third Party Officer's Responsibility	The 3PO shall ensure that for all purchasing operations within his/her unit, a "Third Party Management Process" is in place which covers purchasing operations in all affiliates and sites. The 3PO is the driving force within the unit to implement this Guideline (= CC5), including recruitment and training of local 3PM's and ensuring high quality of data and risk assessment associated to the CC5 process.
6. Third Party Management	In each local operational unit a responsible "Third Party Manager" (3PM) assures that responsibilities and processes are established, maintained and implemented. It should address: (1) the process by which Third Parties are identified, selected and contracted; and (2) the manner in which support by relevant functions (e.g. HR, HSE, Legal, Compliance Officers) is provided.
7. Ownership and Operating Responsibility	This Guideline and its associated Guidance Note # 5.1 are owned and maintained by Group Purchasing. The Chief Procurement Officer shall, together with the 3PO's ensure consistent application within Novartis as well as periodical reviews, as required. This is achieved by regular 3PO meetings, chaired by the Chief Procurement Officer. The 3PO's also approve SOP's for consistent management of CC5. Proper management of CC5 is supported by a central database (GLOSUD), which is maintained by Group Purchasing, the data being entered by all Divisions, Business Units or Novartis International.

Principles & Expectations

8. Our principles and expectations	Novartis gives preference to Third Parties that share the societal and environmental values required by the Global Compact. As a consequence, Third Parties are expected to comply with minimum standard requirements concerning ethics, labor, health, safety and environmental protection and management systems, specified in the Novartis Third Party Code of Conduct and set forth in paragraphs 9 – 13 of this Guideline.

Compliance with the Third Party Code of Conduct shall be assessed before contracting with any Third Party and shall constitute an element of equal importance among other evaluation criteria such as price or quality.

While we recognize that there are different legal and cultural environments in which our Business Partners operate throughout the world, it is Novartis' intention to work collaboratively with Third Parties to achieve these goals on a long term and sustainable basis.

9. Ethics

Suppliers shall conduct their business in an ethical manner and act with integrity. The ethics elements include:

1. Business Integrity and Fair Competition

All corruption, extortion and embezzlement are prohibited. Suppliers shall not pay or accept bribes or participate in other illegal inducements in business or government relationships. Suppliers shall conduct their business consistent with fair and vigorous competition and in compliance with all applicable anti-trust laws. Suppliers shall employ fair business practices including accurate and truthful advertising.

2. Identification of Concerns

All workers should be encouraged to report concerns or illegal activities in the workplace without threat of reprisal, intimidation or harassment. Suppliers shall investigate and take corrective action if needed.

3. Animal Welfare

Animals shall be treated humanely with pain and stress minimized. Animal testing should be performed after consideration to replace animals, to reduce the numbers of animals used, or to refine procedures to minimize distress. Alternatives should be used wherever these are scientifically valid and acceptable to regulators.

4. Privacy

Suppliers shall safeguard and make only proper use of confidential information to ensure that company, worker, and patient privacy rights are protected.

10. Labor

Suppliers shall be committed to uphold the human rights of workers and to treat them with dignity and respect. The Labor elements include:

1. Freely Chosen Employment

Suppliers shall not use forced, bonded or indentured labor or involuntary prison labor.

2. Child Labor and Young Workers

Suppliers shall not use child labor. The employment of young workers below the age of 18 shall only occur in non hazardous work and when young workers are above a country's legal age for employment or the age established for completing compulsory education.

3. Non-Discrimination

Suppliers shall provide a workplace free of harassment and discrimination. Discrimination for reasons such as race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status is not condoned.

4. Fair Treatment

Suppliers shall provide a workplace free of harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers and no threat of any such treatment.

5. Wages, Benefits and Working Hours

Suppliers shall pay workers according to applicable wage laws, including minimum wages, overtime hours and mandated benefits.

Suppliers shall communicate with the worker the basis on which they are being compensated in a timely manner. Suppliers are also expected to communicate with the worker whether overtime is required and the wages to be paid for such overtime.

6. Freedom of Association

Open communication and direct engagement with workers to resolve workplace and compensation issues is encouraged.

Suppliers shall respect the rights of workers, as set forth in local laws, to associate freely, join or not join labor unions, seek representation and join workers' councils. Workers shall be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

11. Health and Safety

Suppliers shall provide a safe and healthy working environment, including for any company provided living quarters. The Health and Safety elements include:

1. Worker Protection

Suppliers shall protect workers from over exposure to chemical, biological, physical hazards and physically demanding tasks in the work place and in any company provided living quarters.

2. Process Safety

Suppliers shall have programs in place to prevent or mitigate catastrophic releases of chemicals.

3. Emergency Preparedness and Response

Suppliers shall identify and assess emergency situations in the workplace and any company provided living quarters, and to minimize their impact by implementing emergency plans and response procedures.

4. Hazard Information

Safety information relating to hazardous materials – including pharmaceutical compounds and pharmaceutical intermediate materials – shall be available to educate, train, and protect workers from hazards.

12. Environment

Suppliers shall operate in an environmentally responsible and efficient manner and they shall minimize adverse impacts on the environment. Suppliers are encouraged to conserve natural resources, to avoid the use of hazardous materials where possible and to engage in activities that reuse and recycle. The environmental elements include:

1. Environmental Authorizations

Suppliers shall comply with all applicable environmental regulations. All required environmental permits, licenses, information registrations and restrictions shall be obtained and their operational and reporting requirements followed.

2. Waste and Emissions

Suppliers shall have systems in place to ensure the safe handling, movement, storage, recycling, reuse, or management of waste, air emissions and wastewater discharges. Any waste, wastewater or emissions with the potential to adversely impact human or environmental health shall be appropriately managed, controlled and treated prior to release into the environment.

3. Spills and Releases

Suppliers shall have systems in place to prevent and mitigate accidental spills and releases to the environment.

13. Management Systems	Suppliers shall use management systems to facilitate continual improvement and compliance with the expectations of these principles. The management system elements include: **1. Commitment and Accountability** Suppliers shall demonstrate commitment to the concepts described in this document by allocating appropriate resources. **2. Legal and Customer Requirements** Suppliers shall identify and comply with applicable laws, regulations, standards and relevant customer requirements. **3. Risk Management** Suppliers shall have mechanisms to determine and manage risks in all areas addressed by this document. **4. Documentation** Suppliers shall maintain documentation necessary to demonstrate conformance with these expectations and compliance with applicable regulations. **5. Training and Competency** Suppliers shall have a training program that achieves an appropriate level of knowledge, skills and abilities in management and workers to address these expectations. **6. Continual Improvement** Suppliers are expected to continually improve by setting performance objectives, executing implementation plans and taking necessary corrective actions for deficiencies identified by internal or external assessments, inspections, and management reviews.
	Novartis Management Process
14. Information	Third Parties shall be made aware of the Third Party Code of Conduct and the compliance requirements to qualify for a business relationship with Novartis.
15. Clause in contract	Relevant contracts shall include explicit reference to the Third Party Code of Conduct and the compliance requirement to qualify for a business relationship with Novartis.
16. Classification of third parties	All Third Parties will be classified in one of five categories according to the industry they are in, the country in which they operate, their annual revenues with Novartis and the judgment of the buyer/3PM regarding the level of risks associated with their operations.
17. Class 0	The following Third Parties are out of scope and classified as Class 0: Medical doctors, Key opinion leaders, government agencies and inter-company transfers.
18. Class 1	Third Parties classified as non-critical (Class 1), shall be made aware of the Third Party Code of Conduct and the fact that Novartis gives preference to Third Parties that comply with these Principles or substantially similar standards.
19. Class 2	Third Parties classified as critical (Class 2) shall be asked explicitly for information about their level of compliance with the Third Party Code of Conduct and to provide basic corporate citizenship related information about their business (“self-assessment”). To this end Novartis provides a form to be used as is, or to be completed with questions of specific interest to the Business unit.
20. Class 3 or 4	For Third Parties classified as very critical (Class 3 or 4), Novartis shall seek additional assurance of their commitment to and implementation of the Third Party Code of Conduct. This assurance may include a request by Novartis to conduct assurance visits to the Third Party site in order to learn about the level of

	compliance with the Third Party Code of Conduct. For Third Parties using Novartis materials, processes, techniques, or know-how, e.g. toll or contract manufacturers, an assurance visit is mandatory for approval. As a basis for preparation and conducting the assurance visit, Novartis provides a questionnaire to be used as is, or to be completed with questions of specific interest to the unit. Follow-up visits should be conducted on a regular basis. Novartis shall maintain the data received during this process for ongoing compliance evaluations.
21. Improvement programs and special support (Class 4)	In cases where the results of the assurance visits and inquiries are unsatisfactory, Novartis may assist the Third Party in developing an improvement program designed to raise the level of compliance with the Third Party Code of Conduct. If concerns persist regarding the commitment or capability of the Third Party to improve of its own accord, a decision must be made at Corporate Steering Committee level as to whether special support should be provided (= Class 4) or the contract terminated. If an agreed improvement program is not completed within three years, or if the respective audit results are not satisfactory, then the contract shall be terminated.
22. Assessment process for known Third Parties	In cases where, in view of a previous or an ongoing business relationship, sufficient information about a specific Third Party is already available, the assessment process can be simplified and reduced to the level necessary to ascertain the Third Party's compliance with the Third Party Code of Conduct. Such deviations from the standard assessment process must be justified and documented and must be approved by the 3PO.
	Reporting Criteria & Measurements
23. Reporting to Senior Management	The Chief Procurement Officer is responsible for coordination of internal reporting on CC5 implementation, including the establishment of appropriate KPI's for managing continuous improvement. The 3PO's are responsible for reporting the KPI achievements to the Executive Committee of their unit and to the Chief Procurement Officer.
24. Status of compliance and impact	A qualitative and quantitative assessment of the status of compliance and impact within the units is part of the KPI's.
25. Reporting	The Chief Procurement Officer is responsible for establishing the format for reporting, the frequency, and the recipients of the reporting.
	Escalation procedure
26. Termination of Third Party relationship	Indications for termination of a contractual relationship (see above 21) are escalated by the 3PM through the 3PO to the Division Head(s) or Head(s) of Consumer Health Business Unit(s). If the decision to terminate the relationship is not unanimous, the Chief Procurement Officer will bring the controversy to the attention of the CC Steering Committee. The Chairman of the CC Steering Committee will raise the controversy at the ECN.
27. Non compliance	Material non compliance of a business unit to the CC5 process as described in the relevant guidelines and SOP's, as well as continual failure to meet the KPI's is escalated by the Chief Procurement Officer to the CC Steering Committee. The Chairman of the CC Steering Committee will raise material non compliance at the ECN.

Version 2.2, July 4, 2007:	Proposed Changes to Article 7 (Ownership and Operating Responsibility) Proposed Changes to Articles 23-27 (Reporting; Escalation)
	Circular approval by the 3PO's July 4, 2007 Final Approval with modification of Articles 26/27 by Head Corporate Services July 10, 2007

EXHIBIT E
Global Laboratory Notebook Guidelines

Laboratory notebooks shall be issued and used in substantial compliance with the following:

This laboratory notebook is to be used to make a systematic, permanent record of all experimental work, and to record ideas or concepts which might be used to support patents, product registrations, and other activities. No other form of notebook may be used to record experimental observations Loose-leaf binders may only be used to store accessory data which cannot be pasted into the notebook. Provide sufficient experimental detail to allow an independent scientist with basic skills in the appropriate discipline to reproduce the work.

The book is issued to you and it is your personal responsibility to ensure its confidentiality and physical security at all times until it is handed over to the Research Archive for permanent storage. This will usually mean that the book is to remain on [Party]'s premises and that any relocation must be properly authorized. This Laboratory Notebook must be submitted to the local Research Archive for microfilming/scanning and safe storage ASAP after completion at the latest, 3 months after the last entry ALL lab notebooks irrespective of whether completed or only partially filled must be closed out and returned to the Research Archive one year after issue, or immediately if you relocate to a different site, or leave [Party].

General

On receipt of a new notebook immediately ensure that the identification panel is correctly filled in, and then register your signature, initials, and employee number in the "Table of Contributors and Signatures".

Keep records clear, objective, accurate, and ensure they are dated unambiguously. Signatures must NEVER be back-dated or otherwise falsified.

Write preferably using a ball point pen in permanent black, waterproof ink. Do not use pencil, or ink which may run if wet

Whenever practicable, record directly into the lab notebook

Handwriting must be legible to be of evidential value.

Use pages in a chronological, sequential order. Do not leave empty spaces or empty pages. Cross through empty space on partly used pages with a diagonal line or X.

NEVER remove pages from the book and do not obscure the printed page numbers. Keep all entries within the printed margins.

When making corrections cross out with a single line. The original entry must remain readable.

ALL corrections and additions must be initialed and dated. Explain corrections if they change the interpretation of the experiment Corrections may normally only be made by the original author.

Books which are discontinued but not filled must be properly terminated by writing "Book Discontinued – No Entries Beyond This Page" on the first empty page. This final page must be signed by the author and witnessed.

NEVER make negative or derogatory statements about yourself, your

Witnesses must record their signature, initials and employee number in the "Table of Contributors and Signatures" the first time they witness each book

Only permanent NIBR employees can be witnesses.

Indexing

Lab notebooks must contain a "Table of Contents" which must contain sufficient information to facilitate easy review of the book contents by an independent reader.

Define all abbreviations used in the "Table of Abbreviations".

Reference all accessory records not pasted into the notebook on page XX.

Use a uniform format for lab notebook references – this should comprise the book number (mandatory) + page number (mandatory) + line number (optional) e g E-0000-56(-35).

Structure

Structure lab notebook entries to assist interpretation by independent readers. Use headings where appropriate. The description of experiments must include (but not necessarily be limited to) at least the following items –

- **Date and Title** (when the page was started)
- **Materials** – Record the source and batch numbers of key materials
- **Method** – Provide sufficient experimental detail to allow an independent worker with basic skills in the same scientific discipline to reproduce the work. Record all deviations from standard protocols however small.
- **Results** – Record ALL experiments and findings, even those which work, or Novartis products in the notebook.

Accessory Data

Paste accessory data into the book with a permanent adhesive. Sign or initial over the edges of sheets pasted into the book. Do not overlay or fold material pasted into the book.

Accessory data which is too bulky to paste into the book must be stored in files or binders which are properly labeled and bi-directionally cross referenced. Files or binders must be specifically identified and their labels should contain a cross reference to the laboratory notebook number. Key items of accessory data must be signed and dated. Electronic accessory data helpful for the interpretation of the experiment should be digitally signed and stored

Authorship and Signatures

Entries should wherever possible be made only by the person to whom the book is issued. In exceptional cases where multiple authorship is unavoidable, it must be clear who recorded which entries and when. Multiple authorship should be defined in the “Table of Contributors and Signatures”.

Sign and date each page as soon as it is completed (including any blank pages that are crossed out)

Completed pages (including crossed out blank pages) must be witnessed and dated within 2 weeks of the author’s signature.

A witness should be capable of appreciating the work recorded, and for patent protection, the witness should not have the potential to become a co-inventor of the work being witnessed.

may be considered to have “not worked” or be “negative”, however describe these as not having returned the expected results, or if a reaction, as not having produced the desired product.

- Interpretation – must be objective and supported by the experimental data. Avoid the use of subjective comments and opinions such as “obvious”, “routine”, “clearly”.

Ideas

Record novel concepts and ideas. Be as specific as possible e.g. suggest compounds to be made, their possible utility, and proposed synthetic routes or test methods. Ideas for novel concepts must be signed, and promptly witnessed to be of value.

Confidentiality and Physical Security

The notebook remains the property of [Party] at all times and will contain confidential, proprietary, and trade secret information that must not be disclosed to unauthorized persons.

Notebooks must be kept locked in fire-resistant storage when not in use.

Notebooks must not be removed from [Party] premises unless appropriate authorization has been obtained.

Copies of laboratory notebook pages should be made only if absolutely necessary. Copies must be treated as confidential material like the book itself. Paper copies must be destroyed according to [Party] standard practices (i.e. shredding, diamond cutting, etc.) as soon as they have served their purpose.

Exhibit 10.7

FORM OF INDEMNIFICATION AGREEMENT

(For Directors)

This Indemnification Agreement ("Agreement") is made as of by and between Enanta Pharmaceuticals, Inc., a Delaware corporation (the "Company"), [, a Delaware limited partnership (the "Fund"),][1] and ("Indemnitee"). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering the subject matter of this Agreement.

RECITALS

A. The Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Certificate of Incorporation of the Company (the "Certificate of Incorporation") requires indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification.

B. The uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons.

C. The Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future.

D. It is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

---

[1] Included if the Indemnitee is affiliated with a fund or other entity that provides indemnification to the Indemnitee.

E. This Agreement is a supplement to and in furtherance of the Certificate of Incorporation and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

F. Indemnitee does not regard the protection available under the Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified.

[G. Indemnitee is a representative of the Fund, and has certain rights to indemnification and/or insurance provided by the Fund which Indemnitee and the Fund intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.][2]

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a [director] [officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Certificate of Incorporation, the Company's By-laws, and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a [director] [officer] of the Company, as provided in Section 16 hereof.

Section 2. Definitions. As used in this Agreement:

(a) References to "agent" shall mean any person who is or was a director, officer, or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

[2] This recital should be included if the Indemnitee is affiliated with a fund or other entity that provides indemnification to the Indemnittee.

(b) A “Change in Control” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities unless the change in relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity, or its ultimate parent, as applicable) more than 51% of the combined voting power of the voting securities of the surviving entity (or its ultimate parent, as applicable) outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity (or it ultimate parent, as applicable);

iv. Liquidation or Sale of Assets. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(b), the following terms shall have the following meanings:

(A) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

(B) “Person” shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however,

that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person as a current or former director or officer of the Company or as a current or former director, manager, partner, officer, employee, agent or trustee of any other enterprise which such person is or was serving at the request of the Company.

(d) "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, employee, agent or fiduciary.

(f) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) “Independent Counsel” shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(h) The term “Proceeding” shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him (or a failure to take action by him) or of any action (or failure to act) on his part while acting pursuant to his Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(i) Reference to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner “not opposed to the best interests of the Company” as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his behalf in

connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that his conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the By-laws, vote of its stockholders or disinterested directors or applicable law.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his Corporate Status, a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) except as provided in Section 14(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 14(d)), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 14(d), advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 10 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 9.

Section 11. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 11(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have

occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (D) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so

resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 14(e), if the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 13(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Subject to Section 14(e), in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the

By-laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company[’s obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as an officer or director shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust or other enterprise.][3] [hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by the Fund and certain of its affiliates (collectively, the “Fund Indemnitors”). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the

[3] Insert for officers or directors that are not affiliated with Funds that Indemnify them.

Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the Certificate of Incorporation (or any agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms hereof.][4]

Section 16. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a [director] [officer] of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

[4] Included if the Indemnitee is affiliated with a fund or other entity that provides indemnification to the Indemnitee.

Section 18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 20. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

Enanta Pharmaceuticals, Inc.
Attn: Jay R. Luly, Ph.D.
Chief Executive Officer
500 Arsenal Street
Watertown, MA 02472

or to any other address as may have been furnished to Indemnitee by the Company.

Section 22. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason

whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19801 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ENANTA PHARMACEUTICALS, INC.

By: _____

Name: Jay R. Luly, Ph.D.

Office: President and Chief Executive Officer

INDEMNITEE

_____

Address: _____

_____

_____

ENANTA PHARMACEUTICALS, INC.

(f/k/a NOVIRX, INC.)

1995 EQUITY INCENTIVE PLAN

Section 1. Purpose

The purpose of the Enanta Pharmaceuticals, Inc. (f/k/a NOVIRx, Inc.) 1995 Equity Incentive Plan (the "Plan") is to attract and retain key employees and directors and consultants of the Company and its Affiliates, to provide an incentive for them to achieve long-range performance goals, and to enable them to participate in the long-term growth of the Company.

Section 2. Definitions

"Affiliate" means any business entity in which the Company owns directly or indirectly 50% or more of the total combined voting power or has a significant financial interest as determined by the Committee.

"Award" means any Option, Stock Appreciation Right, Performance Share, Restricted Stock, Stock Unit or Other Stock-Based Award awarded under the Plan.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor to such Code.

"Committee" means the Board or any committee thereof designated by the Board from time to time as the committee responsible for administering the Plan.

"Common Stock" or "Stock" means the Common Stock, $0.01 par value, of the Company.

"Company" means Enanta Pharmaceuticals, Inc., a Delaware corporation.

"Designated Beneficiary" means the beneficiary designated by a Participant, in a manner determined by the Committee, to receive amounts due or exercise rights of the Participant in the event of the Participant's death. In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

"Effective Date" means the date the Plan is approved and adopted by the Board.

"Fair Market Value" means, with respect to Common Stock or any other property, the fair market value of such property as determined by the Committee in good faith or in the manner established by the Committee from time to time.

"Incentive Stock Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6 that is intended to meet the requirements of Section 422 of the Code or any successor provision.

"Nonstatutory Stock Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6 that is not intended to be an Incentive Stock Option.

"Option" means an Incentive Stock Option or a Nonstatutory Stock Option.

"Other Stock-Based Award" means an Award, other than an Option, Stock Appreciation Right, Performance Share, Restricted Stock or Stock Unit, having a Common Stock element and awarded to a Participant under Section 11.

"Participant" means a person selected by the Committee to receive an Award under the Plan.

"Performance Cycle" or "Cycle" means the period of time selected by the Committee during which performance is measured for the purpose of determining the extent to which an award of Performance Shares has been earned.

"Performance Shares" mean shares of Common Stock, which may be earned by the achievement of performance goals, awarded to a Participant under Section 8.

"Restricted Period" means the period of time during which an Award may be forfeited to the Company pursuant to the terms and conditions of such Award.

"Restricted Stock" means shares of Common Stock subject to forfeiture awarded to a Participant under Section 9.

"Stock Appreciation Right" or "SAR" means a right to receive any excess in value of shares of Common Stock over the exercise price awarded to a Participant under Section 7.

"Stock Unit" means an award of Common Stock or units that are valued in whole or in part by reference to, or otherwise based on, the value of Common Stock, awarded to a Participant under Section 10.

Section 3. Administration

The Plan shall be administered by the Committee. The Committee shall have authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, and to interpret the provisions of the Plan. The Committee's decisions shall be final and binding. To the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company the power to make Awards to Participants and all determinations under the Plan with respect thereto, provided that the Committee shall fix the maximum amount of such Awards for all such Participants and a maximum for any one Participant.

Section 4. Eligibility

All employees and, in the case of Awards other than Incentive Stock Options, directors and consultants of the Company or any Affiliate, capable of contributing significantly to the successful performance of the Company, other than a person who has irrevocably elected not to be eligible, are eligible to be Participants in the Plan. Incentive Stock Options may be awarded only to persons eligible to receive such Options under the Code.

Section 5. Stock Available for Awards

(a) Subject to adjustment under subsection (b), Awards may be made under the Plan for up to 10,950,673 shares of Common Stock. In no event shall the number of shares of Common Stock that may be subject to Awards for any individual exceed 10,950,973 shares in the aggregate during the term of this Plan, except to the extent of any adjustment under subsection (b). If any Award in respect of shares of Common Stock expires or is terminated unexercised or is forfeited without the Participant having had the benefits of ownership (other than voting rights), the shares subject to such Award, to the extent of such expiration, termination or forfeiture, shall again be available for award under the Plan. Common Stock issued through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for Awards under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) In the event that the Committee determines that any stock dividend, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below fair market value, or other similar transaction affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee (subject, in the case of Incentive Stock Options, to any limitation required under the Code) shall equitably adjust any or all of (i) the number and kind of shares in respect of which Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards, and (iii) the award, exercise or conversion price with respect to any of the foregoing, and if considered appropriate, the Committee may make provision for a cash payment with respect to an outstanding Award, provided that the number of shares subject to any Award shall always be a whole number.

Section 6. Stock Options

(a) Subject to the provisions of the Plan, the Committee may award Incentive Stock Options and Nonstatutory Stock Options and determine the number of shares to be covered by each Option, the option price therefor and the conditions and limitations applicable to the exercise of the Option. The terms and conditions of Incentive Stock Options shall be subject to and comply with Section 422 of the Code or any successor provision and any regulations thereunder. No Incentive Stock Options shall be granted hereunder after ten years from the last date on which the Plan was approved for purposes of Section 422 of the Code.

(b) The Committee shall establish the option price at the time each Option is awarded, which price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of award with respect to Incentive Stock Options. Nonstatutory Stock Options may be granted at such prices as the Committee may determine.

(c) Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable Award or thereafter. The Committee may impose such conditions with respect to the exercise of Options, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(d) No shares shall be delivered pursuant to any exercise of an Option until payment in full of the option price therefor is received by the Company. Such payment may be made in whole or in part in cash or, to the extent permitted by the Committee at or after the award of the Option, by delivery of a note or shares of Common Stock owned by the optionee, including Restricted Stock, or by retaining shares otherwise issuable pursuant to the Option, in each case valued at their Fair Market Value on the date of delivery or retention, or such other lawful consideration as the Committee may determine.

(e) The Committee may provide that, subject to such conditions as it considers appropriate, upon the delivery or retention of shares to the Company in payment of an Option, the Participant automatically be awarded an Option for up to the number of shares so delivered.

Section 7. Stock Appreciation Rights

(a) Subject to the provisions of the Plan, the Committee may award SARs in tandem with an Option (at or after the award of the Option), or alone and unrelated to an Option. SARs in tandem with an Option shall terminate to the extent that the related Option is exercised, and the related Option shall terminate to the extent that the tandem SARs are exercised. SARs granted in tandem with Options shall have an exercise price not less than the exercise price of the related Option. SARs granted alone and unrelated to an Option may be granted at such exercise prices as the Committee may determine.

(b) An SAR related to an Option, which SAR can only be exercised upon or during limited periods following a change in control of the Company, may entitle the Participant to receive an amount based upon the highest price paid or offered for Common Stock in any transaction relating to the change in control or paid during the thirty-day period immediately preceding the occurrence of the change in control in any transaction reported in the stock market in which the Common Stock is normally traded.

Section 8. Performance Shares

(a) Subject to the provisions of the Plan, the Committee may award Performance Shares and determine the number of such shares for each Performance Cycle and the duration of each Performance Cycle. There may be more than one Performance Cycle in existence at any one time, and the duration of Performance Cycles may differ from each other. The payment value of Performance Shares shall be equal to the Fair Market Value of the Common Stock on the date the Performance Shares are earned or, in the discretion of the Committee, on the date the Committee determines that the Performance Shares have been earned.

(b) The committee shall establish performance goals for each Cycle, for the purpose of determining the extent to which Performance Shares awarded for such Cycle are earned, on the basis of such criteria and to accomplish such objectives as the Committee may from time to time select. During any Cycle, the Committee may adjust the performance goals for such Cycle as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles, or such other factors as the Committee may determine.

(c) As soon as practicable after the end of a Performance Cycle, the Committee shall determine the number of Performance Shares that have been earned on the basis of performance in relation to the established performance goals. The payment values of earned Performance Shares shall be distributed to the Participant or, if the Participant has died, to the Participant's Designated Beneficiary, as soon as practicable thereafter. The Committee shall determine, at or after the time of award, whether payment values will be settled in whole or in part in cash or other property, including Common Stock or Awards.

Section 9. Restricted Stock

(a) Subject to the provisions of the Plan, the Committee may award shares of Restricted Stock and determine the duration of the Restricted Period during which, and the conditions under which, the shares may be forfeited to the Company and the other terms and conditions of such Awards. Shares of Restricted Stock may be issued for no cash consideration or such minimum consideration as may be required by applicable law.

(b) Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as permitted by the Committee, during the Restricted Period. Shares of Restricted Stock shall be evidenced in such manner as the Committee may determine. Any certificates issued in respect of shares of Restricted Stock shall be registered in the name of the Participant and unless otherwise determined by the Committee, deposited by the Participant, together with a stock power endorsed in blank, with the Company. At the expiration of the Restricted Period, the Company shall deliver such certificates to the Participant or if the Participant has died, to the Participant's Designated Beneficiary.

Section 10. Stock Units

(a) Subject to the provisions of the Plan, the Committee may award Stock Units subject to such terms, restrictions, conditions, performance criteria, vesting requirements and payment rules as the Committee shall determine.

(b) Shares of Common Stock awarded in connection with a Stock Unit Award shall be issued for no cash consideration or such minimum consideration as may be required by applicable law.

Section 11. Other Stock-Based Awards

(a) Subject to the provisions of the Plan, the Committee may make other awards of Common Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on, Common Stock, including without limitation convertible preferred stock,

convertible debentures, exchangeable securities and Common Stock awards or options. Other Stock-Based Awards may be granted either alone or in tandem with other Awards granted under the Plan and/or cash awards made outside of the Plan.

(b) The Committee may establish performance goals, which may be based on performance goals related to book value, subsidiary performance or such other criteria as the Committee may determine, Restricted Periods, Performance Cycles, conversion prices, maturities and security, if any, for any Other Stock-Based Award. Other Stock-Based Awards may be sold to Participants at the face value thereof or any discount therefrom or awarded for no consideration or such minimum consideration as may be required by applicable law.

Section 12. General Provisions Applicable to Awards

(a) *Documentation.* Each Award under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with applicable tax and regulatory laws and accounting principles.

(b) *Committee Discretion.* Each type of Award may be made alone, in addition to or in relation to any other type of Award. The terms of each type of Award need not be identical, and the Committee need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Committee at the time of award or at any time thereafter.

(c) *Settlement.* The Committee shall determine whether Awards are settled in whole or in part in cash, Common Stock, other securities of the Company, Awards or other property. The Committee may permit a Participant to defer all or any portion of a payment under the Plan, including the crediting of interest on deferred amounts denominated in cash and dividend equivalents on amounts denominated in Common Stock.

(d) *Dividends and Cash Awards.* In the discretion of the Committee, any Award under the Plan may provide the Participant with (i) dividends or dividend equivalents payable currently or deferred with or without interest, and (ii) cash payments in lieu of or in addition to an Award.

(e) *Termination of Employment.* The Committee shall determine the effect on an Award of the disability, death, retirement or other termination of employment of a Participant and the extent to which, and the period during which, the Participant's legal representative, guardian or Designated Beneficiary may receive payment of an Award or exercise rights thereunder.

(f) *Change in Control.* In order to preserve a Participant's rights under an Award in the event of a change in control of the Company, the Committee in its discretion may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or realization of the Award, (ii) provide for the purchase of the Award upon the Participant's request for an amount of cash or other property that could have been received upon the exercise or realization of the Award had

the Award been currently exercisable or payable, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect the change in control, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other provision as the Committee may consider equitable and in the best interests of the Company.

(g) *Loans.* The Committee may authorize the making of loans or cash payments to Participants in connection with any Award under the Plan, which loans may be secured by any security, including Common Stock, underlying or related to such Award (provided that such Loan shall not exceed the Fair Market Value of the security subject to such Award), and which may be forgiven upon such terms and conditions as the Committee may establish at the time of such loan or at any time thereafter.

(h) *Withholding Taxes.* The Participant shall pay to the Company, or make provision satisfactory to the Committee for payment of, any taxes required by law to be withheld in respect of Awards under the Plan no later than the date of the event creating the tax liability. In the Committee's discretion, such tax obligations may be paid in whole or in part in shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery. The Company and its Affiliates may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant.

(i) *Foreign Nationals.* Awards may be made to Participants who are foreign nationals or employed outside the United States on such terms and conditions different from those specified in the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with applicable laws.

(j) *Amendment of Award.* The Committee may amend, modify or terminate any outstanding Award, including substituting therefor another Award of the same or a different type, changing the date of exercise or realization and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participant's consent to such action shall be required unless the Committee determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

Section 13. Miscellaneous

(a) *No Right To Employment.* No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment. The Company expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) *No Rights As Stockholder.* Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof. A Participant to whom Common Stock is awarded shall be considered the holder of the Stock at the time of the Award except as otherwise provided in the applicable Award.

(c) *Effective Date.* Subject to the approval of the stockholders of the Company, the Plan shall be effective on the Effective Date. Before such approval, Awards may be made under the Plan expressly subject to such approval.

(d) *Amendment of Plan.* The Board may amend, suspend or terminate the Plan or any portion thereof at any time, subject to any stockholder approval that the Board determines to be necessary or advisable.

(e) *Governing Law.* The provisions of the Plan shall be governed by and interpreted in accordance with the laws of the State of Delaware.

This Plan was approved by the Board of Directors on July 26, 1995.

This Plan was approved by the Stockholders on August 15, 1995.

Increase in shares reserved for issuance under the Plan from 656,557 to 686,088 shares adopted by the Board of Directors December 15, 1999.

Increase in shares reserved for issuance under the Plan from 686,088 to 1,354,243 shares adopted by the Board of Directors April 19, 2000 and approved by the Stockholders on April 28, 2000.

Increase in shares reserved for issuance under the Plan from 1,354,243 to 2,104,243 shares adopted by the Board of Directors November 3, 2000 and approved by the Stockholders on November 20, 2000.

Increase in shares reserved for issuance under the Plan from 2,104,243 to 2,254,243 shares adopted by the Board of Directors July 25, 2001 and approved by the Stockholders on August 30, 2001.

Increase in shares reserved for issuance under the Plan from 2,254,243 to 2,302,920 shares adopted by the Board of Directors on October 9, 2001.

Increase in shares reserved for issuance under the Plan from 2,302,920 to 2,485,670 shares adopted by the Board of Directors on December 6, 2001.

Increase in shares reserved for issuance under the Plan from 2,485,670 to 3,514,757 shares adopted by the Board of Directors on March 14, 2002.

Increases in shares reserved for issuance under the Plan from 2,254,243 to 3,514,757 shares approved by the Stockholders on June 4, 2002.

Increase in shares reserved for issuance under the Plan from 3,514,757 to 4,526,104 shares adopted by the Board of Directors on March 19, 2004.

Increase in share reserved for issuance under the Plan from 4,526,104 to 4,544,104 shares adopted by the Board of Directors on May 7, 2004.

Increase in shares reserved for issuance under the Plan from 3,514,757 to 4,544,104 shares approved by the Stockholders on May 8, 2004.

Increase in shares reserved in issuance under the Plan from 4,544,104 to 6,759,526 shares adopted by the Board of Directors on June 9, 2004 and approved by the Stockholders on June 15, 2004.

Increase in shares reserved in issuance under the Plan from 6,759,526 to 7,159,526 shares adopted by the Board of Directors on February 18, 2005 and approved by the Stockholders on May 19, 2005.

Increase in shares reserved in issuance under the Plan from 7,159,526 to 7,587,973 shares adopted by the Board of Directors on January 24, 2006.

Increase in shares reserved in issuance under the Plan from 7,587,973 to 7,756,973 shares adopted by the Board of Directors on August 11, 2006.

Increase in shares reserved in issuance under the Plan from 7,159,526 to 7,756,973 shares approved by the Stockholders on August 17, 2006.

Increase in shares reserved in issuance under the Plan from 7,756,973 to 9,327,655 shares adopted by the Board of Directors on March 28, 2007 and approved by the Stockholders on April 20, 2007.

Increase in shares reserved in issuance under the Plan from 9,327,655 to 9,507,655 shares adopted by the Board of Directors effective as of May 21, 2008, and a further increase from 9,507,655 to 10,207,655 shares adopted by the Board of Directors effective as of June 10, 2008 and approved by the Stockholders effective as July 8, 2008.

Increase in shares reserved in issuance under the Plan from 10,207,655 to 10,457,655 shares adopted by the Board of Directors on February 4, 2009 and approved by the Stockholders on March 5, 2009.

Increase in shares reserved in issuance under the Plan from 10,457,655 to 10,950,673 shares adopted by the Board of Directors on April 29, 2010 and approved by the Stockholders on June 7, 2010.

Increase in shares reserved for issuance under the Plan from 10,950,673 to 11,950,673 shares adopted by the Board of Directors on January 14, 2013 and approved by the Stockholders on January 17, 2013.

Exhibit 10.12

ENANTA PHARMACEUTICALS, INC.

2012 Equity Incentive Plan

1. Purpose

The purpose of this 2012 Equity Incentive Plan (the "*Plan*") of Enanta Pharmaceuticals, Inc., a Delaware corporation (the "*Company*"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "*Company*" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "*Code*") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "*Board*").

2. Eligibility

All of the Company's employees, officers and directors, as well as consultants and advisors to the Company (as such terms consultants and advisors are defined and interpreted for purposes of Form S-8 under the Securities Act of 1933, as amended (the "*Securities Act*"), or any successor form) are eligible to be granted Awards under the Plan. Each person who is granted an Award under the Plan is deemed a "*Participant*." "*Award*" means Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), Restricted Stock Units (as defined in Section 7) and Other Stock-Based Awards (as defined in Section 8) and Cash-Based Awards (as defined in Section 8).

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award certificate or agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient, and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "*Committee*"). All references in the Plan to the "*Board*" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Options and other Awards that constitute rights under Delaware law (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, *provided* that the Board shall fix the terms of such Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to such Awards that the officers may grant; *provided further*, however, that no officer shall be authorized to grant such Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act). The Board may not delegate authority under this Section 3(c) to grant Restricted Stock, unless Delaware law then permits such delegation.

4. Stock Available for Awards

(a) Number of Shares; Share Counting.

(1) Authorized Number of Shares. Subject to adjustment under Section 9, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options, as defined in Section 5(b)) for up to such number of shares of common stock, par value $.01 per share, of the Company (the "*Common Stock*") as is equal to the sum of:

(A) 1,386,156 shares of Common Stock; plus

(B) up to 1,613,844 additional shares of Common Stock derived from (i) the number of shares of Common Stock reserved for issuance under the Company's 1995 Equity Incentive Plan, as amended to date (the "*1995 Plan*") and not yet issued or reserved for issue upon exercise of options outstanding at September 15, 2012, and (ii) 1,000,000 shares added after September 15, 2012 to the number of shares reserved for issuance under the 1995 Plan, net of shares reserved for awards made after September 15, 2012; plus

(C) an annual increase to be added on the first day of each fiscal year beginning with the fiscal year ending September 30, 2013, and on each anniversary thereof until the expiration of the Plan equal to the LESSER of (i) 3% of the outstanding shares on such date, (ii) 9,000,000 shares of Common Stock, or (iii) an amount determined by the Board.

Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(2) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan:

(A) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan; *provided, however*, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "*Tandem SAR*"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(B) if any Award under the Plan or the 1995 Plan (i) expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan; *provided, however*, that (1) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (2) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (3) the shares covered by a tandem SAR shall not again become available for grant upon the expiration or termination of such tandem SAR; and

(C) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant under the Plan or the 1995 Plan to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy tax withholding obligations (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards under the Plan.

As of September 15, 2012 there were 7,668,698 shares reserved for issuance under the 1995 Plan upon exercise of outstanding stock options, which were the only Awards then outstanding under the 1995 Plan.

(b) Section 162(m) Per-Participant Limit. Subject to adjustment under Section 9, the maximum number of shares of Common Stock with respect to which Awards may be granted to any Participant under the Plan shall be 6,000,000 per calendar year. For purposes of the foregoing limit, the combination of an Option in tandem with an SAR shall be treated as a single Award. The per-Participant limit described in this Section 4(b) shall be construed and applied consistently with Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder ("*Section 162(m)*").

(c) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a)(1) or any sublimit contained in the Plan, except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "*Option*") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "*Incentive Stock Option*") shall only be granted to employees of Enanta Pharmaceuticals, Inc., any of Enanta Pharmaceuticals, Inc.'s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an Incentive Stock Option shall be designated a "*Nonstatutory Stock Option*." The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or if the Company converts an Incentive Stock Option to a Nonstatutory Stock Option. No Incentive Stock Option may be granted hereunder more than 10 years after the most recent date on which the Plan has been approved for purposes of Section 422 of the Code.

(c) Exercise Price. The Board shall establish the exercise price of each Option and specify the exercise price in the applicable Option certificate. The exercise price shall be not less than 100% of the Fair Market Value per share of Common Stock on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall

be not less than 100% of the Fair Market Value on such future date. "*Fair Market Value*" of Common Stock on any given date means the fair market value of Common Stock determined in good faith by the Board; provided, however, that if Common Stock is admitted to quotation on a national securities exchange, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last preceding such date for which there are market quotations.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; *provided, however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option certificate or approved by the Board, in its sole discretion, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option certificate or approved by the Board, in its sole discretion, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Nonstatutory Stock Option certificate or approved by the Board in its sole discretion, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i)

the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option certificate or approved by the Board, in its sole discretion, by payment of such other lawful consideration as the Board may determine; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value, other than pursuant to Section 9, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market.

6. Stock Appreciation Rights

(a) General. The Board may grant Awards consisting of stock appreciation rights ("*SARs*") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Board) determined by reference to appreciation, from and after the date of grant, in the Fair Market Value of a share of Common Stock over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Board shall establish the measurement price of each SAR and specify it in the applicable SAR certificate. The measurement price shall not be less than 100% of the Fair Market Value on the date the SAR is granted; *provided* that if the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided, however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Board.

(e) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding SAR (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having an exercise or measurement price per share lower than the then-current measurement price per share of the cancelled SAR, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current Fair Market Value, other than pursuant to Section 9, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market.

7. Restricted Stock; Restricted Stock Units

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("*Restricted Stock*"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("*Restricted Stock Units*") (Restricted Stock and Restricted Stock Units are each referred to herein as a "*Restricted Stock Award*").

(b) Terms and Conditions for All Restricted Stock Awards. The Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Unless otherwise provided in the applicable Award certificate or agreement, any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("*Accrued Dividends*") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Accrued Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "*Designated Beneficiary*" means (i) the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to Restricted Stock Units.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or (if so provided in the applicable Award certificate) an amount of cash equal to the Fair Market Value of one share of Common Stock. The Board may, in its discretion, provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant in a manner that complies with Section 409A of the Code.

(2) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units.

(3) Dividend Equivalents. The Award certificate for Restricted Stock Units may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("*Dividend Equivalents*"). Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which paid, in each case to the extent provided in the Award certificate.

8. Other Stock-Based and Cash-Based Awards

(a) General. Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property ("*Other Stock-Based-Awards*"), may be granted hereunder to Participants. Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine. The Company may also grant Performance Awards or other Awards denominated in cash ("*Cash-Based Awards*") rather than shares of Common Stock.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award or Cash-Based Award, including any purchase price applicable thereto.

9. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules and sublimit set forth in Sections 4(a) and 4(b), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding Restricted Stock Award and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A "*Reorganization Event*" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock.

(A) In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Award certificate or agreement or another agreement between the Company and the Participant): (i) provide

that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "*Acquisition Price*"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise, measurement or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 9(b)(2), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(B) Notwithstanding the terms of Section 9(b)(2)(A), in the case of outstanding Restricted Stock Units that are subject to Section 409A of the Code: (i) if the applicable Restricted Stock Unit certificate provides that the Restricted Stock Units shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 9(b)(2)(A)(i) and the Restricted Stock Units shall instead be settled in accordance with the terms of the applicable Restricted Stock Unit certificate; and (ii) the Board may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 9(b)(2)(A) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and such action is permitted or required by Section 409A of the Code; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A of the Code, and the acquiring or succeeding corporation does not assume or substitute the Restricted Stock Units pursuant to clause (i) of Section 9 (b)(2)(A), then the unvested Restricted Stock Units shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(C) For purposes of Section 9(b)(2)(A)(i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award

immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(3) Consequences of a Reorganization Event on Restricted Stock. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock; *provided, however*, that the Board may provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

10. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option or Awards subject to Section 409A of the Code, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided, however*, except with respect to Awards subject to Section 409A of the Code, that the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed

transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 10(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant on any Award of the Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase price, unless the Company determines otherwise. If provided for in an Award or approved by the Board in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided, however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares used to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(f) Amendment of Award. The Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 9.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

(i) Performance Awards.

(1) Grants. Restricted Stock Awards and Other Stock-Based Awards under the Plan may be made subject to the achievement of performance goals pursuant to this Section 10(i) ("*Performance Awards*"). Subject to Section 10(i)(4), no Performance Awards shall vest prior to the first anniversary of the date of grant. Performance Awards can also provide for cash payments of up to $3,000,000 per calendar year per individual.

(2) Committee. Grants of Performance Awards to any Covered Employee (as defined below) intended to qualify as "performance-based compensation" under Section 162(m) ("*Performance-Based Compensation*") shall be made only by a Committee (or a subcommittee of a Committee) comprised solely of two or more directors eligible to serve on a committee making Awards qualifying as "performance-based compensation" under Section 162(m). In the case of such Awards granted to Covered Employees, references to the Board or to a Committee shall be treated as referring to such Committee (or subcommittee). "*Covered Employee*" shall mean any person who is, or whom the Committee, in its discretion, determines may be, a "covered employee" under Section 162(m)(3) of the Code.

(3) Performance Measures. For any Award that is intended to qualify as Performance-Based Compensation, the Committee shall specify that the degree of granting, vesting and/or payout shall be subject to the achievement of one or more objective performance measures established by the Committee, which shall be based on

the relative or absolute attainment of specified levels of one or any combination of the following, which may be determined pursuant to generally accepted accounting principles ("*GAAP*") or on a non-GAAP basis, as determined by the Committee: scientific progress, product development progress, business development progress, including in-licensing, net income/(loss), earnings/(loss) before or after discontinued operations, interest, taxes, depreciation and/or amortization, operating profit/(loss) before or after discontinued operations and/or taxes, sales, sales growth, earnings growth, cash flow or cash position, gross margins, stock price, financings (issuance of debt or equity), refinancings, market share, return on sales, assets, equity or investment, improvement of financial ratings, achievement of balance sheet or income statement objectives or total stockholder return. Such goals may reflect absolute entity or business unit performance or a relative comparison to the performance of a peer group of entities or other external measure of the selected performance criteria and may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated. The Committee may specify that such performance measures shall be adjusted to exclude any one or more of (i) extraordinary items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the writedown of any asset, (vi) fluctuation in foreign currency exchange rates, and (vi) charges for restructuring and rationalization programs. Such performance measures: (i) may vary by Participant and may be different for different Awards; (ii) may be particular to a Participant or the department, branch, line of business, subsidiary or other unit in which the Participant works and may cover such period as may be specified by the Committee; and (iii) shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Awards that are not intended to qualify as Performance-Based Compensation may be based on these or such other performance measures as the Board may determine.

(4) Adjustments. Notwithstanding any provision of the Plan, with respect to any Performance Award that is intended to qualify as Performance-Based Compensation, the Committee may adjust downwards, but not upwards, the cash or number of shares payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance measures except in the case of the death or disability of the Participant or a change in control of the Company.

(5) Other. The Committee shall have the power to impose such other restrictions on Performance Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for Performance-Based Compensation.

11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "*Effective Date*"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until the Company's stockholders approve such amendment in the manner required by Section 162(m); and (ii) no amendment that would require stockholder approval under the rules of the NASDAQ Stock Market may be made effective unless and until the Company's stockholders approve such amendment. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 11(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Award provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A of the Code. Except as provided in individual Award certificates or agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "*New Payment Date*"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

ENANTA PHARMACEUTICALS, INC.

Employee Stock Purchase Plan

1. Purpose.

The purpose of this Employee Stock Purchase Plan (the "Plan") is to provide employees of Enanta Pharmaceuticals, Inc. (the "Company"), and its subsidiaries incorporated under the laws of a jurisdiction within the United States of America ("US Subsidiaries"), who wish to become shareholders of the Company, an opportunity to purchase Common Stock, $0.01 par value, of the Company (the "Common Stock") directly from the Company. The Plan is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Eligible Employees.

Subject to the provisions of Sections 7, 8, 9 and 10 below, any individual who is a full-time employee (as defined below) of the Company or of any of its subsidiaries (as defined in Section 424(f) of the Code) designated for eligibility to participate in the Plan by the Board of Directors is eligible to participate in any Offering of Shares (as defined in Section 3 below) made by the Company hereunder. "Board of Directors" means the Company's Board of Directors or any committee to whom it delegates its authority hereunder, and "full-time employee" shall mean any employee whose customary employment is:

(a) 20 hours or more per week and

(b) more than five months in the calendar year during which the Offering Date (as defined in Section 3 below) occurs (or in the calendar year immediately preceding such calendar year if there has been no change in the terms of employment that would make the employee ineligible to participate in the current calendar year).

3. Offering Dates.

From time to time, the Company, by action of the Board of Directors, will grant rights to purchase Shares to employees eligible to participate in the Plan pursuant to one or more offerings (each of which is an "Offering" on a date or series of dates (each of which is an "Offering Date") designated for this purpose by the Board of Directors.

4. Prices.

The price per share for each grant of rights hereunder shall be the lesser of:

(a) eighty-five percent (85%) of the fair market value of a Share on the Offering Date on which such right was granted; or

(b) eighty-five percent (85%) of the fair market value of a Share on the date such right is exercised.

At its discretion, the Board of Directors may determine a higher price for a grant of rights.

5. Exercise of Rights and Method of Payment.

(a) Rights granted under the Plan will be exercisable periodically on specified dates as determined by the Board of Directors. Unless a participating employee withdraws from the Plan as provided in Section 11, and subject to the other terms of the Plan, the employee's option for the purchase of Shares will be exercised automatically on each Purchase Date of an Offering Period, and the maximum number of shares subject to the option will be purchased at the applicable purchase price with the accumulated contributions in the employee's account.

(b) The method of payment for Shares purchased upon exercise of rights granted hereunder shall be through regular payroll deductions or by lump sum cash payment, by delivery of shares of Common Stock valued at fair market value (as determined by the Board of Directors) on the date of delivery, or by some combination thereof, as determined by the Board of Directors. No interest shall be paid upon payroll deductions unless specifically provided for by the Board of Directors.

(c) Any payments received by the Company from a participating employee and not utilized for the purchase of Shares upon exercise of a right granted hereunder shall be promptly returned to such employee by the Company after termination of the right to which the payment relates.

6. Term of Rights.

The total period from an Offering Date to the last date on which rights granted on that Offering Date are exercisable (the "Offering Period") shall in no event be longer than twenty-seven (27) months or such longer period as may then be consistent with Section 423 of the Code. The Board of Directors when it authorizes an Offering may designate one or more exercise periods during the Offering Period when shares will be purchased upon exercise of employees' options (each, an "Exercise Period"). Rights granted on an Offering Date shall be exercisable in full on the Offering Date or in such proportion on the last day of each Exercise Period as the Board of Directors determines.

7. Shares Subject to the Plan.

(a) The number of shares of Common Stock that may be sold pursuant to rights granted under the Plan is 800,000 shares (the "Shares"). Appropriate adjustments in the number of Shares covered by outstanding rights granted hereunder, in the number of shares set forth in clause (ii) of the preceding sentence, in the exercise price of the rights and in the maximum number of Shares which an employee may purchase (pursuant to this Section 7(a), and Sections 9 and 10 below) shall be made to give effect to any mergers, consolidations, reorganizations, recapitalizations, stock splits, stock dividends or other relevant changes in the capitalization of the Company occurring after the effective date of the Plan, provided that no fractional Shares shall be subject to a right and each right shall be adjusted downward to the nearest full Share. In the event of a proposed dissolution or liquidation of the Company, any Exercise Period and Offering Period then in progress will terminate immediately prior to the consummation of such

action, unless otherwise provided by the Board. In the event of a Corporate Transaction (as defined below), each option outstanding under the Plan shall be assumed or an equivalent option shall be substituted by the successor corporation or a parent or subsidiary of such successor corporation. In the event that the successor corporation refuses to assume or substitute for outstanding options, each Exercise Period and Offering Period then in progress shall be shortened and a new Purchase Date shall be set (the "New Purchase Date"), as of which date any Exercise Period and Offering Period then in progress will terminate. The New Purchase Date shall be on or before the date of consummation of the transaction and the Board shall notify each participating employee in writing, prior to the New Purchase Date, that the Purchase Date for his or her option has been changed to the New Purchase Date and that his or her option will be exercised automatically on the New Purchase Date, unless prior to such date he or she has withdrawn from the Offering Period as provided in Section 11. For purposes of this Section 7, "Corporate Transaction" means a sale of all or substantially all of the Company's assets, or a merger, consolidation, or other capital reorganization of the Company with or into another corporation, or any other transaction or series of related transactions in which the Company's stockholders immediately prior thereto own less than 50% of the voting stock of the Company (or its successor or parent) immediately thereafter. Either authorized and unissued Shares or issued Shares heretofore or hereafter reacquired by the Company may be made subject to rights under the Plan. If for any reason any right under the Plan terminates in whole or in part, Shares subject to such terminated right may again be subjected to a right under the Plan.

(b) Subject to the foregoing, if the Board of Directors determines that, on a given purchase date for an Offering (a "Purchase Date"), the number of Shares with respect to which rights are to be exercised may exceed (i) the number of Shares of Common Stock that were available for sale under the Plan on the Offering Date of the applicable Offering, or (ii) the number of Shares available for sale under the Plan on such Purchase Date, the Board of Directors may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares of Common Stock available for purchase on such Offering Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participant employees exercising rights to purchase Common Stock on such Purchase Date, and (x) continue all Offerings then in effect or (y) terminate any or all Offerings then in effect. The Company may make pro rata allocation of the Shares available on the Purchase Date of any applicable Offering, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to the Offering Date for such Offering. In the event of a pro-rata allocation, each participating employee's right to purchase Shares shall be limited to such pro-rata amount of Shares and the remaining cash balance of the contributions shall be credited to his or her account, and the participating employees shall not have further rights against the Company or the Board of Directors.

8. Limitations on Grants.

(a) No employee shall be granted a right hereunder if such employee, immediately after the right is granted, would own stock or rights to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company, or of any subsidiary, computed in accordance with Section 423(b)(3) of the Code.

(b) No employee shall be granted a right which permits the employee's right to purchase shares under all employee stock purchase plans of the Company and its subsidiaries to accrue at a rate which exceeds twenty-five thousand dollars ($25,000) (or such other maximum as may be prescribed from time to time by the Code) of the fair market value of such Shares (determined at the time such right is granted) for each calendar year in which such right is outstanding at any time in accordance with the provisions of Section 423(b)(8) of the Code.

9. Limitation on Number of Shares Purchased.

The Board of Directors may limit from time to time and at any time the maximum number of Shares that an eligible participating employee may purchase during any Exercise Period.

10. Limit on Participation.

Participation in an Offering shall be limited to eligible employees who elect to participate in such Offering in the manner, and within the time limitations, established by the Board of Directors when it authorizes the Offering.

11. Withdrawal.

(a) An employee who has elected to participate in an Offering may cancel such election as to all (but not part) of the unexercised rights granted under such Offering by giving written notice of such cancellation to the Company before the date established by the Company for such purpose. Upon such withdrawal, any amounts paid by the employee or withheld from the employee's compensation through payroll deductions for the purpose of purchasing Shares shall be paid to the employee, without interest, unless otherwise determined by the Board of Directors.

(b) A participating employee's withdrawal from an Offering will not have any effect upon his or her eligibility to participate in a succeeding Offering which commences after the withdrawal or in any similar plan that may hereafter be adopted by the Company. If a participating employee withdraws from an Offering, however, payroll deductions shall not resume at the beginning of any succeeding Offering unless the employee makes a new election to participate in the Plan.

12. Tax Withholding.

Each participating employee shall pay to the Company or the applicable subsidiary, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in respect of the purchase or disposition of Shares no later than the date of the event creating the tax liability. In the discretion of the Board of Directors and subject to applicable law, such tax obligations may be paid in whole or in part by delivery of Shares to the Company, including Shares purchased under the Plan, valued at fair market value (as determined by the Board of Directors) on the date of delivery. The Company or the applicable subsidiary may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the employee or withhold Shares purchased hereunder, which shall be valued at fair market value (as determined by the Board of Directors) on the date of withholding.

13. Termination of Employment.

Upon the termination of employment for any reason, including the death of the employee, before the date on which any rights granted under the Plan are exercisable, all such rights shall immediately terminate and amounts paid by the employee or withheld from the employee's compensation through payroll deductions for the purpose of purchasing the Shares shall be paid to the employee or to the employee's estate, without interest unless otherwise determined by the Board of Directors.

14. Participants' Rights as Shareholders and Employees.

(a) No participating employee shall have any rights as a shareholder in the Shares covered by a right granted hereunder until such right has been exercised, full payment has been made for the corresponding Shares and the Share certificate is actually issued.

(b) Each participating employee is an employee-at-will (that is to say that either the employee or the Company or any subsidiary may terminate the employment relationship at any time for any reason or no reason at all) unless and only to the extent provided in a written employment agreement for a specified term executed by the chief executive officer of the Company or his duly authorized designee or the authorized signatory of any subsidiary. Neither the adoption, maintenance, nor operation of the Plan nor any grant of rights hereunder shall confer upon any employee any right with respect to the continuance of his/her employment with the Company or any subsidiary nor shall they interfere with the rights of the Company or subsidiary to terminate any employee at any time or otherwise change the terms of employment, including, without limitation, the right to promote, demote or otherwise re-assign any employee from one position to another within the Company or any subsidiary.

15. Rights Not Transferable.

Rights under the Plan are not assignable or transferable by a participating employee and are exercisable only by the employee.

16. Amendments to or Discontinuation of the Plan.

The Board of Directors of the Company shall have the right to amend, modify or terminate the Plan at any time without notice; provided, however, that the then existing rights of all participating employees shall not be adversely affected thereby, and provided further that, subject to the provisions of Section 7 above, no such amendment to the Plan shall, without the approval of the shareholders of the Company, increase the total number of Shares which may be offered under the Plan.

17. Effective Date and Approvals.

(a) This Plan shall became effective on the date the Company closes its initial public offering of shares of its common stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, and it was approved by the shareholders of the Company within twelve (12) months before or after the date of adoption.

(b) The Company's obligation to offer, sell and deliver the Shares under the Plan is subject to (i) the approval of any governmental authority required in connection with the authorization, issuance or sale of such Shares, (ii) satisfaction of the listing requirements of any national securities exchange on which the Shares are then listed and (iii) compliance, in the opinion of the Company's counsel with, all applicable federal and state securities and other laws.

18. Term of Plan.

No rights shall be granted under the Plan after December 1, 2022.

19. Administration of the Plan.

The Board of Directors or any committee or person(s) to whom it delegates its authority (the "Administrator") shall administer, interpret and apply all provisions of the Plan as it deems necessary to meet special circumstances not anticipated or covered expressly by the Plan. Nothing contained in this Section shall be deemed to authorize the Administrator to alter or administer the provisions of the Plan in a manner inconsistent with the provisions of Section 423 of the Code. Determinations made by the Board of Directors with respect to any provision of the Plan or matter arising in connection therewith shall be final, conclusive and binding upon the Company and upon all participants, their heirs or legal representatives.

20. Governing Law.

Subject to overriding federal law, the Plan shall be governed by and interpreted consistently with the laws of the State of Delaware.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 3 to the Registration Statement on Form S-1 of Enanta Pharmaceuticals, Inc. of our report dated November 16, 2012, relating to the financial statements of Enanta Pharmaceuticals, Inc., which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 5, 2013