Sarepta Therapeutics, Inc.
Form 10-Q
May 05, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-14895

SAREPTA THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	93-0797222
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
215 First Street, Suite 415	
Cambridge, MA	02142
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (617) 274-4000

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

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

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller Reporting Company ¨

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock with $0.0001 par value	45,774,907
(Class)	(Outstanding as of April 29, 2016)

SAREPTA THERAPEUTICS, INC.

FORM 10-Q

INDEX

2

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

SAREPTA THERAPEUTICS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except shares and per share amounts)

	As of March 31, 2016	As of December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$38,001	$80,304
Short-term investments	91,155	112,187
Accounts receivable	3,990	3,977
Restricted investment	10,695	10,695
Other current assets	16,885	17,380
Total current assets	160,726	224,543
Restricted cash and investments	783	783
Property and equipment, net of accumulated depreciation of $25,826 and $24,594 as of March 31, 2016 and December 31, 2015, respectively	36,982	37,344
Patent costs, net of accumulated amortization of $2,774 and $2,620 as of March 31, 2016 and December 31, 2015, respectively	6,728	6,642
Other non-current assets	8,145	4,470
Total assets	$213,364	$273,782
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$18,673	$20,234
Accrued expenses	24,277	29,053
Current portion of long-term debt	7,604	5,936
Current portion of notes payable	—	2,493
Deferred revenue	3,303	3,303
Other current liabilities	1,303	1,275
Total current liabilities	55,160	62,294
Long-term debt	13,373	14,969
Deferred rent and other	5,869	6,172

Total liabilities	74,402	83,435
Commitments and contingencies (Note 10)		
Stockholders' Equity:		
Preferred stock, $.0001 par value, 3,333,333 shares authorized; none issued and outstanding	—	—
Common stock, $.0001 par value, 99,000,000 shares authorized; 45,767,497 and 45,629,529 issued and outstanding at March 31, 2016 and December 31, 2015, respectively	5	5
Additional paid-in capital	1,097,787	1,089,508
Accumulated other comprehensive loss	(5)	(111)
Accumulated deficit	(958,825)	(899,055)
Total stockholders' equity	138,962	190,347
Total liabilities and stockholders' equity	$213,364	$273,782

See accompanying notes to unaudited condensed consolidated financial statements.

SAREPTA THERAPEUTICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited, in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2016	2015
Revenue from research contracts and other grants	$ —	$ —
Operating expenses:		
Research and development	38,826	39,165
General and administrative	20,876	22,697
Total operating expenses	59,702	61,862
Operating loss	(59,702)	(61,862)
Other income (loss):		
Interest (expense) income and other, net	(68)	303
Total other income (loss)	(68)	303
Net loss	$ (59,770)	$ (61,559)
Other comprehensive income:		
Unrealized gain on short-term securities - available-for-sale	106	78
Total other comprehensive income	106	78
Comprehensive loss	$ (59,664)	$ (61,481)
Net loss per share — basic and diluted	$ (1.31)	$ (1.49)
Weighted average number of shares of common stock outstanding for computing basic and diluted net loss per share	45,697	41,324

See accompanying notes to unaudited condensed consolidated financial statements.

SAREPTA THERAPEUTICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	For the Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	$ (59,770)	$ (61,559)
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	1,397	1,280
Amortization of premium on available-for-sale securities and non-cash interest	242	315
Loss on abandonment of patents	15	131
Stock-based compensation	6,835	14,156
Changes in operating assets and liabilities, net:		
Net increase in accounts receivable	(13)	—
Net (increase) decrease in other assets	(3,180)	7,413
Net decrease in accounts payable, accrued expenses, deferred revenue and other liabilities	(6,214)	(5,084)
Net cash used in operating activities	(60,688)	(43,348)
Cash flows from investing activities:		
Purchase of property and equipment	(1,168)	(532)
Patent costs	(410)	(391)
Maturity of available-for-sale securities	21,000	44,750
Net cash provided by investing activities	19,422	43,827
Cash flows from financing activities:		
Repayments of long-term debt and notes payable	(2,525)	(25)
Proceeds from exercise of options and purchase of stock under the Employee Stock Purchase Program	1,488	431
Net cash (used in) provided by financing activities	(1,037)	406
(Decrease) increase in cash and cash equivalents	(42,303)	885
Cash and cash equivalents:		
Beginning of period	80,304	73,551
End of period	$ 38,001	$ 74,436
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 409	$ 18
Supplemental schedule of non-cash investing activities and financing activities:		
Property and equipment included in accrued expenses	$ 19	$ 45
Patent costs included in accrued expenses	$ 192	$ 100
Shares withheld for taxes	$ 44	$ —
Capitalized interest	$ —	$ 99

See accompanying notes to unaudited condensed consolidated financial statements.

SAREPTA THERAPEUTICS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BUSINESS AND BASIS OF PRESENTATION

Business

Sarepta Therapeutics, Inc. (together with its wholly-owned subsidiaries “Sarepta” or the “Company”) is a biopharmaceutical company focused on the discovery and development of unique RNA-targeted therapeutics for the treatment of rare, infectious and other diseases. Applying its proprietary, highly-differentiated and innovative platform technologies, the Company is able to target a broad range of diseases and disorders through distinct RNA-targeted mechanisms of action. The Company is primarily focused on rapidly advancing the development of its potentially disease-modifying Duchenne muscular dystrophy (“DMD”) drug candidates, including its lead DMD product candidate, eteplirsen, designed to skip exon 51.

On April 25, 2016, the U.S. Food and Drug Administration (“FDA”) Peripheral and Central Nervous System Advisory Committee (“PCNSC”) met to review the new drug application (“NDA”) for eteplirsen as a treatment for DMD amenable to exon 51 skipping. The PCNSC voted 6 to 7 against the finding of substantial evidence from adequate and well-controlled studies that show that eteplirsen induces production of dystrophin to a level that is reasonably likely to predict clinical benefit (FDA Question #2). The PCNSC voted 3 to 7, with three abstentions, against finding substantial evidence based on the clinical results of the single historically-controlled study that eteplirsen is effective for treatment of DMD (FDA Question #7). In three additional voting questions, the panel voted 5 to 7, with one abstention, against whether decisions to administer the 6-minute walk test (vs. conclusions that the patient could no longer walk) were sufficiently objective and free of bias and subjective decision-making by patients, their caregivers, and/or health care professionals to allow for a valid comparison between patients in Study201/202 and an external control group (FDA Question #4). The panel voted on the impact of the North Star Ambulatory Assessment with one panel member voting that it strengthened the persuasiveness of the findings in Study 201/202, with five voting that it weakened the persuasiveness, and seven voting that it had no effect (FDA Question #5). The panel also voted on the impact of the other tests of physical performance (e.g., rise time, 10-meter run/walk) on the persuasiveness of the findings in Study 201/202, with the result of one panel member voting that they strengthened the persuasiveness, two voting that they weakened the persuasiveness, and ten voting that they had no effect (FDA Question # 6). The FDA is not bound by the PCNSC’s recommendation but takes its advice into consideration when reviewing New Drug and Biologic License Applications in general. The Prescription Drug User Fee Act action date for eteplirsen remains at May 26, 2016. The Company is also researching and developing therapeutics using its technology for the treatment of drug resistant bacteria and infectious, rare and other human diseases.

The Company has not generated any revenue from product sales to date and there can be no assurance that revenue from product sales will be achieved. Even if it does achieve revenue from product sales, the Company is likely to continue to incur operating losses in the near term.

As of March 31, 2016, the Company had approximately $140.6 million of cash, cash equivalents and investments, consisting of $38.0 million of cash and cash equivalents, $91.2 million of short-term investments and $11.5 million of restricted cash and investments. The Company believes that its balance of cash, cash equivalents and investments as of March 31, 2016 is sufficient to fund its current operational plan for the next twelve months, though it may pursue

additional cash resources through public or private financings, seek additional government funding and establish collaborations with or license its technology to other companies.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), reflect the accounts of Sarepta Therapeutics, Inc. and its wholly-owned subsidiaries. All inter-company transactions between and among its consolidated subsidiaries have been eliminated. Management has determined that the Company operates in one segment: the development of pharmaceutical products. The information included in this quarterly report on Form 10-Q should be read in conjunction with the Company's consolidated financial statements and the accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Estimates and Uncertainties

The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation of stock-based awards, research and development expenses and income taxes.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, “Improvements to Employee Share-Based Payment Accounting”. The amendments in this update simplify several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU No. 2016-09 will be effective for fiscal years beginning after December 15, 2016, with early adoption permitted. As of March 31, 2016, the Company has not elected to adopt this guidance or determined the effect that the adoption of this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”, which supersedes Topic 840, “Leases”. Under the new guidance, a lessee should recognize assets and liabilities that arise from its leases and disclose qualitative and quantitative information about its leasing arrangements. ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2018, with early adoption permitted. As of March 31, 2016, the Company has not elected to adopt this guidance or determined the effect that the adoption of this guidance will have on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. This update requires an entity’s management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued and to provide related disclosures. ASU No. 2014-15 is effective for the annual period ending after December 15, 2016, with early adoption permitted. As of March 31, 2016, the Company has not elected to adopt this guidance, and based on the Company's financial condition as of the date these financial statements were issued or available for issuance, the Company does not expect the adoption of this guidance to have any impact on the current period financial statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”. This ASU supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, “Revenue Recognition”. Under the new guidance, a company is required to recognize revenue when it transfers goods or renders services to customers at an amount that it expects to be entitled to in exchange for these goods or services. The new standard allows for either a full retrospective with or without practical expedients or a retrospective with a cumulative catch upon adoption transition method. This guidance is effective for the fiscal years beginning after December 15, 2016, with early adoption not permitted. In August 2015, the FASB issued ASU No. 2015-14, “Deferral of the Effective Date”, which states that the mandatory effective date of this new revenue standard will be delayed by one year, with early adoption only permitted in fiscal year 2017. As of March 31, 2016, the Company has not yet determined which adoption method it will utilize or the effect that the adoption of this guidance will have on its consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The Company has certain financial assets that are recorded at fair value which have been classified as Level 1, 2 or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements.

·Level 1 — quoted prices for identical instruments in active markets;
·

Level 2 — quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

- Level 3 — valuations derived from valuation techniques in which one or more significant value drivers are unobservable.

The tables below present information about the Company's financial assets that are measured and carried at fair value and indicate the level within the fair value hierarchy of the valuation techniques it utilizes to determine such fair value:

	Fair Value Measurement as of March 31, 2016			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Money market funds	$178	$178	$—	$ —
Commercial paper	29,971	—	29,971	—
Government and government agency bonds	43,828	—	43,828	—
Corporate bonds	17,356	—	17,356	—
Certificates of deposit	11,343	11,343	—	—
Total assets	$102,676	$11,521	$91,155	$ —

	Fair Value Measurement as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Money market funds	$ 32,850	$ 32,850	$ —	$ —
Commercial paper	48,899	—	48,899	—
Government and government agency bonds	50,918	—	50,918	—
Corporate bonds	17,370	—	17,370	—
Certificates of deposit	11,343	11,343	—	—
Total assets	$ 161,380	$ 44,193	$ 117,187	$ —

The Company's assets with fair value categorized as Level 1 within the fair value hierarchy include money market funds and certificates of deposit. Money market funds are publicly traded mutual funds and are presented as cash equivalents on the unaudited condensed consolidated balance sheets as of March 31, 2016.

The Company's assets with fair value categorized as Level 2 within the fair value hierarchy consist of commercial paper, government and government agency bonds and corporate bonds. These assets have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, through income-based approaches utilizing observable market data.

The carrying amounts reported in the unaudited condensed consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments. The carrying amounts for long-term debt approximate fair value based on market activity for other debt instruments with similar characteristics and comparable risk.

4. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

It is the Company's policy to mitigate credit risk in its financial assets by maintaining a well-diversified portfolio that limits the amount of exposure as to maturity and investment type. The weighted average maturity of the Company's available-for-sale securities as of March 31, 2016 and December 31, 2015 was approximately 2 and 4 months, respectively.

The following tables summarize the Company's cash, cash equivalents and short-term investments for each of the periods indicated:

	As of March 31, 2016		
	Gross	Gross	Fair
Amortized	Unrealized	Unrealized	Market
Cost	Gains	Losses	Value
(in thousands)			

Cash and money market funds	$38,001	$ —	$ —	$38,001
Commercial paper	29,972	—	(1)	29,971
Government and government agency bonds	43,826	3	(1)	43,828
Corporate bonds	17,362	—	(6)	17,356
Total assets	$129,161	$ 3	$ (8)	$129,156
As reported:				
Cash and cash equivalents	$38,001	$ —	$ —	$38,001
Short-term investments	91,160	3	(8)	91,155
Total assets	$129,161	$ 3	$ (8)	$129,156

	As of December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
	(in thousands)			
Cash and money market funds	$75,304	$ —	$ —	$75,304
Commercial paper	48,936	—	(37)	48,899
Government and government agency bonds	50,966	—	(48)	50,918
Corporate bonds	17,396	—	(26)	17,370
Total assets	$192,602	$ —	$ (111)	$192,491
As reported:				
Cash and cash equivalents	$80,304	$ —	$ —	$80,304
Short-term investments	112,298	—	(111)	112,187
Total assets	$192,602	$ —	$ (111)	$192,491

5. OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

The following table summarizes the Company’s other current assets for each of the periods indicated:

	As of March 31, 2016	As of December 31, 2015
	(in thousands)	
Manufacturing-related deposits	$12,934	$ 13,070
Prepaid expenses	2,880	3,109
Other	1,071	1,201
Total other current assets	$16,885	$ 17,380

The following table summarizes the Company’s other non-current assets for each of the periods indicated:

	As of March 31,	As of December 31,

	2016	2015
	(in thousands)	
Prepaid clinical expenses	$4,228	$ 4,228
Manufacturing-related deposits	3,676	—
Other	241	242
Total other non-current assets	$8,145	$ 4,470

6. ACCRUED EXPENSES

The following table summarizes the Company’s accrued expenses for each of the periods indicated:

	As of March 31, 2016	As of December 31, 2015
	(in thousands)	
Accrued clinical and preclinical costs	$10,170	$ 9,587
Accrued contract manufacturing costs	5,161	4,830
Accrued employee compensation costs	4,553	8,189
Accrued professional fees	2,957	4,258
Accrued research costs	663	629
Accrued facility-related costs	51	127
Other	722	1,433
Total accrued expenses	$24,277	$ 29,053

7. RESTRUCTURING

On March 8, 2016, the Company announced a long-term plan to consolidate all of the Company's operations to Massachusetts and reduce workforce by approximately 19% as part of a strategic plan to increase operational efficiency. Over the course of the year, the Company plans to close its facility in Corvallis, Oregon, which primarily focused on early-stage research and research manufacturing. As part of the consolidation, research activities and some employees will transition to the Company's facilities in Andover and Cambridge, Massachusetts. The consolidation efforts are planned to occur in four waves - May, October, November and December of 2016, with an estimated completion date of December 30, 2016. The Company estimates restructuring expenses of $1.7 million related to workforce reduction, which will be accrued as earned over the service period for each employee. The Company has not determined the financial impact from facility consolidation but is currently obligated to make $4.3 million of cash lease payments after the estimated completion date of the consolidation plan.

Costs associated with the workforce reduction primarily relate to employee severance and benefits. Facility consolidation costs are primarily associated with non-cancelable lease obligations. For the three months ended March 31, 2016, the Company incurred $0.5 million related to workforce reduction.

The following table summarizes the restructuring costs by function for the period indicated:

	For the Three Months Ended

	March 31, 2016		
	(in thousands)		
	Cash	Non-cash (1)	Total
Research and Development	$357	$ 145	$502
General and Administration	31	—	31
Total restructuring costs	$388	$ 145	$533

(1) The non-cash restructuring expense relates to acceleration of stock options.

The following table summarizes the restructuring reserve for the period indicated:

	As of March 31, 2016
	(in thousands)
Restructuring costs incurred during the period	$ 388
Amounts paid during the period	—
Restructuring reserve ending balance	$ 388

8. STOCK-BASED COMPENSATION

The following table summarizes the Company's stock awards granted for each of the periods indicated:

	For the Three Months Ended March 31,			
	2016		2015	
	Grants	Weighted Average Grant Date Fair Value	Grants	Weighted Average Grant Date Fair Value
Stock options*	1,205,776	$ 11.92	1,607,544	$ 10.35
Restricted stock awards**	25,775	$ 13.71	6,000	$ 13.90

* Included in 2016 stock option grants are 287,500 options with performance conditions that are not currently probable of being achieved. If certain performance milestones are achieved within the required time frame, the Company may recognize up to $3.4 million of stock-based compensation related to these grants when performance is deemed probable. The remaining stock options granted during the periods presented in the table have only service-based criteria and vest over four years.

** Included in 2016 restricted stock awards ("RSA") are 18,755 shares granted to certain employees in lieu of a portion of their 2015 annual bonus payments. These RSA grants have six-month vesting schedules. The remaining RSAs will be fully vested by June 2017.

Stock-based Compensation Expense

For the three months ended March 31, 2016 and 2015, total stock-based compensation expense was $6.7 million and $14.2 million, respectively. Included in the amount for the three months ended March 31, 2015 is $8.7 million of stock-based compensation expense incurred in connection with the resignation of the Company's former Chief Executive Officer ("CEO"). The following table summarizes stock-based compensation expense by function included within the unaudited condensed consolidated statements of operations and comprehensive loss:

	For the Three Months Ended March 31	
	2016	2015
	(in thousands)	
Research and development	$2,449	$2,446
General and administrative	4,241	11,710
Total stock-based compensation expense	$6,690	$14,156

The following table summarizes stock-based compensation expense by grant type included within the unaudited condensed consolidated statements of operations and comprehensive loss:

	For the Three Months Ended March 31	
	2016	2015
	(in thousands)	
Stock options	$5,698	$13,551
Restricted stock awards	184	42
Stock appreciation rights	115	147
Employee stock purchase plan	693	416
Total stock-based compensation expense	$6,690	$14,156

9. NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding. Diluted net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock and dilutive common stock equivalents outstanding. Given that the Company generated a net loss for each of the periods presented, there is no difference between basic and diluted net loss per share since the effect of common stock equivalents would be anti-dilutive and, therefore, would be excluded from the diluted net loss per share calculation.

	For the Three Months Ended	
	March 31,	
	2016	2015
	(in thousands, except per share amounts)	
Net loss	$(59,770)	$(61,559)
Weighted-average number of shares of common stock and common stock equivalents outstanding:		
Weighted-average number of shares of common stock outstanding for computing basic loss per share	45,697	41,324
Dilutive effect of outstanding stock awards and stock options after application of the treasury stock method*	—	—
Weighted-average number of shares of common stock and dilutive common stock equivalents outstanding for computing diluted loss per share	45,697	41,324
Net loss per share — basic and diluted	$(1.31)	$(1.49)

* For the three months ended March 31, 2016 and 2015, stock options, RSAs and stock appreciation rights to purchase approximately 7.9 million and 6.9 million shares of common stock, respectively, were excluded from the net loss per share calculation as their effect would have been anti-dilutive.

10. COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of business, the Company may from time to time be named as a party to various legal claims, actions and complaints, including matters involving securities, employment, intellectual property, effects from the use of therapeutics utilizing its technology, or others. For example, purported class action complaints were filed against the Company and certain of its officers in the U.S. District Court for the District of Massachusetts on January 27, 2014 and January 29, 2014. The complaints were consolidated into a single action (Corban v. Sarepta, et al., No. 14-cv-10201) (“Corban”) by order of the court on June 23, 2014, and plaintiffs were afforded 28 days to file a consolidated amended complaint. The plaintiffs’ consolidated amended complaint, filed on July 21, 2014, sought to bring claims on behalf of themselves and persons or entities that purchased or acquired securities of the Company

between July 10, 2013 and November 11, 2013. The consolidated amended complaint alleged that Sarepta and certain of its officers violated the federal securities laws in connection with disclosures related to eteplirsen, the Company's lead therapeutic cand