UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____

Commission File Number: 001-32335

Halozyme Therapeutics, Inc.

(*Exact name of registrant as specified in its charter*)

Delaware	**88-0488686**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
11388 Sorrento Valley Road, San Diego, California	**92121**
(Address of principal executive offices)	*(Zip Code)*

(858) 794-8889

(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.001 Par Value	The NASDAQ Stock Market, LLC

Securities registered under Section 12(g) of the Act:
None

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 28, 2013 was approximately $707.0 million based on the closing price on the NASDAQ Global Select Market reported for such date. Shares of common stock held by each officer and director and by each person who is known to own 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 24, 2014 , there were 124,003,650 shares of the registrant's common stock issued, $0.001 par value per share, and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be filed subsequent to the date hereof with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report.

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This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the "safe harbor" provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. All statements, other than statements of historical fact, included herein regarding our future product development and regulatory events and goals, product collaborations, our business intentions and financial estimates and results are forward-looking statements. Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," "think," "may," "could," "will," "would," "should," "continue," "potential," "likely," "opportunity" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Annual Report. Additionally, statements concerning future matters such as the development or regulatory approval of new products, enhancements of existing products or technologies, third party performance under key collaboration agreements, revenue and expense levels and other statements regarding matters that are not historical are forward-looking statements.

Although forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include without limitation those discussed under the heading "Risk Factors" in Part I, Item 1A below, as well as those discussed elsewhere in this Annual Report. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report. Readers are urged to carefully review and consider the various disclosures made in this Annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

References to "Halozyme," "the Company" "we," "us" and "our" refer to Halozyme Therapeutics, Inc. and its wholly owned subsidiary, Halozyme, Inc., and Halozyme, Inc.'s wholly owned subsidiary, Halozyme Holdings Ltd. References to "Notes" refer to the Notes to Consolidated Financial Statements included herein (refer to Part II, Item 8).

PART I

Item 1. *Business*

Overview

Halozyme is a science-driven, biopharmaceutical company committed to making molecules into medicines for patients in need. Our research focuses primarily on human enzymes that alter the extracellular matrix. The extracellular matrix is a complex matrix of proteins and carbohydrates surrounding the cell that provides structural support in tissues and orchestrates many important biological activities, including cell migration, signaling and survival. Over many years, we have developed unique technology and scientific expertise enabling us to pursue this target-rich environment for the development of therapies.

Our proprietary enzymes can be used to facilitate the delivery of injected drugs and fluids, thus enhancing the efficacy and the convenience of other drugs or can be used to alter abnormal tissue structures for clinical benefit. We have chosen to exploit our technology and expertise in a balanced way to modulate both risk and spend by: (1) developing our own proprietary products in therapeutic areas with significant unmet medical needs, such as diabetes, oncology and dermatology, and (2) licensing our technology to biopharmaceutical companies to collaboratively develop products which combine our technology with the collaborators' proprietary compounds.

The majority of our approved product and product candidates are based on rHuPH20, our patented recombinant human hyaluronidase enzyme. rHuPH20 temporarily breaks down hyaluronic acid (HA) - a naturally occurring substance that is a major component of the extracellular matrix in tissues throughout the body such as skin and cartilage. We believe this temporary degradation creates an opportunistic window for the improved subcutaneous delivery of injectable biologics, such as monoclonal

antibodies and other large therapeutic molecules, as well as small molecules and fluids. We refer to the application of rHuPH20 to facilitate the delivery of other drugs or fluids as Enhanze ™ technology. rHuPH20 is also the active ingredient in our first commercially approved product, *Hylenex* ® recombinant. Additionally, we are expanding our scientific work in the extracellular matrix by developing other enzymes and agents that target its unique aspects, giving rise to potentially new molecular entities that can be indicated in endocrinology, oncology and dermatology.

Our proprietary pipeline consists of multiple clinical stage products in diabetes, oncology and dermatology. We currently have collaborations with F. Hoffmann-La Roche, Ltd. and Hoffmann-La Roche, Inc. (Roche), Pfizer Inc. (Pfizer), Baxter Healthcare Corporation (Baxter) and Intrexon Corporation (Intrexon), with two products approved for marketing in Europe, one product candidate which has been submitted for regulatory approval in the U.S., one product candidate which has been submitted for regulatory approval in Europe and has received a positive opinion from the European Committee for Medicinal Products for Human Use (CHMP), as well as several others at various stages of development.

We were founded in 1998 and reincorporated from the State of Nevada to the State of Delaware in November 2007. Our operations to date have involved: (i) building infrastructure for and staffing our operations; (ii) acquiring, developing and securing proprietary protection for our technology; (iii) developing our proprietary product pipeline; (iv) entering into and supporting our collaborations with other companies to advance licensed product candidates; and (v) selling our own approved commercial product, *Hylenex* recombinant. Currently, we have received only limited revenue from the sales of *Hylenex* recombinant, in addition to other revenues from our collaborations.

Future revenues from the sales and/or royalties of our product candidates which have not been approved or have recently been approved will depend on the ability of Halozyme and our collaborators to develop, manufacture, secure regulatory approvals for and commercialize the product candidates. We have incurred net operating losses each year since inception, with an accumulated deficit of approximately $382.1 million as of December 31, 2013 .

Our principal offices and research facilities are located at 11388 Sorrento Valley Road, San Diego, California 92121. Our telephone number is (858) 794-8889 and our e-mail address is *info@halozyme.com* . Our website address is *www.halozyme.com* . Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Annual Report on Form 10-K. Our periodic and current reports that we filed with the SEC are available on our website at *www.halozyme.com* , free of charge, as soon as reasonably practicable after we have electronically filed such material with, or furnished them to, the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports. Further copies of these reports are located at the SEC's Public Reference Room at 100 F Street, N.W., Washington, D.C. 20549, and online at *http://www.sec.gov* .

Technology

The majority of our approved product and product candidates are based on rHuPH20, a patented recombinant human hyaluronidase enzyme. rHuPH20 temporarily breaks down HA - a naturally occurring substance that is a major component of the extracellular matrix in tissues throughout the body such as skin and cartilage. We believe this temporary degradation creates an opportunistic window for the improved subcutaneous delivery of injectable biologics, such as monoclonal antibodies and other large therapeutic molecules, as well as small molecules and fluids. The HA reconstitutes its normal density within several days and, therefore, we anticipate that any effect of rHuPH20 on the architecture of the subcutaneous space is temporary. rHuPH20 can thus be applied as a drug delivery platform to increase dispersion and absorption of other injected drugs and fluids that are injected under the skin or in the muscle thereby enhancing efficacy or convenience. For example, rHuPH20 can be used to convert drugs that must be delivered intravenously into subcutaneous injections or to reduce the number of subcutaneous injections needed for effective therapy. We refer to the application of rHuPH20 to facilitate the delivery of other drugs or fluids as Enhanze technology. rHuPH20 is also the active ingredient in our first commercially approved product, *Hylenex* recombinant.

Additionally, we are expanding our scientific work to develop other enzymes and agents that target the extracellular matrix's unique aspects, giving rise to potentially new molecular entities that can be applicable to endocrinology, oncology and dermatology. For example, we are developing a formulation of rHuPH20 and insulin for the treatment of diabetes mellitus. We are also developing

a PEGylated version of the rHuPH20 enzyme (PEGPH20), that lasts for an extended period in the bloodstream, and may therefore better target solid tumors by degrading the surrounding HA and reducing the interstitial fluid pressure within malignant tumors to allow better penetration by chemotherapeutic agents. Also in development is HTI-501, which is an engineered drug formulation variant of cathepsin L (a lysosomal proteinase), that acts by degrading collagen. HTI-501 is a proprietary product candidate which is being developed for cellulite and other diseases/conditions involving collagen. HTI-501 is the first enzyme in the category of what we call conditionally-active biologic (CAB) - that is, biologics that are only active under certain physiologic conditions such as acidic conditions in the case of HTI-501. In theory, CABs should have the benefit of reducing side effects of therapeutic molecules through their selective action. We continue to conduct research aimed at further development of CABs.

Strategy

Our business model is based both on developing our own proprietary products as well as entering into high value collaborations. This business model allows for growth in which revenue garnered from collaboration products buffers the spend on proprietary products, resulting in long term sustained growth.

Key aspects of our corporate strategy include the following:

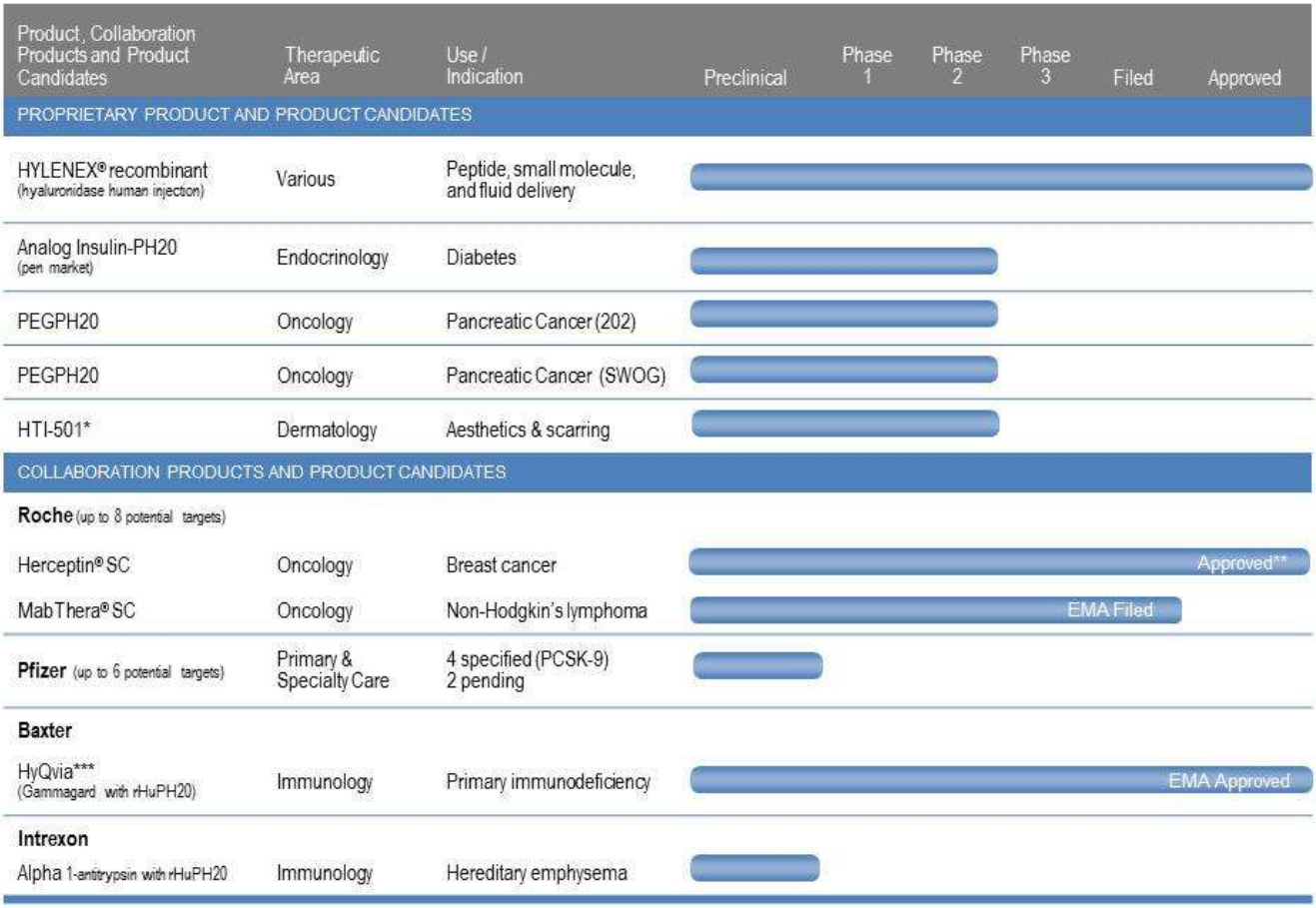
- Gain approval for and launch our proprietary product candidates - We have three clinical stage product candidates (described below). We intend to continue our efforts to advance these programs toward regulatory approval and commercial launch.

- Maximize royalty revenue from existing collaborations - Two of the products under our collaborations have been approved in the European Union (EU) and other countries and two product candidates have been submitted for approval (one in the EU and another in the U.S.). We will continue to provide our collaborators assistance as specified under the applicable agreements to support the commercialization of those products such as supplying bulk rHuPH20.

- Expand and deepen collaborations - We currently have four collaborations with multiple product candidates under development. We intend to work with our existing collaborators to expand our collaborations to add new targets and product candidates under the terms of the operative agreements. In addition, we will continue our efforts to enter into new collaborations to further exploit our technology and derive value therefrom.

Product and Product Candidates

We have one marketed proprietary product and multiple proprietary product candidates targeting several indications in various stages of development. The following table summarizes our proprietary product and product candidates as well as products and product candidates under development with our collaborators:



* Clinical study conducted in Mexico. U.S. IND has not been filed.
** Approved in EU, filed in other selected countries around the world. Not filed in U.S. and Japan.
*** FDA CRL, as of 8/1/12

Proprietary Pipeline

Hylenex Recombinant (hyaluronidase human injection)

Hylenex recombinant is a formulation of rHuPH20 that has received the U.S. Food and Drug Administration (FDA) approval to facilitate subcutaneous fluid administration for achieving hydration, to increase the dispersion and absorption of other injected drugs and, in subcutaneous urography, to improve resorption of radiopaque agents. We reintroduced *Hylenex* recombinant to the market in December 2011 after resolution of Baxter's voluntary recall and the return by Baxter of marketing rights to us. Upon its return to the market, our focus was to take advantage of the initial markets previously developed by Baxter. *Hylenex* recombinant is currently the number one prescribed branded hyaluronidase. We are continuing to assess our commercial and strategic options for the product to address additional uses such as in connection with insulin pumps as described further below under " *Ultrafast Insulin Program* ."

Ultrafast Insulin Program

Our most advanced proprietary program combines rHuPH20 with prandial (mealtime) insulin intended for the diabetes market. Diabetes mellitus is an increasingly prevalent, costly condition associated with substantial morbidity and mortality. Attaining and maintaining target blood sugar levels to seek to minimize the long-term clinical risks is a key treatment goal for people living with diabetes.

The primary goal of our ultrafast insulin program is to enable a best-in-class prandial insulin product, with demonstrated clinical benefits for diabetes mellitus patients, in comparison to the current standard of care analog insulin products. Towards that goal, we pair rHuPH20 with prandial insulin to facilitate faster insulin dispersion in, and absorption from, the subcutaneous space into the vascular compartment, intended to lead to a faster insulin response and a shorter duration of action similar to that found in people without diabetes. A number of clinical trials investigating the various attributes of our product candidates have been completed.

We currently view two distinct opportunities to enter the prandial insulin market:

The first opportunity (what we refer to as the Continuous Subcutaneous Insulin Injection (CSII) market) is to pre-treat the insulin infusion site with *Hylenex* recombinant at the time of infusion site change (once every 3 days). Pump therapy is growing in the U.S. among patients with Type 1 and Type 2 diabetes. We believe that the pre-treatment of the infusion site with *Hylenex* recombinant could provide faster onset and shorter duration of insulin action. We currently intend to commercialize *Hylenex* recombinant in CSII ourselves, with an initial focus on adults with Type 1 diabetes.

For the CSII market, we have published interim data from a study evaluating the use of *Hylenex* recombinant in analog insulin pump therapy that showed pre-administration of *Hylenex* recombinant provided what appeared to be “faster-on” and “faster-off” effects than current rapid insulin analogs. Copies of these publications can be found at http://www.halozyme.com/Technology/Journals-Abstracts-And-Posters/default.aspx. Data from the double-blind cross-over study showed that pre-treatment of the infusion site with *Hylenex* recombinant, at the time of infusion set change, accelerated the absorption and shortened the action of mealtime insulin, provided a more consistent insulin action profile and improved post-prandial glucose control.

In preparation for commercializing *Hylenex* recombinant in the CSII market in Type 1 diabetes for pre-administration with analog insulin, we are conducting supportive clinical studies, developing our regulatory and commercial strategy, manufacturing product and developing the administration convenience kit. In the first quarter of 2013, we initiated CONSISTENT 1, the largest of several planned studies for the CSII market. The CONSISTENT 1 study is evaluating the safety and efficacy of *Hylenex* recombinant in a 24 month trial conducted in over 400 Type 1 diabetic patients who were randomized 3:1 to either rapid acting analog insulin (RAI) delivered by CSII with Hylenex or standard CSII using RAI alone. Subjects randomized to the Hylenex group administer 150 units of Hylenex once every three days through each new infusion cannula, immediately prior to initiation of insulin delivery. The primary efficacy endpoint is comparison of change from baseline of A1C levels (A1C is a measure of average blood sugar over three months) using an industry standard non inferiority margin of 0.4%. The time point for assessment of the primary endpoint for the study was recently changed from four months to six months based on feedback we received from the FDA. Secondary endpoints for the study are hypoglycemia rates, hyperglycemia comparisons, glucose variability and safety endpoints (adverse events, local tolerability and immunogenicity). Enrollment for this trial was completed in the third quarter of 2013. We plan to communicate top line results from the CONSISTENT 1 study in the first quarter of 2014. We are currently in dialog with the FDA regarding the path for a labeling update to include key efficacy and safety data prior to initiating promotion of *Hylenex* recombinant for this use.

The second opportunity (what we refer to as the Multiple Daily Injection (MDI) market) is to combine rHuPH20 with an FDA approved RAI, e.g., insulin lispro (Humalog ®) (Lispro-PH20), insulin aspart (Novolog ®) (Aspart-PH20) and insulin glulisine (Apidra ®) (Glulisine-PH20), (each such combination, analog-PH20), to accelerate their action. Based on the need for broad commercial reach to successfully introduce a new prandial insulin to the injection market, we believe that to maximize value, partnering with a large biotechnology or pharmaceutical company with global access to both the primary care and endocrinology markets may be required.

With regard to the MDI opportunity, we published data from two treatment studies - one in Type 1 diabetes patients and one in Type 2 diabetes patients. Copies of these publications can be found at http://www.halozyme.com/Technology/Journals-Abstracts-And-Posters/default.aspx. Both studies met their primary endpoints of A1C non-inferiority and improved post-prandial glucose control compared to patients who were treated with RAI alone. Additionally, data from the Type 1 diabetes treatment study indicated that Analog-PH20 formulations reduced hypoglycemia compared to RAI alone.

PEGPH20

We are developing PEGPH20, a new molecular entity, as a candidate for the systemic treatment of tumors that accumulate HA. PEGylation refers to the attachment of polyethylene glycol to rHuPH20, thereby creating PEGPH20. One of the novel properties of PEGPH20 is that it lasts for an extended duration in the bloodstream and, therefore, can be used to maintain therapeutic effect to treat systemic disease.

Solid malignancies often accumulate high levels of HA, including pancreatic, lung, breast, colon and prostate cancers, and therefore we believe that PEGPH20 has the potential to help patients with these types of cancer. Among solid tumors, pancreatic ductal adenocarcinoma is associated with the highest frequency of HA overexpression.

Over 100,000 patients in the U.S. and EU are diagnosed with pancreatic cancer annually and are frequently not diagnosed until late stages. The pathologic accumulation of HA, along with other matrix components, creates a unique microenvironment for the growth of tumor cells compared to normal cells. We believe that depleting the HA component of the tumor architecture with PEGPH20 disrupts the tumor microenvironment, resulting in tumor growth inhibition. In addition, removal of HA rich matrix results in opening previously constricted vessels to allow anti-cancer therapies to have greater access to the tumor, which may enhance the treatment effect of complementary therapeutic modalities. Increased blood flow may also enable increased efficacy of radiotherapy treatment.

In June 2013, we presented the results from a Phase 1b clinical study of PEGPH20 in combination with gemcitabine for the treatment of patients with stage IV metastatic pancreatic cancer (Phase 1b PEGPH20 Clinical Study) at the 2013 American Society of Clinical Oncology (ASCO) Annual meeting. This study enrolled 28 patients with previously untreated stage IV pancreatic ductal adenocarcinoma. Patients were treated with one of three doses of PEGPH20 (1.0, 1.6 and 3.0 µg/kg twice weekly for four weeks, then weekly thereafter) in combination with gemcitabine 1000 mg/m2 administered intravenously. In this study, the overall response rate (complete response + partial response) by RECIST 1.1 criteria was 42 percent (10 of 24 patients, 95 percent CI 22 - 62 percent) for those treated at therapeutic dose levels of PEGPH20 (1.6 and 3.0 µg/kg) as assessed by an independent radiology review.

In September 2013, at the European Cancer Congress 2013, we presented exploratory post-hoc analysis of progression free survival and overall survival of a small subset of patients treated with PEGPH20 with available biopsy samples and HA scores in the Phase 1b study. Both progression free survival and overall survival were longer in patients with high levels of tumor HA compared to patients with low levels of tumor HA. The observation that patients with tumors characterized by high levels of HA may respond best to PEGPH20 has resulted in our effort to develop a companion diagnostic to enable pre-selection of these patients.

In the second quarter of 2013, we initiated a Phase 2 multicenter, randomized clinical trial evaluating PEGPH20 as a first-line therapy for patients with stage IV metastatic pancreatic cancer. Approximately 124 patients are expected to complete in the study and receive gemcitabine and nab-paclitaxel (ABRAXANE ™) either with or without PEGPH20. The primary outcome will be to measure progression-free survival between patients administered with PEGPH20 and those who are not. We expect to complete enrollment in this study in the second half of 2014. In addition, in October 2013, SWOG, a cancer research cooperative group of more than 4,000 researchers in over 500 institutions around the world, initiated a 144 patient Phase 1b/2 randomized clinical trial of PEGPH20 in combination with modified FOLFIRINOX chemotherapy (mFOLFIRINOX) compared to mFOLFIRINOX treatment alone in patients with metastatic pancreatic adenocarcinoma.

HTI-501

HTI-501, an engineered drug formulation variant of cathepsin L (a lysosomal proteinase), that acts by degrading collagen, is our first conditionally-active biologic. Collagen is an abundant protein in the body, particularly in connective tissue, and is present in high amounts in the extracellular matrix in the form of collagen fibers. Collagens are a class of helical proteins that are

assembled into macromolecular fibrils and fibers. The collagen fiber network provides a structural scaffolding framework in the extracellular matrix. In the skin, these collagen fibers connect the superficial epithelial tissues to the underlying connective tissues. Collagen abnormalities contribute to a number of conditions, including frozen shoulder, Dupuytren's contracture, Peyronie's disease and cellulite.

A conditionally active biologic is a molecule that is only active under certain physiological conditions. HTI-501 is active under mildly acidic conditions and inactive at the neutral pH normally found in the tissue. The enzyme is combined with a mildly acidic buffer and injected in its active state. The enzyme is only active locally and for a short period of time. Once the mildly acidic conditions of the HTI-501 administration have been neutralized by the body, the enzyme becomes inactive. We intend to harness this conditional activity to exert control over the duration and location of the enzyme's therapeutic activity, potentially improving the efficacy or safety of this product candidate for both medical and aesthetic conditions.

We are exploring HTI-501 as an approach to the treatment of edematous fibrosclerotic panniculopathy, also known as cellulite. The condition affects the great majority of post-adolescent women and is prevalent in all races. We believe that the collagen fibers ("fibrous septa") anchor the epidermis against the swelling of subcutaneous fat, which creates the dimpled appearance associated with the condition. We believe that HTI-501 deposited under the skin can release the tension in the collagenous fibrous septa and thereby smoothing the dimpled appearance of the skin. HTI-501 may also be potentially utilized as a treatment for other conditions involving collagen, such as frozen shoulder, Dupuytren's contracture, Peyronie's disease, keloids and hypertrophic scarring.

In September 2011, we initiated a Phase 1/2 clinical trial for HTI-501 outside the U.S. in women with moderate to severe cellulite. The Phase 1 dose-escalation portion of the trial was completed in 2012 while the ongoing Phase 2 portion of the trial is designed to assess the pharmacologic activity of HTI-501 and extend the safety assessment to multiple injections in a treatment area. In the third quarter of 2013, we completed the enrollment for the Phase 2 portion and the independent panel review of one month data.

Interim results from this trial were presented June 29, 2013 at the 9th Annual World Congress of Cosmetic Dermatology in Athens, Greece. The primary endpoint is physician assessment at Day 28, supported by secondary endpoints of subject self-evaluations and objective measurements of changes to the skin topography. The interim results from 12 of the planned 34 evaluable patients from this Phase 1/2 trial indicates pharmacologic activity at the primary 28 day observation point, with 83 percent of subjects (10 of 12) showing improvement from the pretreatment assessment, with a median improvement of 53 percent (p=.006) by the primary physician assessment. In comparison, 75 percent of subjects (9 of 12) showed improvement with a median improvement of 22 percent (p=.009) for the vehicle injection control at the same observation point. The objective measure (skin topography) for the treated area showed modest improvement in 80 percent of evaluable subjects (8 of 10) treated with HTI-501 (p=.042), but was not significantly changed for the vehicle control (p=.84) or a post-hoc evaluation of non-injected areas. To query the robustness of any study conclusions, an independent blinded panel evaluation of images will be performed on the evaluable subjects at one and six months following treatment. The HTI-501 enzyme and its formulation have been well tolerated so far in this trial at all doses and formulations tested, with no serious or severe adverse events. The most common side effects have been mild to moderate transient injection site discomfort and mild to moderate injection site bruising, resolving within about two weeks without intervention. We expect to report top line data at the three month and six month endpoints in the first quarter of 2014.

We currently do not have an investigational new drug application (IND) in the U.S., which would be required for us to conduct clinical trials in the U.S. for HTI-501. In order for us to file an IND, we will need to conduct significant development work including preclinical studies and manufacturing development. We are currently evaluating strategic options for further development of this product candidate.

Collaborations

Roche Collaboration

In December 2006, we and Roche entered into an agreement under which Roche obtained a worldwide, exclusive license to develop and commercialize product combinations of rHuPH20 with up to thirteen Roche target compounds (the Roche Collaboration). Roche initially had the exclusive right to apply rHuPH20 to only three pre-defined Roche biologic targets with the

option to exclusively develop and commercialize rHuPH20 with ten additional targets. As of December 31, 2013 , Roche has elected a total of five exclusive targets and retains the option to develop and commercialize rHuPH20 with three additional targets through the payment of annual license maintenance fees.

In September 2013, Roche launched a subcutaneous (SC) formulation of Herceptin ® (trastuzumab) (Herceptin SC) in Europe for the treatment of patients with HER2-positive breast cancer. This formulation utilizes our recombinant human hyaluronidase (rHuPH20) and is administered in two to five minutes, rather than 30 to 90 minutes with the standard intravenous form. Roche received European marketing approval for Herceptin SC in August 2013. The European Commission's approval was based on data from Roche's Phase 3 HannaH study which showed that the subcutaneous formulation of Herceptin was associated with comparable efficacy (pathological complete response, pCR) to Herceptin administered intravenously in women with HER2-positive early breast cancer and resulted in non-inferior trastuzumab plasma levels. Overall, the safety profile in both arms of the HannaH study was consistent with that expected from standard treatment with Herceptin and chemotherapy in this setting. No new safety signals were identified. Breast cancer is the most common cancer among women worldwide. Each year, about 1.4 million new cases of breast cancer are diagnosed worldwide, and over 450,000 women will die of the disease annually. In HER2-positive breast cancer, increased quantities of the human epidermal growth factor receptor 2 (HER2) are present on the surface of the tumor cells. This is known as "HER2 positivity" and affects approximately 15% to 20% of women with breast cancer. HER2-positive cancer is a particularly aggressive form of breast cancer.

In December 2012, Roche submitted Line Extension Applications to the European Medicines Agency (EMA) for MabThera SC, Roche's SC formulation of MabThera ® (rituximab) using rHuPH20. In January 2014, the CHMP recommended that the European Commission approve MabThera SC for the treatment of patients with common forms of non-Hodgkin lymphoma (NHL). NHL is a type of cancer that affects lymphocytes (white blood cells). An estimated 66,000 new cases of NHL were diagnosed in the U.S. in 2009 with approximately 356,000 new cases reported worldwide. In December 2012, at the annual meeting of the American Society of Hematology, Roche presented positive data from the first stage of its two-stage Phase 3 clinical study investigating pharmacokinetics, efficacy and safety of MabThera SC. The primary endpoint in the first stage of the study was met, showing the MabThera SC injection resulted in non-inferior MabThera concentrations in the blood compared with IV-infused MabThera (MabThera IV).

Additional information about the Phase 3 Herceptin SC and Phase 3 MabThera SC clinical trials can be found at *www.clinicaltrials.gov* and *www.roche-trials.com* . Information available on these websites is not incorporated into this report.

Baxter Gammagard Collaboration

GAMMAGARD LIQUID is a current Baxter product that is indicated for the treatment of primary immunodeficiency disorders associated with defects in the immune system. In September 2007, we and Baxter entered into an agreement under which Baxter obtained a worldwide, exclusive license to develop and commercialize product combinations of rHuPH20 with GAMMAGARD LIQUID (HyQvia) (the Gammagard Collaboration).

Baxter filed a biologic license application (BLA) for HyQvia in the U.S. in the second quarter of 2011. On August 1, 2012, we announced that the FDA had issued a complete response letter (CRL) for Baxter's HyQvia BLA. The CRL requested additional preclinical data to support the BLA. The primary issues raised in the CRL focused on non-neutralizing antibodies generated against rHuPH20 and the possible effects of these antibodies on reproduction, development and fertility. Elevated anti-rHuPH20 antibody titers were detected in the registration trial, but have not been associated with any adverse events. Pending Baxter and us providing additional preclinical data sufficient to address the regulatory questions, the FDA has requested that patients should no longer be dosed with rHuPH20 in the Baxter HyQvia program. In December 2013, we and Baxter announced that Baxter has completed submission of the amended BLA to the FDA to re-initiate the review process for approval of HyQvia. Baxter submitted additional preclinical data in response to the CRL from the FDA in 2012 and expects a six-month review.

In May 2013, the European Commission granted Baxter marketing authorization in all EU Member States for the use of HyQvia (solution for subcutaneous use) as replacement therapy for adult patients with primary and secondary immunodeficiencies. This therapy offers patients the option to administer their therapy at home, in a single subcutaneous site every three to four weeks.

Baxter launched HyQvia in the first EU country in July 2013 and in a number of other EU countries in the second half of 2013. Baxter plans to expand the launch to additional EU countries in 2014.

Pfizer Collaboration

In December 2012, we and Pfizer entered into a collaboration and license agreement, under which Pfizer has the worldwide license to develop and commercialize products combining rHuPH20 enzyme with Pfizer proprietary biologics directed to up to six targets in primary care and specialty care indications (the Pfizer Collaboration). Targets may be selected on an exclusive or non-exclusive basis. In September 2013, Pfizer elected the fourth therapeutic target on an exclusive basis. In December 2013, Pfizer announced that one of the targets is proprotein convertase subtilisin/kexin type 9, also known as PCSK9, which is an enzyme that in humans is encoded by the PCSK9 gene. The PCSK9 gene provides instructions for making a protein that helps regulate the amount of cholesterol in the bloodstream.

Intrexon Collaboration

In June 2011, we and Intrexon entered into a collaboration and license agreement under which Intrexon obtained a worldwide exclusive license for the use of rHuPH20 enzyme in the development and commercialization of a subcutaneous injectable formulation of Intrexon's recombinant human alpha 1-antitrypsin (rHuA1AT) (the Intrexon Collaboration). In addition, the license provides Intrexon with exclusivity for a defined indication.

ViroPharma Collaboration

In May 2011, we and ViroPharma entered into a collaboration and license agreement under which ViroPharma obtained a worldwide exclusive license for the use of rHuPH20 enzyme in the development and commercialization of a subcutaneous injectable formulation of ViroPharma’s commercialized product, Cinryze (C1 esterase inhibitor [human]) (the ViroPharma Collaboration). In addition, the license provides ViroPharma with exclusivity to C1 esterase inhibitor and to hereditary angioedema, a rare, debilitating and potentially fatal genetic disease, along with three additional orphan indications. This agreement was terminated by ViroPharma in February 2014.

For a further discussion of the material terms of our collaboration agreements, refer to Note 4, *Collaborative Agreements* , to our consolidated financial statements.

Customers

For the years ended December 31, 2013, 2012 and 2011 , 64% , 45% and 19% of total revenues, respectively, were from Roche and 10% , 17% and 42% of total revenues, respectively, were from Baxter. For the years ended December 31, 2013 and 2012, 4% and 22% of total revenues, respectively, were from Pfizer. In addition, for the year ended December 31, 2011, 22% and 16% of total revenues were from ViroPharma and Intrexon, respectively. For information regarding our revenues from external customers, refer to Note 2, *Summary of Significant Accounting Policies — Concentrations of Credit Risk, Sources of Supply and Significant Customers* .

Patents and Proprietary Rights

Patents and other proprietary rights are essential to our business. Our success will depend in part on our ability to obtain patent protection for our inventions, to preserve our trade secrets and to operate without infringing the proprietary rights of third parties. Our strategy is to actively pursue patent protection in the U.S. and certain foreign jurisdictions for technology that we believe to be proprietary to us and that offers us a potential competitive advantage. Our patent portfolio includes 20 issued patents in the U.S., 57 issued patents in Europe and other countries in the world and a number of pending patent applications. In general, patents have a term of 20 years from the application filing date or earlier claimed priority date. Our issued patents will expire between 2022 and 2030. We are the exclusive licensee of the University of Connecticut under a patent covering the DNA sequence that encodes human hyaluronidase. This patent expires in 2015. We have multiple patents and patent applications throughout the

world pertaining to our recombinant human hyaluronidase and methods of use and manufacture, including an issued U.S. patent which expires in 2027 and an issued European patent which expires in 2024, which we believe cover the products and product candidates under our existing collaborations, *Hylenex* recombinant, PEGPH20 and our endocrinology product candidates. In addition, we have, under prosecution throughout the world, multiple patent applications that relate specifically to individual product candidates under development, the expiration of which can only be definitely determined upon maturation into our issued patents. We believe our patent filings represent a barrier to entry for potential competitors looking to utilize these hyaluronidases.

In addition to patents, we rely on unpatented trade secrets, proprietary know-how and continuing technological innovation. We seek protection of these trade secrets, proprietary know-how and innovation, in part, through confidentiality and proprietary information agreements. Our policy is to require our employees, directors, consultants, advisors, collaborators, outside scientific collaborators and sponsored researchers, other advisors and other individuals and entities to execute confidentiality agreements upon the start of employment, consulting or other contractual relationships with us. These agreements provide that all confidential information developed or made known to the individual or entity during the course of the relationship is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees and some other parties, the agreements provide that all inventions conceived by the individual will be our exclusive property. Despite the use of these agreements and our efforts to protect our intellectual property, there will always be a risk of unauthorized use or disclosure of information. Furthermore, our trade secrets may otherwise become known to, or be independently developed by, our competitors.

We also file trademark applications to protect the names of our products and product candidates. These applications may not mature to registration and may be challenged by third parties. We are pursuing trademark protection in a number of different countries around the world. There can be no assurances that our registered or unregistered trademarks or trade names will not infringe on rights of third parties or will be acceptable to regulatory agencies.

Research and Development Activities

Our research and development expenses consist primarily of costs associated with the development and manufacturing of our product candidates, compensation and other expenses for research and development personnel, supplies and materials, costs for consultants and related contract research, clinical trials, facility costs and amortization and depreciation. We charge all research and development expenses to operations as they are incurred. Our research and development activities are primarily focused on the development of our various product candidates.

Since our inception in 1998 through December 31, 2013 , we have incurred research and development expenses of $425.8 million. From January 1, 2011 through December 31, 2013 , approximately 21% and 18% of our research and development expenses were associated with the development of our ultrafast insulin and PEGPH20 product candidates, respectively. Due to the uncertainty in obtaining the FDA and other regulatory approvals, our reliance on third parties and competitive pressures, we are unable to estimate with any certainty the additional costs we will incur in the continued development of our proprietary product candidates for commercialization. However, we expect our research and development expenses to increase as our product candidates advance into later stages of clinical development.

Manufacturing

We do not have our own manufacturing facility for our product and product candidates, or their active pharmaceutical ingredient (API) or bulk forms, or the capability to package our product. We have engaged third parties to manufacture bulk rHuPH20 and our product *Hylenex* recombinant.

We have existing supply agreements with contract manufacturing organizations Avid Bioservices, Inc. (Avid) and Cook Pharmica LLC (Cook) to produce supplies of bulk rHuPH20. These manufacturers each produce bulk rHuPH20 under current Good Manufacturing Practices (cGMP) for clinical uses. Avid currently produces bulk rHuPH20 for use in *Hylenex* recombinant and our other collaboration products and product candidates. We rely on their ability to successfully manufacture these batches according to product specifications, and Cook has limited experience manufacturing bulk rHuPH20. In addition, we have been working to scale-up, validate and qualify Cook as a manufacturer of bulk rHuPH20 for use in the product and product candidates under the Roche collaboration. To date, Cook has not been submitted to the European regulatory authorities by Roche as an approved

manufacturer for Herceptin SC and MabThera SC. It is essential for our business for Cook and Avid to (i) retain their status as cGMP-approved manufacturing facilities; (ii) to successfully scale up bulk rHuPH20 production; or (iii) manufacture the bulk rHuPH20 required by us and our collaborators for use in our proprietary and collaboration products and product candidates. In addition to supply obligations, Avid and Cook will also provide support for the chemistry, manufacturing and controls sections for FDA and other regulatory filings.

We have a commercial manufacturing and supply agreement with Baxter, a cGMP-approved manufacturing facility, under which Baxter provides the final fill and finishing steps in the production process of *Hylenex* recombinant. Under our commercial manufacturing and supply agreement with Baxter, Baxter has agreed to fill and finish *Hylenex* recombinant product for us until December 31, 2015, subject to further extensions in accordance with the terms of the agreement. We and Baxter are currently engaged in transitioning the fill, finish and packaging of *Hylenex* recombinant from the existing manufacturing line to a higher capacity and more efficient line at Baxter and gaining FDA approval for the new line before *Hylenex* recombinant can be filled, finished and packaged from that line. In June 2011, we entered into a services agreement with another third party manufacturer for the technology transfer and manufacture, fill, finish or packaging of *Hylenex* recombinant. We will also need to gain regulatory approval for the third party manufacturer prior to commencing use of this third party for manufacture of *Hylenex* recombinant.

Sales, Marketing and Distribution

HYLENEX Recombinant

Our commercial activities currently focus on *Hylenex* recombinant. We have a team of sales specialists that provide hospital and surgery center customers with the information about *Hylenex* recombinant and information needed to obtain formulary approval for, and increase utilization of, *Hylenex* recombinant. Our commercial activities also include marketing and related services and commercial support services such as commercial operations, managed markets and commercial analytics. We also employ third-party vendors, such as advertising agencies, market research firms and suppliers of marketing and other sales support related services to assist with our commercial activities.

We sell *Hylenex* recombinant in the U.S. to wholesale distributors, who sell to hospitals, ambulatory surgery centers and other end-users. We have engaged Integrated Commercial Solutions (ICS), a division of AmerisourceBergen Specialty Group, a subsidiary of AmerisourceBergen, to act as our exclusive distributor for commercial shipment and distribution of *Hylenex* recombinant to our customers in the United States. In addition to distribution services, ICS provides us with other key services related to logistics, warehousing, returns and inventory management, contract administration and chargebacks processing and accounts receivable management. In addition, we utilize third parties to perform various other services for us relating to regulatory monitoring, including call center management, adverse event reporting, safety database management and other product maintenance services.

Competition

The pharmaceutical industry is characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary therapeutics. We face competition from a number of sources, some of which may target the same indications as our product or product candidates, including large pharmaceutical companies, smaller pharmaceutical companies, biotechnology companies, academic institutions, government agencies and private and public research institutions, many of which have greater financial resources, sales and marketing capabilities, including larger, well established sales forces, manufacturing capabilities, experience in obtaining regulatory approvals for product candidates and other resources than us. We face competition not only in the commercialization of *Hylenex* recombinant, but also for the in-licensing or acquisition of additional product candidates, and the out-licensing of our Enhanze technology. In addition, our collaborators face competition in the commercialization of the product candidates for which the collaborators seek marketing approval from the FDA or other regulatory authorities.

HYLENEX Recombinant

Hylenex recombinant is currently the only FDA-approved recombinant human hyaluronidase on the market. Bausch & Lomb Inc. is currently the only other manufacturer that has an FDA-approved product, Vitrase ®, an ovine (ram) hyaluronidase. In addition,

some commercial pharmacies compound hyaluronidase preparations for institutions and physicians even though compounded preparations are not FDA-approved products.

Government Regulations

The FDA and comparable regulatory agencies in foreign countries regulate extensively the manufacture and sale of the pharmaceutical products that we have developed or currently are developing. The FDA has established guidelines and safety standards that are applicable to the laboratory and preclinical evaluation and clinical investigation of therapeutic products and stringent regulations that govern the manufacture and sale of these products. The process of obtaining regulatory approval for a new therapeutic product usually requires a significant amount of time and substantial resources. The steps typically required before a product can be introduced for human use include:

- animal pharmacology studies to obtain preliminary information on the safety and efficacy of a drug; or
- laboratory and preclinical evaluation *in vitro* and *in vivo* including extensive toxicology studies.

The results of these laboratory and preclinical studies may be submitted to the FDA as part of an IND application. The sponsor of an IND application may commence human testing of the compound 30 days after submission of the IND, unless notified to the contrary by the FDA.

The clinical testing program for a new drug typically involves three phases:

- Phase 1 investigations are generally conducted in healthy subjects (in certain instances, Phase 1 studies that determine the maximum tolerated dose and initial safety of the product candidate are performed in patients with the disease);
- Phase 2 studies are conducted in limited numbers of subjects with the disease or condition to be treated and are aimed at determining the most effective dose and schedule of administration, evaluating both safety and whether the product demonstrates therapeutic effectiveness against the disease; and
- Phase 3 studies involve large, well-controlled investigations in diseased subjects and are aimed at verifying the safety and effectiveness of the drug.

Data from all clinical studies, as well as all laboratory and preclinical studies and evidence of product quality, are typically submitted to the FDA in a new drug application (NDA). The results of the preclinical and clinical testing of a biologic product candidate are submitted to the FDA in the form of a BLA, for evaluation to determine whether the product candidate may be approved for commercial sale. In responding to a BLA or NDA, the FDA may grant marketing approval, request additional information, or deny the application. Although the FDA's requirements for clinical trials are well established and we believe that we have planned and conducted our clinical trials in accordance with the FDA's applicable regulations and guidelines, these requirements, including requirements relating to testing the safety of drug candidates, may be subject to change as a result of recent announcements regarding safety problems with approved drugs. Additionally, we could be required to conduct additional trials beyond what we had planned due to the FDA's safety and/or efficacy concerns or due to differing interpretations of the meaning of our clinical data. (See Part I, Item 1A, *Risk Factors.*)

The FDA's Center for Drug Evaluation and Research must approve an NDA and the FDA's Center for Biologics Evaluation and Research must approve a BLA for a drug before it may be marketed in the United States. If we begin to market our proposed products for commercial sale in the U.S., any manufacturing operations that may be established in or outside the U.S. will also be subject to rigorous regulation, including compliance with cGMP. We also may be subject to regulation under the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substance Control Act, the Export Control Act and other present and future laws of general application. In addition, the handling, care and use of laboratory animals are subject to the Guidelines for the Humane Use and Care of Laboratory Animals published by the National Institutes of Health.

Regulatory obligations continue post-approval, and include the reporting of adverse events when a drug is utilized in the broader patient population. Promotion and marketing of drugs is also strictly regulated, with penalties imposed for violations of FDA regulations, the Lanham Act and other federal and state laws, including the federal anti-kickback statute.

We currently intend to continue to seek, directly or through our collaborators, approval to market our products and product candidates in foreign countries, which may have regulatory processes that differ materially from those of the FDA. We anticipate that we will rely upon pharmaceutical or biotechnology companies to license our proposed products or independent consultants to seek approvals to market our proposed products in foreign countries. We cannot assure you that approvals to market any of our proposed products can be obtained in any country. Approval to market a product in any one foreign country does not necessarily indicate that approval can be obtained in other countries.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the approval, manufacturing and marketing of drug products. In addition, FDA regulations and guidance are often revised or reinterpreted by the agency or reviewing courts in ways that may significantly affect our business and development of our product candidates and any products that we may commercialize. It is impossible to predict whether additional legislative changes will be enacted, or FDA regulations, guidance or interpretations changed, or what the impact of any such changes may be.

Segment Information

We operate our business as one segment, which includes all activities related to the research, development and commercialization of human enzymes that either transiently modify tissue under the skin to facilitate the delivery of injected drugs and fluids or to alter abnormal tissue structures for clinical benefit. This segment also includes revenues and expenses related to (i) research and development activities conducted under our collaboration agreements with third parties and (ii) product sales of *Hylenex* recombinant. The chief operating decision-maker reviews the operating results on an aggregate basis and manages the operations as a single operating segment. We had no foreign based operations and no long-lived assets located in foreign countries as of and for the years ended December 31, 2013, 2012 and 2011 . Refer to the Notes for additional financial information regarding our operating segment.

Executive Officers of the Registrant

Information concerning our executive officers, including their names, ages and certain biographical information can be found in Part III, Item 10, *Directors, Executive Officers and Corporate Governance* . This information is incorporated by reference into Part I of this report.

Employees

As of February 24, 2014 , we had 170 full-time employees. None of our employees are unionized and we believe our employee relations to be good.

Item 1A. ***Risk Factors***

Risks Related to Our Business

We have generated only minimal revenue from product sales to date; we have a history of net losses and negative cash flow, and we may never achieve or maintain profitability.

Relative to expenses incurred in our operations, we have generated only minimal revenues from product sales, licensing fees, milestone payments, bulk rHuPH20 supply payments and research reimbursements to date and we may never generate sufficient revenues from future product sales, licensing fees and milestone payments to offset expenses. Even if we ultimately do achieve significant revenues from product sales, licensing fees, research reimbursements, bulk rHuPH20 supply payments and/or milestone payments, we expect to incur significant operating losses over the next few years. We have never been profitable, and we may never become profitable. Through December 31, 2013 , we have incurred aggregate net losses of approximately $382.1 million .

If our product candidates do not receive and maintain regulatory approvals, or if approvals are not obtained in a timely manner, such failure or delay would substantially impair our ability to generate revenues.

Approval from the FDA or equivalent health authorities is necessary to manufacture and market pharmaceutical products in the United States and the other countries in which we anticipate doing business have similar requirements. The process for obtaining FDA and other regulatory approvals is extensive, time-consuming, risky and costly, and there is no guarantee that the FDA or other regulatory bodies will approve any applications that may be filed with respect to any of our product candidates, or that the timing of any such approval will be appropriate for the desired product launch schedule for a product candidate. We and our collaborators attempt to provide guidance as to the timing for the filing and acceptance of such regulatory approvals, but such filings and approvals may not occur when we or our collaborators expect, or at all. The FDA or other foreign regulatory agency may refuse or delay approval of our product candidates for failure to collect sufficient clinical or animal safety data and require us or our collaborators to conduct additional clinical or animal safety studies which may cause lengthy delays and increased costs to our programs. For example, we announced on August 1, 2012 that the FDA had issued a CRL for Baxter's HyQvia BLA. The CRL requested additional preclinical data to support the BLA. The primary issues raised in the letter focused on non-neutralizing antibodies generated against rHuPH20 and the possible effects of these antibodies on reproduction, development and fertility. Elevated anti-rHuPH20 antibody titers were detected in the registration trial, but have not been associated with any adverse events. Pending Baxter and us providing additional preclinical data sufficient to address the regulatory questions, the FDA has requested that patients should no longer be dosed with rHuPH20 in the Baxter clinical studies. In view of the issues raised in the HyQvia CRL, we contacted the FDA regarding the impact on *Hylenex* recombinant. After reviewing the applicable data submitted by us, FDA confirmed that there was no need for actions against *Hylenex* recombinant or clinical programs under the *Hylenex* recombinant IND application(s). Subsequent to this, in August 2013, our collaborator ViroPharma announced that it was discontinuing its study of subcutaneous administration of Cinryze in combination with rHuPH20 in adolescents and adults with hereditary angioedema attacks, following discussion with FDA regarding the emergence of an unexpected incidence and titer of non-neutralizing anti-rHuPH20 antibodies in a number of patients with the formulation being used in this study. ViroPharma terminated its collaboration and license agreement with us in February 2014. Although these antibodies have not been associated with any adverse clinical effects, we cannot assure you that they will not arise and have an adverse impact on future development of rHuPH20 or future sales of *Hylenex* recombinant.

There can be no assurance that Baxter and we will be able to resolve the issues raised by the FDA in a timely manner which could result in a delay or failure to gain regulatory approval for the HyQvia product candidate. Furthermore, although we do not believe at this time that the issues raised by the FDA with respect to the HyQvia BLA or the ViroPharma Phase 2 study will have a significant impact on our proprietary and other collaboration product candidates, there can be no assurance that these concerns will not also be raised by the FDA or other health authorities in the future.

Only two of our collaboration product candidates have been approved for commercialization and two of our collaboration product candidates are currently in the regulatory approval process. Only one of our proprietary products has been approved for commercialization, and we have no proprietary product candidates currently in the regulatory approval process. We and our collaborators may not be successful in obtaining such approvals for any potential products in a timely manner, or at all. Refer to the risk factor titled " *Our proprietary and collaboration product candidates may not receive regulatory approvals or their development may be delayed for a variety of reasons, including unsuccessful clinical trials, regulatory requirements or safety concerns* " for additional information relating to the approval of product candidates.

Additionally, even with respect to products which have been approved for commercialization, in order to continue to manufacture and market pharmaceutical products, we or our collaborators must maintain our regulatory approvals. If we or any of our collaborators are unsuccessful in maintaining our regulatory approvals, our ability to generate revenues would be adversely affected.

Use of our product candidates or those of our collaborators could be associated with side effects or adverse events.

As with most pharmaceutical products, use of our product candidates or those of our collaborators could be associated with side effects or adverse events which can vary in severity (from minor reactions to death) and frequency (infrequent or prevalent). Side effects or adverse events associated with the use of our product candidates or those of our collaborators may be observed at

anytime, including in clinical trials or when a product is commercialized, and any such side effects or adverse events may negatively affect our or our collaborators' ability to obtain regulatory approval or market our product candidates. Side effects such as toxicity or other safety issues associated with the use of our product candidates or those of our collaborators could require us or our collaborators to perform additional studies or halt development or sale of these product candidates or expose us to product liability lawsuits which will harm our business. We or our collaborators may be required by regulatory agencies to conduct additional animal or human studies regarding the safety and efficacy of our pharmaceutical product candidates which we have not planned or anticipated. Furthermore, there can be no assurance that we or our collaborators will resolve any issues related to any product related adverse events to the satisfaction of the FDA or any regulatory agency in a timely manner or ever, which could harm our business, prospects and financial condition.

If our contract manufacturers are unable to manufacture and supply to us bulk rHuPH20 in the quantity and quality required by us or our collaborators for use in our products and product candidates, our product development and commercialization efforts could be delayed or stopped and our collaborations could be damaged.

We have existing supply agreements with contract manufacturing organizations Avid and Cook to produce bulk rHuPH20. These manufacturers each produce bulk rHuPH20 under current cGMP for clinical uses. Avid currently produces bulk rHuPH20 for use in *Hylenex* recombinant and our other collaboration products and product candidates. In addition to supply obligations, Avid and Cook will also provide support for the chemistry, manufacturing and controls sections for FDA and other regulatory filings. We rely on their ability to successfully manufacture these batches according to product specifications, and Cook has relatively limited experience manufacturing bulk rHuPH20. In addition, we have been working to scale-up, validate and qualify Cook as a manufacturer of bulk rHuPH20 for use in the product and product candidates under the Roche collaboration. To date, Cook has not been submitted to the European regulatory authorities by Roche as an approved manufacturer for Herceptin SC and MabThera SC. If Cook is unable to obtain status as an approved manufacturing facility, or if either Avid or Cook: (i) is unable to retain status as an approved manufacturing facilities; (ii) is unable to otherwise successfully scale up bulk rHuPH20 production; or (iii) fails to manufacture and supply bulk rHuPH20 in the quantity and quality required by us or our collaborators for use in our proprietary and collaboration products and product candidates for any other reason, our business will be adversely affected. In addition, a significant change in such parties' business or financial condition could adversely affect their abilities to fulfill their contractual obligations to us. We have not established, and may not be able to establish, favorable arrangements with additional bulk rHuPH20 manufacturers and suppliers of the ingredients necessary to manufacture bulk rHuPH20 should the existing manufacturers and suppliers become unavailable or in the event that our existing manufacturers and suppliers are unable to adequately perform their responsibilities. We have attempted to mitigate the impact of supply interruption through the establishment of excess bulk rHuPH20 inventory, but there can be no assurances that this safety stock will be maintained or that it will be sufficient to address any delays, interruptions or other problems experienced by Avid and/or Cook. Any delays, interruptions or other problems regarding the ability of Avid and/or Cook to bulk rHuPH20 on a timely basis could: (i) cause the delay of clinical trials or otherwise delay or prevent the regulatory approval of proprietary or collaboration product candidates; (ii) delay or prevent the effective commercialization of proprietary or collaboration products; and/or (iii) cause us to breach contractual obligations to deliver bulk rHuPH20 to our collaborators. Such delays would likely damage our relationship with our collaborators under our key collaboration agreements, and they would have a material adverse effect on our business and financial condition.

If any party to a key collaboration agreement, including us, fails to perform material obligations under such agreement, or if a key collaboration agreement, or any other collaboration agreement, is terminated for any reason, our business could significantly suffer.

We have entered into multiple collaboration agreements under which we may receive significant future payments in the form of milestone payments, target designation fees, maintenance fees and royalties. We are dependent on our collaborators to develop and commercialize product candidates subject to our collaborations in order for us to realize any financial benefits from these collaborations. Our collaborators may not devote the attention and resources to such efforts that we would to such efforts ourselves, change their promotional efforts or simultaneously develop and commercialize products in competition to those products we have licensed to them. Any of these actions could not be visible to us immediately and could negatively impact the benefits and revenue we receive from such collaboration. In addition, in the event that a party fails to perform under a key collaboration agreement, or if a key collaboration agreement is terminated, the reduction in anticipated revenues could delay or suspend our product development

activities for some of our product candidates, as well as our commercialization efforts for some or all of our products. Specifically, the termination of a key collaboration agreement by one of our collaborators could materially impact our ability to enter into additional collaboration agreements with new collaborators on favorable terms, if at all. In certain circumstances, the termination of a key collaboration agreement would require us to revise our corporate strategy going forward and reevaluate the applications and value of our technology.

Most of our current proprietary and collaboration products and product candidates rely on the rHuPH20 enzyme, and any adverse development regarding rHuPH20 could substantially impact multiple areas of our business, including current and potential collaborations, as well as proprietary programs.

rHuPH20 is a key technological component of Enhanze technology and our most advanced proprietary and collaboration products and product candidates, including the product candidates under our Roche, Pfizer, Baxter and Intrexon collaborations, our ultrafast insulin program, our PEGPH20 program and *Hylenex* recombinant. An adverse development for rHuPH20 (e.g., an adverse regulatory determination relating to rHuPH20, if we are unable to obtain sufficient quantities of rHuPH20, if we are unable to obtain or maintain material proprietary rights to rHuPH20 or if we discover negative characteristics of rHuPH20) would substantially impact multiple areas of our business, including current and potential collaborations, as well as proprietary programs. For example, elevated anti-rHuPH20 antibody titers have been detected in the registration trial for Baxter's HyQvia product candidate as well as in ViroPharma's Phase 2 clinical trial with subcutaneous Cinryze with rHuPH20, but have not been associated, in either case, with any adverse events. Baxter has submitted preclinical data to the FDA regarding the antibodies in its BLA resubmission in response to the CRL received for the HyQvia BLA and is awaiting response from the FDA. ViroPharma has chosen to discontinue the Phase 2 clinical trial with subcutaneous Cinryze with rHuPH20 due to the unexpected incidence and titer of antibodies in a number of patients with the formulation being used in this study and has terminated its collaboration and license agreement with us in February 2014. We monitor for antibodies to rHuPH20 in our collaboration and proprietary programs, and although we do not believe at this time that the incidence of non-neutralizing anti-rHuPH20 antibodies in either the HyQvia program or the ViroPharma program will have a significant impact on our other proprietary and other collaboration product candidates, there can be no assurance that there will not be other such occurrences in our other programs or that concerns regarding these antibodies will not also be raised by the FDA or other health authorities in the future, which could result in delays or discontinuations of our development or commercialization activities or deter entry into additional collaborations with third parties.

Our proprietary and collaboration product candidates may not receive regulatory approvals or their development may be delayed for a variety of reasons, including unsuccessful clinical trials, regulatory requirements or safety concerns.

Clinical testing of pharmaceutical products is a long, expensive and uncertain process, and the failure or delay of a clinical trial can occur at any stage. Even if initial results of preclinical and nonclinical studies or clinical trial results are promising, we or our collaborators may obtain different results in subsequent trials or studies that fail to show the desired levels of safety and efficacy, or we may not, or our collaborators may not, obtain applicable regulatory approval for a variety of other reasons. Preclinical, nonclinical, and clinical trials for any of our proprietary or collaboration product candidates could be unsuccessful, which would delay or prohibit regulatory approval and commercialization of the product candidates. In the United States and other jurisdictions, regulatory approval can be delayed, limited or not granted for many reasons, including, among others:

- clinical results may not meet prescribed endpoints for the studies or otherwise provide sufficient data to support the efficacy of our product candidates;
- clinical and nonclinical test results may reveal side effects, adverse events or unexpected safety issues associated with the use of our product candidates;
- regulatory review may not find a product candidate safe or effective enough to merit either continued testing or final approval;
- regulatory review may not find that the data from preclinical testing and clinical trials justifies approval;
- regulatory authorities may require that we change our studies or conduct additional studies which may significantly delay or make continued pursuit of approval commercially unattractive; for example, based on FDA feedback, we recently changed the time point for assessment of the primary endpoint of non-inferiority of A1C from four months to six months in our CONSISTENT 1 trial for Hylenex recombinant for use in CSII;

- a regulatory agency may reject our trial data or disagree with our interpretations of either clinical trial data or applicable regulations;
- the cost of clinical trials required for product approval may be greater than what we originally anticipate, and we may decide to not pursue regulatory approval for such a product;
- a regulatory agency may not approve our manufacturing processes or facilities, or the processes or facilities of our collaborators, our contract manufacturers or our raw material suppliers;
- a regulatory agency may identify problems or other deficiencies in our existing manufacturing processes or facilities, or the existing processes or facilities of our collaborators, our contract manufacturers or our raw material suppliers;
- a regulatory agency may change its formal or informal approval requirements and policies, act contrary to previous guidance, adopt new regulations or raise new issues or concerns late in the approval process; or
- a product candidate may be approved only for indications that are narrow or under conditions that place the product at a competitive disadvantage, which may limit the sales and marketing activities for such product candidate or otherwise adversely impact the commercial potential of a product.

If a proprietary or collaboration product candidate is not approved in a timely fashion on commercially viable terms, or if development of any product candidate is terminated due to difficulties or delays encountered in the regulatory approval process, it could have a material adverse impact on our business, and we will become more dependent on the development of other proprietary or collaboration product candidates and/or our ability to successfully acquire other products and technologies. There can be no assurances that any proprietary or collaboration product candidate will receive regulatory approval in a timely manner, or at all. For example, we are currently in dialog with the FDA regarding the path for a labeling update to include key efficacy and safety data prior to initiating *Hylenex* recombinant for use in CSII. There can be no assurance that we will be able to gain clarity as to the FDA's requirements or that the requirements may be satisfied by us in a commercially feasible way. If we are not successful in updating data into the *Hylenex* recombinant labeling, our ability to promote this use will be limited and may adversely impact our projected market for the CSII use.

We anticipate that certain proprietary and collaboration products will be marketed, and perhaps manufactured, in foreign countries. The process of obtaining regulatory approvals in foreign countries is subject to delay and failure for the reasons set forth above, as well as for reasons that vary from jurisdiction to jurisdiction. The approval process varies among countries and jurisdictions and can involve additional testing. The time required to obtain approval may differ from that required to obtain FDA approval. Foreign regulatory agencies may not provide approvals on a timely basis, if at all. Approval 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 jurisdictions or by the FDA.

Our third party collaborators are responsible for providing certain proprietary materials that are essential components of our collaboration products and product candidates, and any failure to supply these materials could delay the development and commercialization efforts for these collaboration products and product candidates and/or damage our collaborations.

Our development and commercialization collaborators are responsible for providing certain proprietary materials that are essential components of our collaboration products and product candidates. For example, Roche is responsible for producing the Herceptin and MabThera required for its subcutaneous products and Baxter is responsible for producing the GAMMAGARD LIQUID for its product HyQvia. If a collaborator, or any applicable third party service provider of a collaborator, encounters difficulties in the manufacture, storage, delivery, fill, finish or packaging of the collaboration product or product candidate or component of such product or product candidate, such difficulties could (i) cause the delay of clinical trials or otherwise delay or prevent the regulatory approval of collaboration product candidates; and/or (ii) delay or prevent the effective commercialization of collaboration products. Such delays could have a material adverse effect on our business and financial condition. For example, Baxter received a Warning Letter from the FDA in January 2010 regarding Baxter's GAMMAGARD LIQUID manufacturing facility in Lessines, Belgium. The FDA indicated in March 2010 that the issues raised in the Warning Letter had been addressed by Baxter, and we do not expect these issues to impact the development of the HyQvia product.

We rely on third parties to prepare, fill, finish and package our products and product candidates, and if such third parties should fail to perform, our commercialization and development efforts for our products and product candidates could be delayed or stopped.

We rely on third parties to store and ship bulk rHuPH20 on our behalf and to also prepare, fill, finish and package our products and product candidates prior to their distribution. If we are unable to locate third parties to perform these functions on terms that are acceptable to us, or if the third parties we identify fail to perform their obligations, the progress of clinical trials could be delayed or even suspended and the commercialization of approved product candidates could be delayed or prevented. For example, *Hylenex* recombinant product was voluntarily recalled in May 2010 because a portion of the *Hylenex* recombinant manufactured by Baxter was not in compliance with the requirements of the underlying *Hylenex* recombinant agreements. During the second quarter of 2011, we submitted the data that the FDA had requested to support the reintroduction of *Hylenex* recombinant. The FDA approved the submitted data and granted the reintroduction of *Hylenex* recombinant, and we reintroduced *Hylenex* recombinant to the market in December 2011. In June 2011, we entered into a commercial manufacturing and supply agreement with Baxter, under which Baxter will fill, finish and package *Hylenex* recombinant product for us **.** Under our commercial manufacturing and supply agreement with Baxter, Baxter has agreed to fill and finish *Hylenex* recombinant product for us until December 31, 2015, subject to further extensions in accordance with the terms and conditions of the agreement. However, the fill, finish and packaging of *Hylenex* recombinant is being transitioned from the existing manufacturing line to a higher capacity and more efficient line at Baxter. The new manufacturing line will need approval by the FDA before *Hylenex* recombinant can be filled, finished and packaged from that line. If we and Baxter are unable to timely accomplish the transition to the new manufacturing line or if we are unable to timely gain FDA approval of the new line, the supply of *Hylenex* recombinant could be significantly constrained which would adversely affect our existing commercial sales and potentially affect our ability to exploit *Hylenex* recombinant in connection with CSII. In June 2011, we entered into a services agreement with a third party manufacturer for the technology transfer and manufacture, fill, finish or packaging of *Hylenex* recombinant. If we are unable to receive regulatory approval for the third party manufacturer prior to the expiration of the commercial manufacturing and supply agreement with Baxter or if the new manufacturer encounters difficulties in the manufacture, fill, finish or packaging of *Hylenex* recombinant, our business and financial condition could be adversely effected.

If we are unable to sufficiently develop our sales, marketing and distribution capabilities or enter into successful agreements with third parties to perform these functions, we will not be able to fully commercialize our products.

We may not be successful in marketing and promoting our approved product, *Hylenex* recombinant, or any other products we develop or acquire in the future. Our sales, marketing and distribution capabilities are very limited. In order to commercialize any products successfully, we must internally develop substantial sales, marketing and distribution capabilities or establish collaborations or other arrangements with third parties to perform these services. We do not have extensive experience in these areas, and we may not be able to establish adequate in-house sales, marketing and distribution capabilities or engage and effectively manage relationships with third parties to perform any or all of such services. To the extent that we enter into co-promotion or other licensing arrangements, our product revenues are likely to be lower than if we directly marketed and sold our products, and any revenues we receive will depend upon the efforts of third parties, whose efforts may not meet our expectations or be successful. These third parties would be largely responsible for the speed and scope of sales and marketing efforts, and may not dedicate the resources necessary to maximize product opportunities. Our ability to cause these third parties to increase the speed and scope of their efforts may also be limited. In addition, sales and marketing efforts could be negatively impacted by the delay or failure to obtain additional supportive clinical trial data for our products. In some cases, third party collaborators are responsible for conducting these additional clinical trials, and our ability to increase the efforts and resources allocated to these trials may be limited. For example, in January 2011, we and Baxter mutually agreed to terminate the collaboration agreement for the marketing rights of *Hylenex* recombinant and the associated agreements.

If we or our collaborators fail to comply with regulatory requirements applicable to promotion, sale and manufacturing of approved products, regulatory agencies may take action against us or them, which could significantly harm our business.

Any approved products, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for these products, are subject to continual requirements and review by the FDA, state and foreign regulatory

bodies. Regulatory authorities subject a marketed product, its manufacturer and the manufacturing facilities to continual review and periodic inspections. We, our collaborators and our respective contractors, suppliers and vendors, will be subject to ongoing regulatory requirements, including complying with regulations and laws regarding advertising, promotion and sales of drug products, required submissions of safety and other post-market information and reports, registration requirements, cGMP regulations (including requirements relating to quality control and quality assurance, as well as the corresponding maintenance of records and documentation), and the requirements regarding the distribution of samples to physicians and recordkeeping requirements. Regulatory agencies may change existing requirements or adopt new requirements or policies. We, our collaborators and our respective contractors, suppliers and vendors, may be slow to adapt or may not be able to adapt to these changes or new requirements.

In particular, regulatory requirements applicable to pharmaceutical products make the substitution of suppliers and manufacturers costly and time consuming. We have minimal internal manufacturing capabilities and are, and expect to be in the future, entirely dependent on contract manufacturers and suppliers for the manufacture of our products and for their active and other ingredients. The disqualification of these manufacturers and suppliers through their failure to comply with regulatory requirements could negatively impact our business because the delays and costs in obtaining and qualifying alternate suppliers (if such alternative suppliers are available, which we cannot assure) could delay clinical trials or otherwise inhibit our ability to bring approved products to market, which would have a material adverse effect on our business and financial condition. Likewise, if we, our collaborators and our respective contractors, suppliers and vendors involved in sales and promotion of our products do not comply with applicable laws and regulations, for example off-label or false or misleading promotion, this could materially harm our business and financial condition.

Failure to comply with regulatory requirements may result in any of the following:

- restrictions on our products or manufacturing processes;
- warning letters;
- withdrawal of the products from the market;
- voluntary or mandatory recall;
- fines;
- suspension or withdrawal of regulatory approvals;
- suspension or termination of any of our ongoing clinical trials;
- refusal to permit the import or export of our products;
- refusal to approve pending applications or supplements to approved applications that we submit;
- product seizure;
- injunctions; or
- imposition of civil or criminal penalties.

We may wish to raise additional capital in the next twelve months and there can be no assurance that we will be able to obtain such funds.

During the next twelve months, we may wish to raise additional capital to continue the development of our product candidates or for other current corporate purposes. Our current cash reserves and expected revenues during the next few years may not be sufficient for us to continue the development of our proprietary product candidates, to fund general operations and conduct our business at the level desired. In addition, if we engage in acquisitions of companies, products or technologies in order to execute our business strategy, we may need to raise additional capital. We may raise additional capital in the future through one or more financing vehicles that may be available to us including (i) the public or private issuance of securities; (ii) new collaborative agreements; and/or (iii) expansions or revisions to existing collaborative relationships.

In view of our stage of development, business prospects, the nature of our capital structure and general market conditions, if we are required to raise additional capital in the future, the additional financing may not be available on favorable terms, or at all. If additional capital is not available on favorable terms when needed, we will be required to raise capital on adverse terms or significantly reduce operating expenses through the restructuring of our operations. If we raise additional capital, a substantial number of additional shares may be issued, and these shares will dilute the ownership interest of our current investors.

We currently have significant debt and failure by us to fulfill our obligations under the applicable loan agreements may cause the repayment obligations to accelerate.

On December 27, 2013, we entered into an Amended and Restated Loan and Security Agreement (the Loan Agreement) with Oxford Finance LLC, a Delaware limited liability company, and Silicon Valley Bank, a California corporation, (collectively, the Lenders) amending and restating in its entirety the Loan and Security Agreement dated as of December 28, 2012 (the Original Loan Agreement). The Original Loan Agreement provided for a $30 million secured single-draw term loan facility with a maturity date of January 1, 2017. The original term loan was fully drawn at close. The Loan Agreement extends the original $30 million term loan and provides for an additional $20 million new term loan, bringing the total term loan balance to $50 million. The amended and restated term loan facility matures on January 1, 2018. The amended and restated term loan facility is secured by substantially all of the assets of the Company and its subsidiary, Halozyme, Inc., except that the collateral does not include any equity interests in Halozyme, Inc., any intellectual property (including all licensing, collaboration and similar agreements relating thereto), and certain other excluded assets. The Loan Agreement contains customary representations, warranties and covenants by us, which covenants limit our ability to convey, sell, lease, transfer, assign or otherwise dispose of certain of our assets; engage in any business other than the businesses currently engaged in by us or reasonably related thereto; liquidate or dissolve; make certain management changes; undergo certain change of control events; create, incur, assume, or be liable with respect to certain indebtedness; grant certain liens; pay dividends and make certain other restricted payments; make certain investments; make payments on any subordinated debt; and enter into transactions with any of our affiliates outside of the ordinary course of business or permit our subsidiaries to do the same. In addition, subject to certain exceptions, we are required to maintain with Silicon Valley Bank our primary deposit accounts, securities accounts and commodities, and to do the same for our domestic subsidiary. Complying with these covenants may make it more difficult for us to successfully execute our business strategy.

The Loan Agreement also contains customary indemnification obligations and customary events of default, including, among other things, our failure to fulfill certain of our obligations under the Loan Agreement and the occurrence of a material adverse change which is defined as a material adverse change in our business, operations or condition (financial or otherwise), a material impairment of the prospect of repayment of any portion of the loan, or a material impairment in the perfection or priority of lender's lien in the collateral or in the value of such collateral. In the event of default by us under the Loan Agreement, the Lenders would be entitled to exercise their remedies thereunder, including the right to accelerate the debt, upon which we may be required to repay all amounts then outstanding under the Loan Agreement which could harm our financial condition.

If proprietary or collaboration product candidates are approved for marketing but do not gain market acceptance, our business may suffer and we may not be able to fund future operations.

Assuming that our proprietary or collaboration product candidates obtain the necessary regulatory approvals for commercial sale, a number of factors may affect the market acceptance of these existing product candidates or any other products which are developed or acquired in the future, including, among others:

- the price of products relative to other therapies for the same or similar treatments;
- the perception by patients, physicians and other members of the health care community of the effectiveness and safety of these products for their prescribed treatments relative to other therapies for the same or similar treatments;
- our ability to fund our sales and marketing efforts and the ability and willingness of our collaborators to fund sales and marketing efforts;
- the degree to which the use of these products is restricted by the approved product label;
- the effectiveness of our sales and marketing efforts and the effectiveness of the sales and marketing efforts of our collaborators;
- the introduction of generic competitors; and
- the extent to which reimbursement for our products and related treatments will be available from third party payors including government insurance programs (Medicare and Medicaid) and private insurers.

If these products do not gain market acceptance, we may not be able to fund future operations, including the development or acquisition of new product candidates and/or our sales and marketing efforts for our approved products, which would cause our business to suffer.

In addition, our proprietary and collaboration product candidates will be restricted to the labels approved by FDA and applicable regulatory bodies, and these restrictions may limit the marketing and promotion of the ultimate products. If the approved labels are restrictive, the sales and marketing efforts for these products may be negatively affected.

Developing and marketing pharmaceutical products for human use involves significant product liability risks for which we currently have limited insurance coverage.

The testing, marketing and sale of pharmaceutical products involves the risk of product liability claims by consumers and other third parties. Although we maintain product liability insurance coverage, product liability claims can be high in the pharmaceutical industry, and our insurance may not sufficiently cover our actual liabilities. If product liability claims were to be made against us, it is possible that the liabilities may exceed the limits of our insurance policy, or our insurance carriers may deny, or attempt to deny, coverage in certain instances. If a lawsuit against us is successful, then the lack or insufficiency of insurance coverage could materially and adversely affect our business and financial condition. Furthermore, various distributors of pharmaceutical products require minimum product liability insurance coverage before purchase or acceptance of products for distribution. Failure to satisfy these insurance requirements could impede our ability to achieve broad distribution of our proposed products, and higher insurance requirements could impose additional costs on us. In addition, since many of our collaboration product candidates include the pharmaceutical products of a third party, we run the risk that problems with the third party pharmaceutical product will give rise to liability claims against us.

Our inability to attract, hire and retain key management and scientific personnel could negatively affect our business.

Our success depends on the performance of key management and scientific employees with relevant experience. We depend substantially on our ability to hire, train, motivate and retain high quality personnel, especially our scientists and management team. Particularly in view of the small number of employees on our staff to cover our numerous programs and key functions, if we are unable to retain existing personnel or identify or hire additional personnel, we may not be able to research, develop, commercialize or market our products and product candidates as expected or on a timely basis and we may not be able to adequately support current and future alliances with strategic collaborators.

Furthermore, if we were to lose key management personnel, we would likely lose some portion of our institutional knowledge and technical know-how, potentially causing a substantial delay in one or more of our development programs until adequate replacement personnel could be hired and trained. We currently have a severance policy applicable to all employees and a change in control policy applicable to senior executives. We have not adopted any other policies or entered into any other agreements specifically designed to motivate officers or other employees to remain with us.

We do not have key man life insurance policies on the lives of any of our employees.

Our operations might be interrupted by the occurrence of a natural disaster or other catastrophic event.

Our operations, including laboratories, offices and other research facilities, are located in four buildings in San Diego, California. We depend on our facilities and on our collaborators, contractors and vendors for the continued operation of our business. Natural disasters or other catastrophic events, interruptions in the supply of natural resources, political and governmental changes, wildfires and other fires, floods, explosions, actions of animal rights activists, earthquakes and civil unrest could disrupt our operations or those of our collaborators, contractors and vendors. Even though we believe we carry commercially reasonable business interruption and liability insurance, and our contractors may carry liability insurance that protect us in certain events, we may suffer losses as a result of business interruptions that exceed the coverage available under our and our contractors' insurance policies or for which we or our contractors do not have coverage. Any natural disaster or catastrophic event could have a significant negative impact on our operations and financial results. Moreover, any such event could delay our research and development programs.

If we or our collaborators do not achieve projected development, clinical or regulatory goals in the timeframes we publicly announce or otherwise expect, the commercialization of our products and the development of our product candidates may be delayed and, as a result, our stock price may decline, and we may face lawsuits relating to such declines.

From time to time, we or our collaborators may publicly articulate the estimated timing for the accomplishment of certain scientific, clinical, regulatory and other product development goals. The accomplishment of any goal is typically based on numerous assumptions, and the achievement of a particular goal may be delayed for any number of reasons both within and outside of our control. If scientific, regulatory, strategic or other factors cause us to not meet a goal, regardless of whether that goal has been publicly articulated or not, our stock price may decline rapidly. For example, the announcement of the CRL received for HyQvia caused a rapid decline in our stock price. Stock price declines may also trigger direct or derivative shareholder lawsuits. As with any litigation proceeding, the eventual outcome of any legal action is difficult to predict. If any such lawsuits occur, we will incur expenses in connection with the defense of these lawsuits, and we may have to pay substantial damages or settlement costs in connection with any resolution thereof. Although we have insurance coverage against which we may claim recovery against some of these expenses and costs, the amount of coverage may not be adequate to cover the full amount or certain expenses and costs may be outside the scope of the policies we maintain. In the event of an adverse outcome or outcomes, our business could be materially harmed from depletion of cash resources, negative impact on our reputation, or restrictions or changes to our governance or other processes that may result from any final disposition of the lawsuit. Moreover, responding to and defending pending litigation significantly diverts management's attention from our operations.

In addition, the consistent failure to meet publicly announced milestones may erode the credibility of our management team with respect to future milestone estimates.

Future acquisitions could disrupt our business and harm our financial condition.

In order to augment our product pipeline or otherwise strengthen our business, we may decide to acquire additional businesses, products and technologies. As we have limited experience in evaluating and completing acquisitions, our ability as an organization to make such acquisitions is unproven. Acquisitions could require significant capital infusions and could involve many risks, including, but not limited to, the following:

- we may have to issue convertible debt or equity securities to complete an acquisition, which would dilute our stockholders and could adversely affect the market price of our common stock;
- an acquisition may negatively impact our results of operations because it may require us to amortize or write down amounts related to goodwill and other intangible assets, or incur or assume substantial debt or liabilities, or it may cause adverse tax consequences, substantial depreciation or deferred compensation charges;
- we may encounter difficulties in assimilating and integrating the business, products, technologies, personnel or operations of companies that we acquire;
- certain acquisitions may impact our relationship with existing or potential collaborators who are competitive with the acquired business, products or technologies;
- acquisitions may require significant capital infusions and the acquired businesses, products or technologies may not generate sufficient value to justify acquisition costs;
- we may take on liabilities from the acquired company such as debt, legal liabilities or business risk which could be significant;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- acquisitions may involve the entry into a geographic or business market in which we have little or no prior experience; and
- key personnel of an acquired company may decide not to work for us.

If any of these risks occurred, it could adversely affect our business, financial condition and operating results. There is no assurance that we will be able to identify or consummate any future acquisitions on acceptable terms, or at all. If we do pursue any acquisitions, it is possible that we may not realize the anticipated benefits from such acquisitions or that the market will not view such acquisitions positively.

Security breaches may disrupt our operations and harm our operating results.

The wrongful use, theft, deliberate sabotage or any other type of security breach with respect to any of our information technology storage and access systems could result in disclosure or dissemination of our proprietary and confidential information that is electronically stored, including research or clinical data, resulting in a material adverse impact on our business, operating results and financial condition. Our security and data recovery measures may not be adequate to protect against computer viruses, break-ins, and similar disruptions from unauthorized tampering with our electronic storage systems. Furthermore, any physical break-in or trespass of our facilities could result in the misappropriation, theft, sabotage or any other type of security breach with respect to our proprietary and confidential information, including research or clinical data or damage to our research and development equipment and assets. Such adverse effects could be material and irrevocable to our business, operating results and financial condition.

Risks Related To Ownership of Our Common Stock

Our stock price is subject to significant volatility.

We participate in a highly dynamic industry which often results in significant volatility in the market price of common stock irrespective of company performance. As a result, our high and low sales prices of our common stock during the twelve months ended December 31, 2013 were $16.36 and $5.03 , respectively. We expect our stock price to continue to be subject to significant volatility and, in addition to the other risks and uncertainties described elsewhere in this Annual Report on Form 10-K and all other risks and uncertainties that are either not known to us at this time or which we deem to be immaterial, any of the following factors may lead to a significant drop in our stock price:

- the presence of competitive products to those being developed by us;
- failure (actual or perceived) of our collaborators to devote attention or resources to the development or commercialization of product candidates licensed to such collaborator;
- a dispute regarding our failure, or the failure of one of our third party collaborators, to comply with the terms of a collaboration agreement;
- the termination, for any reason, of any of our collaboration agreements;
- the sale of common stock by any significant stockholder, including, but not limited to, direct or indirect sales by members of management or our Board of Directors;
- the resignation, or other departure, of members of management or our Board of Directors;
- general negative conditions in the healthcare industry;
- general negative conditions in the financial markets;
- the failure, for any reason, to obtain regulatory approval for any of our proprietary or collaboration product candidates;
- the failure, for any reason, to secure or defend our intellectual property position;
- for those products that are not yet approved for commercial sale, the failure or delay of applicable regulatory bodies to approve such products;
- identification of safety or tolerability issues;
- failure of clinical trials to meet efficacy endpoints;
- suspensions or delays in the conduct of clinical trials or securing of regulatory approvals;
- adverse regulatory action with respect to our and our collaborators' products and product candidates such as clinical holds, imposition of onerous requirements for approval or product recalls;
- our failure, or the failure of our third party collaborators, to successfully commercialize products approved by applicable regulatory bodies such as the FDA;
- our failure, or the failure of our third party collaborators, to generate product revenues anticipated by investors;
- problems with a bulk rHuPH20 contract manufacturer or a fill and finish manufacturer for any product or product candidate;
- the sale of additional debt and/or equity securities by us;
- our failure to obtain financing on acceptable terms; or
- a restructuring of our operations.

Future transactions where we raise capital may negatively affect our stock price.

We are currently a "Well-Known Seasoned Issuer" and may file automatic shelf registration statements at any time with the SEC. In addition, we currently have the ability to offer and sell additional equity, debt securities and warrants to purchase such securities, either individually or in units, under an effective automatic shelf registration statement. Sales of substantial amounts of shares of our common stock or other securities under our shelf registration statements could lower the market price of our common stock and impair our ability to raise capital through the sale of equity securities. In the future, we may issue additional options, warrants or other derivative securities convertible into our common stock.

Trading in our stock has historically been limited, so investors may not be able to sell as much stock as they want to at prevailing market prices.

Our stock has historically traded at a low daily trading volume. If low trading volume continues, it may be difficult for stockholders to sell their shares in the public market at any given time at prevailing prices.

Our rights agreement and anti-takeover provisions in our charter documents and Delaware law may make an acquisition of us more difficult.

We are party to a Rights Agreement designed to deter abusive takeover tactics and to encourage prospective acquirors to negotiate with our board of directors rather than attempt to acquire us in a manner or on terms that our board deems unacceptable, which could delay or discourage takeover attempts that stockholders may consider favorable.

In addition, anti-takeover provisions in our charter documents and Delaware law may make an acquisition of us more difficult. First, our board of directors is classified into three classes of directors. Under Delaware law, directors of a corporation with a classified board may be removed only for cause unless the corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation, as amended, does not provide otherwise. In addition, our bylaws limit who may call special meetings of stockholders, permitting only stockholders holding at least 50% of our outstanding shares to call a special meeting of stockholders. Our amended and restated certificate of incorporation, as amended, does not include a provision for cumulative voting for directors. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors. Finally, our bylaws establish procedures, including advance notice procedures, with regard to the nomination of candidates for election as directors and stockholder proposals.

These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors other than the candidates nominated by our board of directors.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit large stockholders from consummating a merger with, or acquisition of, us.

These provisions may deter an acquisition of us that might otherwise be attractive to stockholders.

Risks Related to Our Industry

Our products must receive regulatory approval before they can be sold, and compliance with the extensive government regulations is expensive and time consuming and may result in the delay or cancellation of product sales, introductions or modifications.

Extensive industry regulation has had, and will continue to have, a significant impact on our business. All pharmaceutical companies, including ours, are subject to extensive, complex, costly and evolving regulation by the health regulatory agencies including the FDA (and with respect to controlled drug substances, the U.S. Drug Enforcement Administration (DEA)) and equivalent foreign regulatory agencies and state and local/regional government agencies. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other domestic and foreign statutes and regulations govern or influence the testing, manufacturing, packaging, labeling, storing, recordkeeping, safety, approval, advertising, promotion, sale and distribution of our products. We are dependent on receiving FDA and other governmental approvals prior to manufacturing, marketing and shipping

our products. Consequently, there is always a risk that the FDA or other applicable governmental authorities will not approve our products or may impose onerous, costly and time-consuming requirements such as additional clinical or animal testing. Regulatory authorities may require that we change our studies or conduct additional studies, which may significantly delay or make continued pursuit of approval commercially unattractive; for example, based on FDA feedback, we recently changed the time point for assessment of the primary endpoint of non-inferiority of A1C from four months to six months in our CONSISTENT 1 trial for *Hylenex* recombinant for use in CSII. We are currently in dialog with the FDA regarding the path for a labeling update to include key efficacy and safety data prior to initiating *Hylenex* recombinant for use in CSII. There can be no assurance that we will be able to gain clarity as to the FDA's requirements or that the requirements may be satisfied by us in a commercially feasible way. The FDA or other foreign regulatory agency may, at any time, halt our and our collaborators' development and commercialization activities due to safety concerns. In addition, even if our products are approved, regulatory agencies may also take post-approval action limiting or revoking our ability to sell our products. Any of these regulatory actions may adversely affect the economic benefit we may derive from our products and therefore harm our financial condition.

Under certain of these regulations, we and our contract suppliers and manufacturers are subject to periodic inspection of our or their respective facilities, procedures and operations and/or the testing of products by the FDA, the DEA and other authorities, which conduct periodic inspections to confirm that we and our contract suppliers and manufacturers are in compliance with all applicable regulations. The FDA also conducts pre-approval and post-approval reviews and plant inspections to determine whether our systems, or our contract suppliers' and manufacturers' processes, are in compliance with cGMP and other FDA regulations. If we, or our contract supplier, fail these inspections, we may not be able to commercialize our product in a timely manner without incurring significant additional costs, or at all.

In addition, the FDA imposes a number of complex regulatory requirements on entities that advertise and promote pharmaceuticals including, but not limited to, standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities, and promotional activities involving the internet.

We may be subject, directly or indirectly, to various broad federal and state healthcare laws. If we are unable to comply, or have not fully complied, with such laws, we could face civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate.

Our business operations and activities may be directly, or indirectly, subject to various broad federal and state healthcare laws, including without limitation, anti-kickback laws, false claims laws, civil monetary penalty laws, data privacy and security laws, tracing and tracking laws, as well as transparency laws regarding payments or other items of value provided to healthcare providers. These laws may restrict or prohibit a wide range of business activities, including, but not limited to, research, manufacturing, distribution, pricing, discounting, marketing and promotion and other business arrangements. These laws may impact, among other things, our current activities with principal investigators and research subjects, as well as sales, marketing and education programs. Many states have similar healthcare fraud and abuse laws, some of which may be broader in scope and may not be limited to items or services for which payment is made by a government health care program.

Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. While we have adopted a healthcare corporate compliance program, it is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws. If our operations or activities are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to, without limitation, civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate.

In addition, any sales of products outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

We may be required to initiate or defend against legal proceedings related to intellectual property rights, which may result in substantial expense, delay and/or cessation of the development and commercialization of our products.

We primarily rely on patents to protect our intellectual property rights. The strength of this protection, however, is uncertain. For example, it is not certain that:

- we will be able to obtain patent protection for our products and technologies;
- the scope of any of our issued patents will be sufficient to provide commercially significant exclusivity for our products and technologies;
- others will not independently develop similar or alternative technologies or duplicate our technologies and obtain patent protection before we do; and
- any of our issued patents, or patent pending applications that result in issued patents, will be held valid, enforceable and infringed in the event the patents are asserted against others.

We currently own or license several patents and also have pending patent applications applicable to rHuPH20 and other proprietary materials. There can be no assurance that our existing patents, or any patents issued to us as a result of our pending patent applications, will provide a basis for commercially viable products, will provide us with any competitive advantages, or will not face third party challenges or be the subject of further proceedings limiting their scope or enforceability. A European patent, EP1603541, claiming rHuPH20 was granted to us on November 11, 2009 with claims to the human PH20 glycoprotein, PEGylated variants, a method of producing the glycoprotein produced by recombinant methods, and pharmaceutical compositions with other agents, including antibodies, insulins, cytokines, a chemotherapeutic agent and additional therapeutic classes. A third party opposed this patent in the European Patent Office in 2010; however, the opposition has been resolved with claims maintained in amended form. Any weaknesses or limitations in our patent portfolio could have a material adverse effect on our business and financial condition. In addition, if any of our pending patent applications do not result in issued patents, or result in issued patents with narrow or limited claims, this could result in us having no or limited protection against generic or biosimilar competition against our product candidates which would have a material adverse effect on our business and financial condition.

We may become involved in interference proceedings in the U.S. Patent and Trademark Office, or other proceedings in other jurisdictions, to determine the priority, validity or enforceability of our patents. In addition, costly litigation could be necessary to protect our patent position.

We also rely on trademarks to protect the names of our products (e.g. *Hylenex* recombinant). We may not be able to obtain trademark protection for any proposed product names we select. In addition, product names for pharmaceutical products must be approved by health regulatory authorities such as the FDA in addition to meeting the legal standards required for trademark protection and product names we propose may not be timely approved by regulatory agencies which may delay product launch. In addition, our trademarks may be challenged by others. If we enforce our trademarks against third parties, such enforcement proceedings may be expensive.

We also rely on trade secrets, unpatented proprietary know-how and continuing technological innovation that we seek to protect with confidentiality agreements with employees, consultants and others with whom we discuss our business. Disputes may arise concerning the ownership of intellectual property or the applicability or enforceability of these agreements, and we might not be able to resolve these disputes in our favor.

In addition to protecting our own intellectual property rights, third parties may assert patent, trademark or copyright infringement or other intellectual property claims against us. If we become involved in any intellectual property litigation, we may be required to pay substantial damages, including but not limited to treble damages, attorneys' fees and costs, for past infringement if it is ultimately determined that our products infringe a third party's intellectual property rights. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, may be expensive and may divert management's attention from other business concerns. Further, we may be stopped from developing, manufacturing or selling our products until we obtain a license from the owner of the relevant technology or other intellectual property rights. If such a license is available at all, it may require us to pay substantial royalties or other fees.

Patent protection for protein-based therapeutic products and other biotechnology inventions is subject to a great deal of uncertainty, and if patent laws or the interpretation of patent laws changes, our competitors may be able to develop and commercialize products based on our discoveries.

Patent protection for protein-based therapeutic products is highly uncertain and involves complex legal and factual questions. In recent years, there have been significant changes in patent law, including the legal standards that govern the scope of protein and biotechnology patents. Standards for patentability of full-length and partial genes, and their corresponding proteins, are changing. Recent court decisions have made it more difficult to obtain patents, by making it more difficult to satisfy the patentable subject matter requirement and the requirement of non-obviousness, have decreased the availability of injunctions against infringers, and have increased the likelihood of challenging the validity of a patent through a declaratory judgment action. Taken together, these decisions could make it more difficult and costly for us to obtain, license and enforce our patents. In addition, the Leahy-Smith America Invents Act (HR 1249) was signed into law in September 2011, which among other changes to the U.S. patent laws, changes patent priority from "first to invent" to "first to file," implements a post-grant opposition system for patents and provides for a prior user defense to infringement. These judicial and legislative changes have introduced significant uncertainty in the patent law landscape and may potentially negatively impact our ability to procure, maintain and enforce patents to provide exclusivity for our products.

There also have been, and continue to be, policy discussions concerning the scope of patent protection awarded to biotechnology inventions. Social and political opposition to biotechnology patents may lead to narrower patent protection within the biotechnology industry. Social and political opposition to patents on genes and proteins and recent court decisions concerning patentability of isolated genes may lead to narrower patent protection, or narrower claim interpretation, for isolated genes, their corresponding proteins and inventions related to their use, formulation and manufacture. Patent protection relating to biotechnology products is also subject to a great deal of uncertainty outside the United States, and patent laws are evolving and undergoing revision in many countries. Changes in, or different interpretations of, patent laws worldwide may result in our inability to obtain or enforce patents, and may allow others to use our discoveries to develop and commercialize competitive products, which would impair our business.

If third party reimbursement and customer contracts are not available, our products may not be accepted in the market.

Our ability to earn sufficient returns on our products will depend in part on the extent to which reimbursement for our products and related treatments will be available from government health administration authorities, private health insurers, managed care organizations and other healthcare providers.

Third-party payors are increasingly attempting to limit both the coverage and the level of reimbursement of new drug products to contain costs. Consequently, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. Third party payors may not establish adequate levels of reimbursement for the products that we commercialize, which could limit their market acceptance and result in a material adverse effect on our financial condition.

Customer contracts, such as with group purchasing organizations and hospital formularies, will often not offer contract or formulary status without either the lowest price or substantial proven clinical differentiation. If our products are compared to animal-derived hyaluronidases by these entities, it is possible that neither of these conditions will be met, which could limit market acceptance and result in a material adverse effect on our financial condition.

The rising cost of healthcare and related pharmaceutical product pricing has led to cost containment pressures that could cause us to sell our products at lower prices, resulting in less revenue to us.

Any of the proprietary or collaboration products that have been, or in the future are, approved by the FDA may be purchased or reimbursed by state and federal government authorities, private health insurers and other organizations, such as health maintenance organizations and managed care organizations. Such third party payors increasingly challenge pharmaceutical product pricing. The trend toward managed healthcare in the United States, the growth of such organizations, and various legislative proposals and enactments to reform healthcare and government insurance programs, including the Medicare Prescription Drug Modernization Act of 2003, could significantly influence the manner in which pharmaceutical products are prescribed and

purchased, resulting in lower prices and/or a reduction in demand. Such cost containment measures and healthcare reforms could adversely affect our ability to sell our products.

In March 2010, the United States adopted the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the Healthcare Reform Act). This law substantially changes the way healthcare is financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. The Healthcare Reform Act contains a number of provisions that are expected to impact our business and operations, in some cases in ways we cannot currently predict. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, fraud and abuse and enforcement. These changes 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.

Additional provisions of the Healthcare Reform Act may negatively affect our revenues in the future. For example, the Healthcare Reform Act imposes a non-deductible excise tax on pharmaceutical manufacturers or importers that sell branded prescription drugs to U.S. government programs that we believe will impact our revenues from our products. In addition, as part of the Healthcare Reform Act's provisions closing a funding gap that currently exists in the Medicare Part D prescription drug program, we will also be required to provide a 50% discount on branded prescription drugs dispensed to beneficiaries under this prescription drug program. We expect that the Healthcare Reform Act and other healthcare reform measures that may be adopted in the future could have a material adverse effect on our industry generally and on our ability to maintain or increase our product sales or successfully commercialize our product candidates or could limit or eliminate our future spending on development projects.

Furthermore, individual states have become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third party payors or other restrictions could negatively and materially impact our revenues and financial condition. We anticipate that we will encounter similar regulatory and legislative issues in most other countries outside the U.S.

We face intense competition and rapid technological change that could result in the development of products by others that are superior to our proprietary and collaboration products under development.

Our proprietary and collaboration products have numerous competitors in the United States and abroad including, among others, major pharmaceutical and specialized biotechnology firms, universities and other research institutions that have developed competing products. The competitors for *Hylenex* recombinant include, but are not limited to, Bausch & Lomb Inc. and Amphastar Pharmaceuticals, Inc. For our ultrafast insulin product candidates, such competitors may include Biodel Inc., Eli Lily, Sanofi Aventis, Novo Nordisk Inc. and Mannkind Corporation. These competitors may develop technologies and products that are more effective, safer, or less costly than our current or future proprietary and collaboration product candidates or that could render our technologies and product candidates obsolete or noncompetitive. Many of these competitors have substantially more resources and product development, manufacturing and marketing experience and capabilities than we do. In addition, many of our competitors have significantly greater experience than we do in undertaking preclinical testing and clinical trials of pharmaceutical product candidates and obtaining FDA and other regulatory approvals of products and therapies for use in healthcare.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our administrative offices and research facilities are currently located in San Diego, California. We lease an aggregate of approximately 76,000 square feet of office and research space for a monthly rent expense of approximately $145,000 , net of costs and property taxes associated with the operation and maintenance of the subleased facilities. We believe the current space is adequate for our immediate needs.

Item 3. ***Legal Proceedings***

From time to time, we may be involved in disputes, including litigation, relating to claims arising out of operations in the normal course of our business. Any of these claims could subject us to costly legal expenses and, while we generally believe that we have adequate insurance to cover many different types of liabilities, our insurance carriers may deny coverage or our policy limits may be inadequate to fully satisfy any damage awards or settlements. If this were to happen, the payment of any such awards could have a material adverse effect on our consolidated results of operations and financial position. Additionally, any such claims, whether or not successful, could damage our reputation and business. We currently are not a party to any legal proceedings, the adverse outcome of which, in management's opinion, individually or in the aggregate, would have a material adverse effect on our consolidated results of operations or financial position.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II

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

Market Information

Our common stock is listed on the NASDAQ Global Select Market under the symbol "HALO." The following table sets forth the high and low sales prices per share of our common stock during each quarter of the two most recent fiscal years:

	2013		2012	
	High	Low	High	Low
First Quarter	$8.59	$5.14	$13.50	$9.00
Second Quarter	$8.49	$5.03	$13.05	$7.17
Third Quarter	$12.15	$6.51	$9.92	$3.86
Fourth Quarter	$16.36	$9.33	$7.63	$4.80

On February 24, 2014 , the closing sales price of our common stock on the NASDAQ Global Select Market was $16.05 per share. As of February 24, 2014 , we had approximately 9,415 stockholders of record.

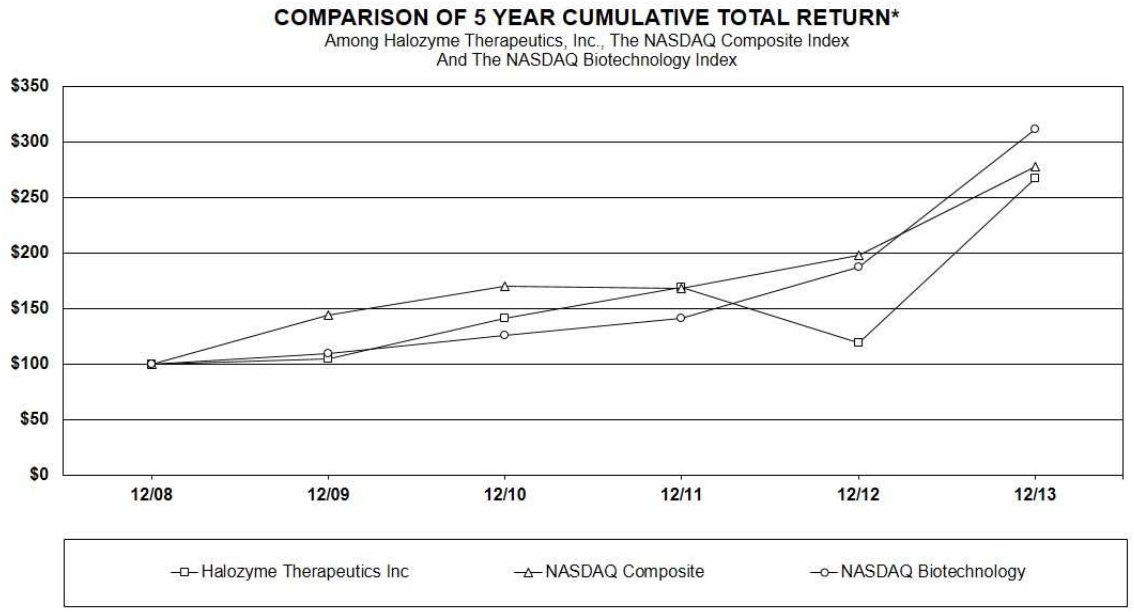
Dividends

We have never declared or paid any dividends on our common stock. We currently intend to retain available cash for funding operations; therefore, we do not expect to pay any dividends on our common stock in the foreseeable future. In addition, the provisions of our Loan Agreement limit, among other things, our ability to pay dividends and make certain other payments. Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contract restrictions, business prospects and other factors our board of directors may deem relevant.

Stock Performance Graph and Cumulative Total Return

Notwithstanding any statement to the contrary in any of our previous or future filings with the SEC, the following information relating to the price performance of our common stock shall not be deemed to be "filed" with the SEC or to be "soliciting material" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and it shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent we specifically incorporate it by reference into such filing.

The graph below compares Halozyme Therapeutics, Inc.'s cumulative five-year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite Index and the NASDAQ Biotechnology Index. The graph tracks the performance of a $100 investment in our common stock and in each of the indexes (with the reinvestment of all dividends) from December 31, 2008 to December 31, 2013 . The historical stock price performance included in this graph is not necessarily indicative of future stock price performance.



*$100 invested on 12/31/08 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

	12/2008	12/2009	12/2010	12/2011	12/2012	12/2013
Halozyme Therapeutics, Inc.	$100	$105	$141	$170	$120	$268
NASDAQ Composite	$100	$144	$170	$169	$199	$278
NASDAQ Biotechnology	$100	$110	$127	$142	$188	$312

Item 6. *Selected Financial Data*

The selected consolidated financial data set forth below as of December 31, 2013 and 2012 , and for the fiscal years ended December 31, 2013, 2012 and 2011 , are derived from our audited consolidated financial statements included elsewhere in this report. This information should be read in conjunction with those consolidated financial statements, the notes thereto, and with " *Management's Discussion and Analysis of Financial Condition and Results of Operations* ." The selected consolidated financial data set forth below as of December 31, 2011, 2010 and 2009, and for the fiscal years ended December 31, 2010 and 2009, are derived from our audited consolidated financial statements that are contained in reports previously filed with the SEC, not included herein.

Summary Financial Information

	Year Ended December 31,				
Statement of Operations Data:	**2013** [1]	**2012** [2]	**2011** [3]	**2010**	**2009**
	(in thousands, except for per share amounts)				
Total revenues	$ 54,799	$ 42,325	$ 56,086	$ 13,624	$ 13,671
Net loss	(83,479)	(53,552)	(19,770)	(53,242)	(58,361)
Net loss per share, basic and diluted	(0.74)	(0.48)	(0.19)	(0.56)	(0.67)
Shares used in computing net loss per share, basic and diluted	112,805	111,077	102,566	94,358	86,700

	As of December 31,				
Balance Sheet Data:	**2013**	**2012**	**2011**	**2010**	**2009**
			(in thousands)		
Cash and cash equivalents and available-for-sale marketable securities	$ 71,503	$ 99,501	$ 52,376	$ 82,756	$ 66,915
Working capital	69,742	111,682	46,236	73,655	59,495
Total assets	101,793	134,728	65,759	91,345	77,150
Deferred revenue	53,143	43,846	40,884	58,094	60,482
Long-term debt, net	49,772	29,662	—	—	—
Total liabilities	121,783	85,875	54,858	70,994	70,246
Stockholders' (deficit) equity	(19,991)	48,854	10,900	20,351	6,903

(1) Revenues in 2013 reflected increases in supply of bulk rHuPH20 to Roche and product sales of *Hylenex* recombinant, which was relaunched in December 2011.

(2) Revenues in 2012 included $9.5 million in revenue under collaborative agreements from the Pfizer Collaboration.

(3) Revenues in 2011 included revenue under collaborative agreements totaling $18.0 million related to the upfront payments received from the ViroPharma and Intrexon Collaborations and $18.1 million related to recognition of unamortized deferred prepaid product-based payments and unamortized deferred upfront payment in connection with the termination of the collaboration with Baxter for the marketing rights of *Hylenex* recombinant (the Hylenex Collaboration) in July 2011.

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

In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks described in the Part I, Item 1A, Risks Factors, and elsewhere in this Annual Report. References to "Notes" are Notes included in our Notes to Consolidated Financial Statements.

Overview

Halozyme is a science-driven, biopharmaceutical company committed to making molecules into medicines for patients in need. Our research focuses primarily on human enzymes that alter the extracellular matrix. The extracellular matrix is a complex matrix of proteins and carbohydrates surrounding the cell that provides structural support in tissues and orchestrates many important biological activities, including cell migration, signaling and survival. Over many years, we have developed unique technology and scientific expertise enabling us to pursue this target-rich environment for the development of therapies.

Our proprietary enzymes can be used to facilitate the delivery of injected drugs and fluids, thus enhancing the efficacy and the convenience of other drugs or can be used to alter abnormal tissue structures for clinical benefit. We have chosen to exploit our technology and expertise in a balanced way to modulate both risk and spend by: (1) developing our own proprietary products in therapeutic areas with significant unmet medical needs, such as diabetes, oncology and dermatology, and (2) licensing our technology to biopharmaceutical companies to collaboratively develop products which combine our technology with the collaborators' proprietary compounds.

The majority of the products and product candidates in our current pipeline are based on rHuPH20, a patented recombinant human hyaluronidase enzyme. rHuPH20 temporarily breaks down hyaluronic acid (HA) - a naturally occurring substance that is a major component of the extracellular matrix in tissues throughout the body such as skin and cartilage. We believe this temporary degradation creates an opportunistic window for the improved subcutaneous delivery of injectable biologics, such as monoclonal antibodies and other large therapeutic molecules, as well as small molecules and fluids. The HA reconstitutes its normal density within several days and, therefore, we anticipate that any effect of rHuPH20 on the architecture of the subcutaneous space is temporary. rHuPH20 can thus be applied as a drug delivery platform to increase dispersion and absorption of other injected drugs and fluids that are injected under the skin or in the muscle thereby enhancing efficacy or convenience. For example, rHuPH20 can be used to convert drugs that must be delivered intravenously into subcutaneous injections or reducing the number of subcutaneous injections needed for effective therapy. We refer to the application of rHuPH20 to facilitate the delivery of other drugs or fluids as Enhanze ™ technology. rHuPH20 is also the active ingredient in our first commercially approved product, *Hylenex* ® recombinant (hyaluronidase human injection). Additionally, we are expanding our scientific work in the extracellular matrix by developing other enzymes and agents that target its unique aspects, giving rise to potentially new molecular entities that can be indicated in endocrinology, oncology and dermatology.

Our proprietary pipeline consists of multiple clinical stage products in diabetes, oncology and dermatology. We currently have collaborations with F. Hoffmann-La Roche, Ltd. and Hoffmann-La Roche, Inc. (Roche), Pfizer Inc. (Pfizer), Baxter Healthcare Corporation (Baxter) and Intrexon Corporation (Intrexon), with two products approved for marketing in Europe, one product candidate which has been submitted for regulatory approval in the U.S., one product candidate which has been submitted for regulatory approval in Europe and has received a positive opinion from the European Committee for Medicinal Products for Human Use (CHMP), as well as several others at various stages of development.

Our operations to date have involved: (i) building infrastructure for and staffing our operations; (ii) acquiring, developing and securing proprietary protection for our technology; (iii) developing our proprietary product pipeline; (iv) entering into and supporting our collaborations with other companies to advance licensed product candidates; and (v) selling our own approved

commercial product, *Hylenex* recombinant. Currently, we have received only limited revenue from the sales of *Hylenex* recombinant, in addition to other revenues from our collaborations.

Future revenues from the sales and/or royalties of our product candidates which have not been approved will depend on the ability of Halozyme and our collaborators to develop, manufacture, secure regulatory approvals for and commercialize the product candidates. We have incurred net operating losses each year since inception, with an accumulated deficit of approximately $382.1 million as of December 31, 2013 .

Our 2013 and recent key accomplishments and business highlights are as follows:

- On February 10, 2014, we completed an underwritten public offering and issued 8,846,153 shares of common stock, including 1,153,846 shares sold pursuant to the full exercise of an over-allotment option granted to the underwriters. All of the shares were offered at a public offering price of $13.00 per share, generating approximately $107.8 million in proceeds after deducting the underwriting discounts and commissions and estimated expenses.
- In January 2014, Roche announced that the CHMP has recommended that the European Commission approve Roche's subcutaneous (SC) formulation of MabThera ® (rituximab) using rHuPH20 for the treatment of patients with common forms of non-Hodgkin lymphoma (NHL).
- In December 2013, Baxter announced that it has completed submission of an amended biologics license application (BLA) to the United States Food and Drug Administration (FDA) to re-initiate the review process for approval of HyQvia. HyQvia is a combination of human immune globulin and rHuPH20 which facilitates subcutaneous infusion for the treatment of adult patients with primary immunodeficiency.
- In September 2013, Roche launched in Europe the subcutaneous formulation of Herceptin ® (trastuzumab) using rHuPH20 (Herceptin SC) for the treatment of patients with HER2-positive breast cancer. Roche received the European marketing approval for Herceptin SC in August 2013. The first commercial sale of Herceptin SC triggered a $10 million payment to us.
- In July 2013, Baxter launched HyQvia (solution for subcutaneous use) as replacement therapy for adult patients with primary and secondary immunodeficiencies in the first European Union (EU) country. The first commercial sale of HyQvia triggered a $4 million payment to us. The European Commission granted Baxter marketing authorization in all EU Member States for the use of HyQvia in May 2013.
- In the first quarter of 2013, we initiated a Phase 4 clinical study - The Continuous Subcutaneous Insulin Infusion Study Enrolling Type 1 (CONSISTENT 1) - that will evaluate *Hylenex* recombinant as an adjunct in the treatment of people with type 1 diabetes using insulin pumps.
- In the first quarter of 2013, we initiated a Phase 2 multicenter, randomized clinical trial evaluating PEGPH20, a proprietary, investigational drug, as a first-line therapy for patients with stage IV metastatic pancreatic cancer.

Results of Operations

Comparison of Years Ended December 31, 2013, 2012 and 2011

Product Sales, Net — Product sales increased in 2013 compared to 2012, by $21.6 million, or 746%, primarily due to $14.8 million in product sales of bulk rHuPH20 for Herceptin SC and HyQvia. The increase was also due to a $6.8 million increase in product sales of *Hylenex* recombinant, which included a one-time increase in net product sales of $0.7 million relating to the change from the sell-through to sell-in revenue recognition method. Subsequent to the receipt of the European marketing approvals of Herceptin SC in August 2013 and HyQvia in May 2013, revenue from bulk rHuPH20 supply for those products to the collaborators is recorded as product sales revenue, instead of revenues under collaborative agreements. Based on the European approvals of Herceptin SC and HyQvia in 2013 and the reintroduction of *Hylenex* recombinant in December 2011, we expect product sales to increase in future periods.

Product sales increased in 2012 compared to 2011 by $1.1 million, or 57%, primarily due to the increased product sales of *Hylenex* recombinant resulting from the reintroduction of *Hylenex* recombinant in December 2011. Product sales in 2011 included the recognition of approximately $991,000 of deferred revenue related to API for *Hylenex* recombinant previously delivered to Baxter, because the earnings process related to these product sales was completed in 2011. Excluding the recognition of the $991,000 of deferred revenue, our product sales in 2011 would have been $845,000.

Revenues Under Collaborative Agreements — Revenues under collaborative agreements for the years ended December 31, 2013, 2012 and 2011 were as follows (in thousands):

	2013	Change	2012	Change	2011
Upfront payments, license maintenance fees and amortization of deferred upfront, license fees and product-based payments:					
Roche	$ 2,339	16%	$ 2,016	2%	$ 1,969
Pfizer	1,500	(84%)	9,500	n/a	—
ViroPharma	1,000	—%	1,000	(89%)	9,000
Intrexon	1,000	—%	1,000	(89%)	9,000
Baxter	606	25%	483	(97%)	17,622
Other	—	(100%)	429	504%	71
	6,445	(55%)	14,428	(62%)	37,662
Milestone payments:					
Roche	—	(100%)	8,000	60%	5,000
Baxter	—	—	—	(100%)	3,000
ViroPharma	—	—	—	(100%)	3,000
	—	(100%)	8,000	(27%)	11,000
Reimbursements for research and development services and supply of bulk rHuPH20:					
Roche [(1)]	19,086	115%	8,897	160%	3,416
Baxter [(1)]	4,059	(40%)	6,742	301%	1,681
ViroPharma	181	(86%)	1,270	194%	432
Pfizer	589	n/a	—	—	—
Other	—	(100%)	101	71%	59
	23,915	41%	17,010	204%	5,588
Total revenues under collaborative agreements	$ 30,360	(23%)	$ 39,438	(27%)	$ 54,250

(1) Subsequent to the European approvals of Herceptin SC in August 2013 and HyQvia in May 2013, revenue from supply of bulk rHuPH20 for those products to the collaborators is recorded as product sales.

In 2012, we recognized $9.5 million in license fee revenue in connection with the Pfizer Collaboration. In 2011, we recognized $18.0 million in license fee revenue in connection with the ViroPharma and Intrexon Collaborations. Also in 2011, we recognized revenue of approximately $9.3 million related to the deferred prepaid product-based payments and approximately $7.8 million related to the deferred upfront payment upon termination of certain agreements between us and Baxter for the marketing rights of *Hylenex* recombinant in 2011.

Revenue from reimbursements for research and development services and bulk rHuPh20 supply increased in 2013 compared to 2012 due to the increase in reimbursements for manufacturing services to support the potential launches by Roche. Revenue from reimbursements for research and development services and supply of bulk rHuPH20 increased in 2012 compared to 2011

due to the increase in services requested by the collaborators, particularly manufacturing services. Research and development services rendered by us on behalf of our collaborators are at the request of the collaborators; therefore, the amount of future revenues related to reimbursable research and development services and supply of bulk rHuPH20 is uncertain. We expect the non-reimbursement revenues under our collaborative agreements to continue to fluctuate in future periods based on our collaborators' abilities to meet various clinical and regulatory milestones set forth in such agreements and our abilities to obtain new collaborative agreements.

Cost of Product Sales — Cost of product sales increased in 2013 compared to 2012, by $5.2 million, or 471%, primarily due to a $2.8 million increase in cost of product sales related to the increased *Hylenex* recombinant product sales and $2.3 million in cost of product sales related to the product sales of bulk rHuPH20 for Herceptin SC. Cost of product sales increased in 2012 compared to 2011 by $0.8 million, or 324%, primarily due to the increased product sales of *Hylenex* recombinant. Based on the reintroduction of *Hylenex* recombinant in December 2011 and the European approvals of Herceptin SC and HyQvia in 2013, we expect cost of product sales to continue to increase in the future.

Cost of product sales of bulk rHuPH20 for Herceptin SC and HyQvia for 2013 excluded the related manufacturing costs totaling $10.0 million that were incurred prior to receiving the marketing approvals and thus were charged to research and development expenses in the periods such costs were incurred. Of the $10.0 million manufacturing costs, the amounts charged to research and development expenses were $9.0 million and $1.0 million for 2013 and 2012, respectively. Therefore, cost of product sales of bulk rHuPH20 for Herceptin SC and HyQvia recognized in 2013 was materially reduced.

The estimated selling price of the zero-cost inventory of bulk rHuPH20 for Herceptin SC on hand as of December 31, 2013, was approximately $0.3 million. We expect to sell this inventory by the end of the first half of 2014. After this zero-cost inventory has been consumed, we expect the estimated cost of product sales to be approximately 83% of API product sales revenue. There was no HyQvia API inventory on hand as of December 31, 2013.

Research and Development — Research and development expenses incurred for the years ended December 31, 2013, 2012 and 2011 were as follows (in thousands):

	2013	2012	2011
Programs			
Product Candidates:			
Ultrafast insulin program	$ 24,723	$ 5,251	$ 16,616
PEGPH20	18,742	12,479	8,399
Hylenex recombinant	10,734	11,682	4,125
HTI-501	2,712	1,962	3,918
Enhanze collaborations [(1)]	31,104	26,152	7,464
rHuPH20 platform [(2)]	5,895	7,705	14,100
Other	2,730	4,813	2,941
Total research and development expenses	$ 96,640	$ 70,044	$ 57,563

(1) Subsequent to the European approvals of Herceptin SC in August 2013 and HyQvia in May 2013, the manufacturing costs of bulk rHuPH20 for these collaboration products are capitalized as inventory.

(2) Includes research, development and manufacturing expenses related to our proprietary rHuPH20 enzyme. These expenses were not designated to a specific program at the time the expenses were incurred.

Research and development expenses increased in 2013 compared to 2012 by $26.6 million, or 38%. Research and development expenses relating to our ultrafast insulin and PEGPH20 programs increased in 2013 compared to 2012 by $19.5 million, or 371%,

and $6.3 million, or 50%, respectively, primarily due to the increased clinical trial activities relating to the CONSISTENT 1 and on-going Phase 2 PEGPH20 clinical trials. Research and development expenses relating to our Enhanze collaborations increased in 2013 compared to 2012 by $5.0 million, or 19%, primarily due to a $9.8 million increase in manufacturing activities to support Roche's preparation for the launches of its collaboration product and product candidates; offset in part by a $4.6 million decrease in manufacturing expenses to support Baxter's launch of its collaboration product. Subsequent to the European approvals of Herceptin SC in August 2013 and HyQvia in May 2013, the manufacturing costs of bulk rHuPH30 for these products are capitalized as inventory. We expect research and development costs to increase in future periods as we continue with our clinical trial programs and continue to develop and manufacture our product candidates.

Research and development expenses increased in 2012 compared to 2011 by $12.5 million, or 22%, primarily due to a $11.8 million increase in manufacturing activities to support our collaborators' potential launches of the collaboration product candidates and to produce validation batches of *Hylenex* recombinant with a second fill/finish manufacturer and a $5.3 million increase in research activities; offset in part by a $5.2 million decrease in clinical trial activities primarily related to our ultrafast insulin program.

Selling, General and Administrative — Selling, general and administrative (SG&A) expenses increased in 2013 compared to 2012 by $7.5 million, or 30%, primarily due to a $3.9 million increase in compensation costs, including a $0.9 million increase in stock-based compensation, mainly resulting from an increase in headcount and higher bonus accruals, and a $1.8 million increase in marketing activities for *Hylenex* recombinant product.

SG&A expenses increased in 2012 compared to 2011 by $6.7 million, or 37%, primarily due to a $4.5 million increase in compensation costs, including a $1.4 million increase in stock-based compensation, mainly resulting from building the infrastructure of our commercial organization in connection with the reintroduction of *Hylenex* recombinant in December 2011. In connection with the reintroduction of *Hylenex* recombinant in December 2011, we expect SG&A expenses to increase in future periods as we plan to increase sales and marketing activities.

Interest Expense — Interest expense included interest expense and amortization of the debt discount related to the long-term debt acquired in December 2012.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and available-for-sale marketable securities. As of December 31, 2013 , we had cash, cash equivalents and marketable securities of approximately $71.5 million. On February 10, 2014, we sold approximately 8.8 million shares of common stock at a public offering price of $13.00 per share, generating approximately $107.8 million in proceeds after deducting the underwriting discounts and commissions and estimated expenses. We will continue to have significant cash requirements to support product development activities. The amount and timing of cash requirements will depend on the success of our clinical development programs, regulatory and market acceptance, and the resources we devote to research and other commercialization activities.

We believe that our current cash, cash equivalents and marketable securities will be sufficient to fund our operations for at least the next twelve months. Excluding the proceeds from the February 2014 financing, we currently anticipate total net cash burn of approximately $45 to $55 million for the year ending December 31, 2014, depending on the progress of various preclinical and clinical programs, the timing of our manufacturing scale up, the achievement of various milestones and royalties under our existing collaborative agreements and our potential entry into new collaborative agreement(s). We expect to fund our operations going forward with existing cash resources, anticipated revenues from our existing collaborations and cash that we may raise through future transactions. We may finance future cash needs through any one of the following financing vehicles: (i) the public offering of securities; (ii) new collaborative agreements; (iii) expansions or revisions to existing collaborative relationships; (iv) private financings; and/or (v) other equity or debt financings.

In February 2012, we filed an automatic shelf registration statement on Form S-3 (Registration No. 333-179444) with the SEC, which allows us, from time to time, to offer and sell equity, debt securities and warrants to purchase any of such securities,

either individually or in units. We may, in the future, offer and sell equity, debt securities and warrants to purchase any of such securities, either individually or in units to raise capital to fund the continued development of our product candidates, the commercialization of our products or for other general corporate purposes.

Our existing cash, cash equivalents and marketable securities may not be adequate to fund our operations until we become cash flow positive, if ever. We cannot be certain that additional financing will be available when needed or, if available, financing will be obtained on favorable terms. If we are unable to raise sufficient funds, we may need to delay, scale back or eliminate some or all of our research and development programs, delay the launch of our product candidates, if approved, and/or restructure our operations. If we raise additional funds by issuing equity securities, substantial dilution to existing stockholders could result. If we raise additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations, the issuance of warrants that may ultimately dilute existing stockholders when exercised and covenants that may restrict our ability to operate our business.

Cash Flows

Operating Activities

Net cash used in operations was $49.3 million in 2013 compared to $64.3 million of net cash used in operations in 2012. The $15.0 million decrease in utilization of cash in operations was mainly due to receipts of the first commercial sale milestone payments totaling $14.0 million in 2013 from Roche and Baxter and an increase in accounts payable; offset in part by the increase in net loss after adjusted for non-cash items including stock-based compensation and depreciation and amortization.

Net cash used in operations was $64.3 million in 2012 compared to $34.3 million of net cash used in 2011. This change was primarily due to the increase in net loss of $33.8 million adjusted for non-cash items including stock-based compensation and depreciation and amortization in addition to changes in working capital.

Investing Activities

Net cash used in investing activities was $47.9 million in 2013 compared to $1.4 million in 2012 and $0.8 million in 2011. This increase was primarily due to the purchases of marketable securities of $48.9 million in 2013. The increase in net cash used in investing activities in 2012 as compared to 2011 was primarily due to an increase in purchases of property and equipment during 2012.

Financing Activities

Net cash provided by financing activities was $25.1 million in 2013 compared to $112.8 million in 2012 and $4.7 million in 2011. Net cash provided by financing activities in 2013 consisted of net proceeds of $20.0 million from the amended long-term debt and $5.5 million from option exercises. Net cash provided by financing activities in 2012 consisted of net proceeds of $81.5 million from the sale of our common stock in February 2012, $29.7 million from the long-term debt and $2.0 million from option exercises. Net cash provided by financing activities during 2011 primarily consisted of proceeds from stock option exercises.

Long-Term Debt

On December 27, 2013, we entered into an Amended and Restated Loan and Security Agreement (the Loan Agreement) with Oxford Finance LLC, a Delaware limited liability company, and Silicon Valley Bank, a California corporation, (collectively, the Lenders) amending and restating in its entirety the Loan and Security Agreement dated as of December 28, 2012 (the Original Loan Agreement). The Original Loan Agreement provided for a $30 million secured single-draw term loan facility with a maturity date of January 1, 2017. The original term loan was fully drawn at close. The Loan Agreement extends the original $30 million term loan and provides for an additional $20 million new term loan, bringing the total term loan balance to $50 million. The amended and restated term loan facility matures on January 1, 2018. Similar to the Original Loan Agreement, the Loan Agreement provides for a 7.55% interest rate on the term loans and a final payment of 8.5% of the original principal amount, which is due when the term loan becomes due or upon the prepayment of the facility. The amended term loan repayment schedule provides for

interest only payments in arrears for the first 12 months , followed by consecutive equal monthly payments of principal and interest in arrears starting in February 2015 and continuing through the maturity date. We have the option to prepay the outstanding balance of the term loan in full, subject to a prepayment fee of 1% to 3% depending upon when the prepayment occurs. Long-term debt, net was $49.8 million and $29.7 million as of December 31, 2013 and 2012, respectively.

The amended and restated term loan facility is secured by substantially all of the assets of the Company and Halozyme, Inc., except that the collateral does not include any equity interests in Halozyme, Inc., any intellectual property (including all licensing, collaboration and similar agreements relating thereto), and certain other excluded assets. The Loan Agreement contains customary representations, warranties and covenants by us, which covenants limit our ability to convey, sell, lease, transfer, assign or otherwise dispose of certain of our assets; engage in any business other than the businesses currently engaged in by us or reasonably related thereto; liquidate or dissolve; make certain management changes; undergo certain change of control events; create, incur, assume, or be liable with respect to certain indebtedness; grant certain liens; pay dividends and make certain other restricted payments; make certain investments; make payments on any subordinated debt; and enter into transactions with any of our affiliates outside of the ordinary course of business or permit our subsidiaries to do the same. In addition, subject to certain exceptions, we are required to maintain with Silicon Valley Bank our primary deposit accounts, securities accounts and commodities, and to do the same for our domestic subsidiary.

The Loan Agreement also contains customary indemnification obligations and customary events of default, including, among other things, our failure to fulfill certain of our obligations under the Loan Agreement and the occurrence of a material adverse change which is defined as a material adverse change in our business, operations or condition (financial or otherwise), a material impairment of the prospect of repayment of any portion of the loan, or a material impairment in the perfection or priority of lender’s lien in the collateral or in the value of such collateral. In the event of default by us under the Loan Agreement, the Lenders would be entitled to exercise their remedies thereunder, including the right to accelerate the debt, upon which we may be required to repay all amounts then outstanding under the Loan Agreement, which could harm our financial condition.

Off-Balance Sheet Arrangements

As of December 31, 2013 , we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we did not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Contractual Obligations

As of December 31, 2013 , future minimum payments due under our contractual obligations are as follows (in thousands):

	Payments Due by Period				
Contractual Obligations [1,5]	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**
Long-term debt, including interest [2]	$ 64,058	$ 3,461	$ 54,791	$ 5,806	$ —
Operating leases [3]	8,340	1,995	6,265	80	—
License payments	600	300	300	—	—
Third-party manufacturing obligations [4]	10,965	10,965	—	—	—
Purchase obligations	385	80	239	66	—
Total	$ 84,348	$ 16,801	$ 61,595	$ 5,952	$ —

(1) Does not include milestone or contractual payment obligations contingent upon the achievement of certain milestone or events if the amount and timing of such obligations are unknown or uncertain.

(2) Long-term debt obligations include future monthly interest payments based on a fixed rate of 7.55% and a final payment of $4.25 million for our long-term debt due in January 2018.

(3) Includes minimum lease payments related to leases of our office and research facilities and certain autos under non-cancelable operating leases.

(4) We have contracted with third-party manufacturers for the supply of bulk rHuPH20 and fill/finish of *Hylenex* recombinant. Under these agreements, we are required to purchase certain quantities each year during the terms of the agreements. The amounts presented represent our estimates of the minimum required payments under these agreements.

(5) Excludes contractual obligations already recorded on our consolidated balance sheet as current liabilities.

Contractual obligations for purchases of goods or services include agreements that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. For obligations with cancellation provisions, the amounts included in the preceding table were limited to the non-cancelable portion of the agreement terms or the minimum cancellation fee.

For the restricted stock units granted, the number of shares issued on the date the restricted stock units vest is net of the minimum statutory withholding requirements that we pay in cash to the appropriate taxing authorities on behalf of our employees. The obligation to pay the relevant taxing authority is not included in the preceding table, as the amount is contingent upon continued employment. In addition, the amount of the obligation is unknown, as it is based in part on the market price of our common stock when the awards vest.

The expected timing of payments of the obligations above is estimated based on current information. Timing of payments and actual amounts paid may be different, depending on the time of receipt of goods or services, or changes to agreed-upon amounts for some obligations.

Our future capital uses and requirements depend on numerous forward-looking factors. These factors may include, but are not limited to, the following:

- the rate of progress and cost of research and development activities;
- the number and scope of our research activities;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;

- our ability to establish and maintain product discovery and development collaborations, including scale-up manufacturing costs for our collaborators' product candidates;
- the amount of product sales for *Hylenex* recombinant;
- the costs of obtaining and validating additional manufacturers of *Hylenex* recombinant;
- the effect of competing technological and market developments;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish; and
- the extent to which we acquire or in-license new products, technologies or businesses.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We review our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. We believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We generate revenues from product sales and collaborative agreements. Payments received under collaborative agreements may include nonrefundable fees at the inception of the agreements, license fees, milestone payments for specific achievements designated in the collaborative agreements, reimbursements of research and development services and supply of bulk rHuPH20 and/or royalties on sales of products resulting from collaborative arrangements.

We recognize revenue in accordance with the authoritative guidance on revenue recognition. Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectibility is reasonably assured.

At December 31, 2013, we had developed sufficient historical experience and data to reasonably estimate future returns and chargebacks of *Hylenex* recombinant. As a result, effective December 31, 2013 we began recognizing *Hylenex* recombinant product sales and related cost of product sales at the time title transfers to the wholesalers and providing for an estimate of future product returns and chargebacks at that time. In connection with the change in the timing of recognition of product sales, we recorded a one-time adjustment to recognize revenue and related costs that had previously been deferred at December 31, 2012, resulting in additional net product sales of $624,000 and cost of product sales of $179,000 for the year ended December 31, 2013. Based on our analysis and information available at this time, we also recorded a net decrease to the allowances for estimated product returns and chargebacks, resulting in an increase to net product sales of $73,000 for the year ended December 31, 2013. We recorded a total increase to net product sales of $697,000 for the year ended December 31, 2013.

We believe that our estimated reserve for product returns for *Hylenex* recombinant requires a high degree of judgment and is subject to change based on our experience and certain quantitative and qualitative factors. We have monitored actual returns history on an individual product lot basis since product launch. We considered the dating of product at the time of shipment into the distribution channel and changes in the estimated levels of inventory within the distribution channel to estimate our exposure for returned product. Because of the shelf life of *Hylenex* recombinant and our lengthy return period, there may be a significant period of time between when the product is shipped and when we issue credits on returned product. If actual results differ from our estimates, we will be required to make adjustments to this reserve in the future, which could have an effect on product sales revenue in the period of adjustments. A 1% increase or decrease in our returns reserve as a percentage of product sales would have a financial statement impact of approximately $159,000 and $32,000 for the years ended December 31, 2013 and 2012, respectively.

Refer to Note 2 for a further discussion of our revenue recognition policies for product sales and revenues under our collaborative agreements and Note 4 for a further discussion of our collaborative agreements.

Share-Based Payments

We use the fair value method to account for share-based payments in accordance with the authoritative guidance for share-based compensation. The fair value of each option award is estimated on the date of grant using a Black-Scholes-Merton option pricing model (Black-Scholes model) that uses assumptions regarding a number of complex and subjective variables. Changes in these assumptions may lead to variability with respect to the amount of expense we recognize in connection with share-based payments. Refer to Note 2 for a further discussion of share-based payments.

Research and Development Expenses

Research and development expenses include salaries and benefits, facilities and other overhead expenses, external clinical trial expenses, research related manufacturing services, contract services and other outside expenses. Research and development expenses are charged to operations as incurred when these expenditures relate to our research and development efforts and have no alternative future uses. After receiving marketing approval from the FDA or comparable regulatory agencies in foreign countries for a product, costs related to purchases or manufacturing of bulk rHuPH20 for such product are capitalized as inventory. The manufacturing costs of bulk rHuPH20 for Herceptin SC and HyQvia incurred after the receipt of the European marketing approvals in 2013 are capitalized as inventory. Refer to Note 2 for a further discussion of research and development expenses.

Due to the uncertainty in obtaining the FDA and other regulatory approvals, our reliance on third parties and competitive pressures, we are unable to estimate with any certainty the additional costs we will incur in the continued development of our proprietary product candidates for commercialization. However, we expect our research and development expenses to increase this year as we continue with our clinical trial programs and continue to develop and manufacture our product candidates.

Clinical development timelines, likelihood of success and total costs vary widely. We anticipate that we will make ongoing determinations as to which research and development projects to pursue and how much funding to direct to each project on an ongoing basis in response to existing resource levels, the scientific and clinical progress of each product candidate, and other market and regulatory developments. We plan on focusing our resources on those proprietary and collaboration product candidates that represent the most valuable economic and strategic opportunities.

Product candidate completion dates and costs vary significantly for each product candidate and are difficult to estimate. The lengthy process of seeking regulatory approvals and the subsequent compliance with applicable regulations require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could cause our research and development expenditures to increase and, in turn, have a material adverse effect on our results of operations. We cannot be certain when, or if, our product candidates will receive regulatory approval or whether any net cash inflow from our other product candidates, or development projects, will commence.

Inventories

Inventories are stated at lower of cost or market. Cost is determined on a first-in, first-out basis. Refer to Note 2 for a further discussion of our inventories.

The above listing is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP. There are also areas in which our management’s judgment in selecting any available alternative would not produce a materially different result. Refer to Note 2 for a further discussion of our significant accounting policies and other disclosures required by U.S. GAAP.

Recent Accounting Pronouncements

Refer to Note 2, *Summary of Significant Accounting Policies - Adoption of Recent Accounting Pronouncement* and *Pending Adoption of Recent Accounting Pronouncement* , for a discussion of recent accounting pronouncements and their effect, if any, on us.

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

As of December 31, 2013, our cash equivalents and marketable securities consisted of investments in money market funds, corporate debt obligations, commercial paper and certificates of deposit. These investments were made in accordance with our investment policy which specifies the categories, allocations, and ratings of securities we may consider for investment. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive without significantly increasing risk. Some of the financial instruments that we invest in could be subject to market risk. This means that a change in prevailing interest rates may cause the value of the instruments to fluctuate. For example, if we purchase a security that was issued with a fixed interest rate and the prevailing interest rate later rises, the value of that security will probably decline. As of December 31, 2013 based on our current investment portfolio, we do not believe that our results of operations would be materially impacted by an immediate change of 10% in interest rates.

We do not hold or issue derivatives, derivative commodity instruments or other financial instruments for speculative trading purposes. Further, we do not believe our cash, cash equivalents and marketable securities have significant risk of default or illiquidity. We made this determination based on discussions with our investment advisors and a review of our holdings. While we believe our cash, cash equivalents and marketable securities do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. All of our cash, cash equivalents and marketable securities are recorded at fair market value.

Item 8. ***Financial Statements and Supplementary Data***

Our financial statements are annexed to this report beginning on page F-1.

Item 9. ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Control and Procedures***

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the timelines specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decision regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no significant changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013 . In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (1992).

Based on our assessment, management concluded that, as of December 31, 2013 , our internal control over financial reporting is effective based on the COSO criteria.

The independent registered public accounting firm that audited the consolidated financial statements that are included in this Annual Report on Form 10-K has issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2013 . The report appears below.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Halozyme Therapeutics, Inc.

We have audited Halozyme Therapeutics, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Halozyme Therapeutics, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Halozyme Therapeutics, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria **.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Halozyme Therapeutics, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, cash flows, and stockholders' (deficit) equity for each of the three years in the period ended December 31, 2013 of Halozyme Therapeutics, Inc. and our report dated February 28, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Diego, California
February 28, 2014

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this item regarding directors is incorporated by reference to our definitive Proxy Statement (the Proxy Statement) to be filed with the Securities and Exchange Commission in connection with our 2014 Annual Meeting of Stockholders under the heading "Election of Directors." The information required by this item regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference to the information under the caption "Compliance with Section 16(a) of the Exchange Act" to be contained in the Proxy Statement. The information required by this item regarding our code of ethics is incorporated by reference to the information under the caption "Code of Conduct and Ethics" to be contained in the Proxy Statement. The information required by this item regarding our audit committee is incorporated by reference to the information under the caption "Board Meetings and Committees—Audit Committee" to be contained in the Proxy Statement. The information required by this item regarding material changes, if any, to the process by which stockholders may recommend nominees to our board of directors is incorporated by reference to the information under the caption "Board Meetings and Committees—Nominating and Governance Committee" to be contained in the Proxy Statement.

Executive Officers

Helen Torley, M.B. Ch. B., M.R.C.P. (51), President, Chief Executive Officer and Director. Dr. Torley joined Halozyme in January 2014 as President and Chief Executive Officer, and is a member of Halozyme's Board of Directors. Throughout her career, Dr. Torley has led several successful product launches, including Kyprolis ®, Prolia ®, Sensipar ®, and Miacalcin ®. Dr. Torley previously served as Executive Vice President and Chief Commercial Officer for Onyx Pharmaceuticals (Onyx) overseeing the collaboration with Bayer on Nexavar ® and Stivarga ® and the U.S. launch of Kyprolis. She was responsible for the development of Onyx's commercial capabilities in ex-US markets and in particular, in Europe. Prior to Onyx, Dr. Torley spent 14 years in management positions at Amgen Inc., serving as General Manager of both the US Nephrology Business Unit and the U.S. Bone Health Business Unit. From 1997 to 2002, she held various senior management positions at Bristol-Myers Squibb, including Regional Vice President of Cardiovascular and Metabolic Sales and Head of Cardiovascular Global Marketing. She began her career at Sandoz/Novartis, where she ultimately served as Vice President of Medical Affairs, developing and conducting post-marketing clinical studies across all therapeutic areas, including oncology. Before joining the industry, Dr. Torley was in medical practice as a senior registrar in rheumatology at the Royal Infirmary in Glasgow, Scotland. Dr. Torley received her Bachelor of Medicine and Bachelor of Surgery degrees (M.B. Ch.B.) from the University of Glasgow and is a Member of the Royal College of Physicians (M.R.C.P).

David A. Ramsay (49), Vice President, Chief Financial Officer. Mr. Ramsay joined Halozyme in 2003 as Chief Financial Officer and served in that capacity until 2009 when he was appointed Vice President, Corporate Development. After spending four years in various commercial and operational roles, Mr. Ramsay was appointed Chief Financial Officer. Prior to Halozyme, he served in various financial roles including Vice President, Chief Financial Officer of Lathian Systems. Prior to Lathian, Mr. Ramsay was Vice President, Treasurer of ICN Pharmaceuticals, now called Valeant Pharmaceuticals International, a multinational, specialty pharmaceutical company. Mr. Ramsay joined Valeant from ARCO, where he spent four years in various financial roles, most recently serving as Manager, Financial Planning & Analysis for the company's Retail Marketing division. Prior to ARCO, he served as Vice President, Controller for Security Pacific Asian Bank, a subsidiary of Security Pacific Corporation. He began his career as an Auditor at Deloitte & Touche, where he obtained his CPA license. Mr. Ramsay received his B.S in Business Administration from the University of California, Berkeley, and his MBA in Finance and Strategic Management from The Wharton School at the University of Pennsylvania.

James P. Shaffer (47) , Vice President, Chief Commercial Officer. Mr. Shaffer joined Halozyme in 2011 with over 23 years of commercial operations experience. From 2007 to 2011, he was at Clinical Data, Inc. where he was responsible for marketing,

sales, business development and manufacturing with his most recent position as Executive Vice President and Chief Commercial Officer. Prior to Clinical Data, he worked at New River Pharmaceuticals, Prestwick Pharmaceuticals, InterMune and GSK. He has experience in both large and small pharmaceutical companies in the areas of Neurology, Psychiatry, Oncology, GI and Pulmonary Care with specialized experience in developing and marketing genetic tests in Oncology and Cardiology. Mr. Shaffer received his M.B.A. in Marketing and B.S. in Economics from Ohio State University.

Jean I. Liu (45), Vice President, General Counsel and Secretary. Ms. Liu joined Halozyme in 2011. Prior to Halozyme, she served as the Chief Legal Officer and Secretary of Durect Corporation (Durect) from 1998 to 2011. She has 20 years of professional experience advising pharmaceutical and biotechnology companies. Ms. Liu's early career included work at Pillsbury, Madison & Sutro (now Pillsbury Winthrop) and the Venture Law Group where she focused on broad areas of legal advisory for early stage companies, including technology transfer, licensing, patents, and copyright and trademark litigation. During her tenure at Durect, she held a number of titled roles as the senior most legal officer, ending her tenure as Chief Legal Officer. Ms. Liu obtained her B.S. in Cellular and Molecular Biology with highest distinction from the University of Michigan at Ann Arbor, her M.S.in Biology from Stanford University, and her J.D. from Columbia University where she was a Harlan Fiske Stone Scholar.

Item 11. *Executive Compensation*

The information required by this item is incorporated by reference to the information under the caption " *Executive Compensation "* to be contained in the Proxy Statement.

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

Other than as set forth below, the information required by this item is incorporated by reference to the information under the caption " *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters "* to be contained in the Proxy Statement.

Equity Compensation Plan Information

The following table summarizes our compensation plans under which our equity securities are authorized for issuance as of December 31, 2013 :

Plan Category	Number of Shares to Be Issued upon Exercise of Outstanding Options and Restricted Stock Units (a)	Weighted-Average Exercise Price of Outstanding Options and Restricted Stock Units (b) (2)	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Shares Reflected in Column (a)) (c)
Equity compensation plans approved by stockholders (1)	7,437,270	$7.11	6,946,331
Equity compensation plans not approved by stockholders	—	—	—
	7,437,270	$7.11	6,946,331

(1) Represents stock options and restricted stock units under the Amended and Restated 2011 Stock Plan, 2008 Stock Plan, 2008 Outside Directors' Stock Plan, 2006 Stock Plan, 2005 Outside Directors' Stock Plan, 2004 Stock Plan and the 2001 Stock Plan. Options under the 2001 Stock Plan were assumed by Halozyme as part of the March 2004 merger between DeliaTroph Pharmaceuticals, Inc., or DeliaTroph, and Global Yacht Services, Inc. The 2001 Stock Plan was approved by the shareholders

of DeliaTroph prior to the merger and the former shareholders of DeliaTroph held approximately 90% of the voting stock of Halozyme immediately following the merger. The 2001 Stock Plan expired in January 2011.

(2) This amount does not include restricted stock units as there is no exercise price for restricted stock units.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this item is incorporated by reference to the information under the caption " *Certain Relationships and Related Transactions* " to be contained in the Proxy Statement.

Item 14. ***Principal Accounting Fees and Services***

The information required by this item is incorporated by reference to the information under the caption " *Principal Accounting Fees and Services* " to be contained in the Proxy Statement.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Documents filed as part of this report.

1. Financial Statements

2. List of all Financial Statement schedules.

The following financial statement schedule of Halozyme Therapeutics, Inc. is filed as part of this Annual Report on Form 10-K on page F-34 and should be read in conjunction with the consolidated financial statements of Halozyme Therapeutics, Inc.

Schedule II: Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or notes thereto.

3. List of Exhibits required by Item 601 of Regulation S-K. See part (b) below.

(b) Exhibits.

The exhibits listed in the accompanying "Exhibit Index" are incorporated herein by reference.

(c) Financial Statement Schedules. See Item 15(a) 2 above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Halozyme Therapeutics, Inc.,
a Delaware corporation

Date: February 28, 2014

By: /s/ Helen I. Torley, M.B. Ch.B, M.R.C.P.
Helen I. Torley, M.B. Ch.B, M.R.C.P.
President and Chief Executive Officer

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Helen I. Torley and David A. Ramsay, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their or his substitute or substituted, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Helen I. Torley, M.B. Ch.B, M.R.C.P. Helen I. Torley, M.B. Ch.B, M.R.C.P.	President and Chief Executive Officer (Principal Executive Officer), Director	February 28, 2014
/s/ David A. Ramsay David A. Ramsay	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2014
/s/ Kenneth J. Kelley Kenneth J. Kelley	Chairman of the Board of Directors	February 28, 2014
/s/ Robert L. Engler, M.D. Robert L. Engler, M.D.	Director	February 28, 2014
/s/ Kathryn E. Falberg Kathryn E. Falberg	Director	February 28, 2014
/s/ Randal J. Kirk Randal J. Kirk	Director	February 28, 2014
/s/ Connie L. Matsui Connie L. Matsui	Director	February 28, 2014
/s/ John S. Patton, Ph.D. John S. Patton, Ph.D.	Director	February 28, 2014
/s/ Matthew L. Posard Matthew L. Posard	Director	February 28, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Halozyme Therapeutics, Inc.

We have audited the accompanying consolidated balance sheets of Halozyme Therapeutics, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, cash flows, and stockholders' (deficit) equity for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Halozyme Therapeutics, Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Halozyme Therapeutics, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 28, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Diego, California
February 28, 2014

HALOZYME THERAPEUTICS, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,356,947	$ 99,501,264
Marketable securities, available-for-sale	44,145,697	—
Accounts receivable, net	9,097,084	15,703,087
Inventories	6,169,982	2,670,696
Prepaid expenses and other assets	8,425,684	12,752,888
Total current assets	95,195,394	130,627,935
Property and equipment, net	3,421,506	3,700,462
Prepaid expenses and other assets	2,675,692	—
Restricted cash	500,000	400,000
Total Assets	$ 101,792,592	$ 134,728,397
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 3,134,757	$ 2,271,689
Accrued expenses	14,920,446	7,783,447
Deferred revenue, current portion	7,397,829	8,891,017
Total current liabilities	25,453,032	18,946,153
Deferred revenue, net of current portion	45,745,449	34,954,966
Long-term debt, net	49,771,737	29,661,680
Lease financing obligation	—	1,450,000
Deferred rent, net of current portion	794,782	861,879
Other long-term liability	18,268	—
Commitments and contingencies (Note 9)		
Stockholders' (deficit) equity:		
Preferred stock — $0.001 par value; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock — $0.001 par value; 200,000,000 shares authorized; 114,533,466 shares issued and outstanding at December 31, 2013 and 150,000,000 shares authorized; 112,709,174 shares issued and outstanding at December 31, 2012	114,534	112,709
Additional paid-in capital	361,929,935	347,314,658
Accumulated other comprehensive income	17,054	—
Accumulated deficit	(382,052,199)	(298,573,648)
Total stockholders' (deficit) equity	(19,990,676)	48,853,719
Total Liabilities and Stockholders' (Deficit) Equity	$ 101,792,592	$ 134,728,397

See accompanying notes to consolidated financial statements.

HALOZYME THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2013	**2012**	**2011**
Revenues:			
Product sales, net	$ 24,439,724	$ 2,887,442	$ 1,836,102
Revenues under collaborative agreements	30,359,723	39,437,784	54,250,334
Total revenues	54,799,447	42,325,226	56,086,436
Operating expenses:			
Cost of product sales	6,245,761	1,094,400	257,834
Research and development	96,639,575	70,044,073	57,563,470
Selling, general and administrative	32,347,748	24,812,199	18,104,073
Total operating expenses	135,233,084	95,950,672	75,925,377
Operating Loss	(80,433,637)	(53,625,446)	(19,838,941)
Other income (expense):			
Investment and other income	229,229	73,444	69,090
Interest expense	(3,274,143)	—	—
Net Loss	$ (83,478,551)	$ (53,552,002)	$ (19,769,851)
Basic and diluted net loss per share	$ (0.74)	$ (0.48)	$ (0.19)
Shares used in computing basic and diluted net loss per share	112,805,439	111,077,105	102,566,089

See accompanying notes to consolidated financial statements.

HALOZYME THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
	2013	**2012**	**2011**
Net loss	$ (83,478,551)	$ (53,552,002)	$ (19,769,851)
Other comprehensive income:			
Unrealized gain on marketable securities	17,054	—	—
Total Comprehensive Loss	$ (83,461,497)	$ (53,552,002)	$ (19,769,851)

See accompanying notes to consolidated financial statements.

HALOZYME THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2013	**2012**	**2011**
Operating activities:			
Net loss	$ (83,478,551)	$ (53,552,002)	$ (19,769,851)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	9,538,056	8,348,587	5,569,899
Depreciation and amortization	1,226,927	1,079,424	1,095,823
Non-cash interest expense	155,809	8,625	—
Amortization of premiums on investments, net of accretion of discounts	1,115,625	—	—
Loss (gain) on disposal of equipment	—	7,370	(1,566)
Changes in operating assets and liabilities:			
Accounts receivable, net	6,606,003	(13,440,622)	65,803
Inventories	(3,499,286)	(2,103,433)	(373,841)
Prepaid expenses and other assets	1,958,581	(4,420,646)	(4,611,346)
Restricted cash	(100,000)	50,000	50,000
Accounts payable and accrued expenses	7,888,535	(3,263,487)	711,777
Deferred rent	(48,473)	44,895	172,438
Deferred revenue	9,297,295	2,961,993	(17,209,561)
Net cash used in operating activities	(49,339,479)	(64,279,296)	(34,300,425)
Investing activities:			
Purchases of marketable securities	(48,946,616)	—	—
Proceeds from sales of marketable securities	3,375,000	—	—
Purchases of property and equipment	(2,297,518)	(1,412,585)	(828,508)
Net cash used in investing activities	(47,869,134)	(1,412,585)	(828,508)
Financing activities:			
Proceeds from issuance of long-term debt, net	19,985,250	29,660,600	—
Proceeds from issuance of common stock under equity incentive plans, net	5,079,046	1,680,173	4,748,612
Proceeds from issuance of common stock, net	—	81,476,845	—
Net cash provided by financing activities	25,064,296	112,817,618	4,748,612
Net (decrease) increase in cash and cash equivalents	(72,144,317)	47,125,737	(30,380,321)
Cash and cash equivalents at beginning of period	99,501,264	52,375,527	82,755,848
Cash and cash equivalents at end of period	$ 27,356,947	$ 99,501,264	$ 52,375,527
Supplemental disclosure of cash flow information:			
Interest paid	$ 3,098,883	$ 18,875	$ —
Supplemental disclosure of non-cash investing and financing activities:			
Capitalized property and liability associated with a build-to-suit lease arrangement	$ (1,450,000)	$ 1,450,000	$ —
Amounts accrued for purchases of property and equipment	$ 100,453	$ 153,623	$ 189,898

See accompanying notes to consolidated financial statements.

HALOZYME THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount				
BALANCE AT JANUARY 1, 2011	100,580,849	$ 100,581	$ 245,502,670	$ —	$ (225,251,795)	$ 20,351,456
Share-based compensation expense	—	—	5,569,899	—	—	5,569,899
Issuance of common stock pursuant to exercise of stock options and vesting of restricted stock units, net	3,060,540	3,060	4,745,432	—	—	4,748,492
Issuance of restricted stock awards	347,883	349	(229)	—	—	120
Net loss	—	—	—	—	(19,769,851)	(19,769,851)
BALANCE AT DECEMBER 31, 2011	103,989,272	103,990	255,817,772	—	(245,021,646)	10,900,116
Share-based compensation expense	—	—	8,348,587	—	—	8,348,587
Issuance of common stock for cash, net	7,820,000	7,820	81,469,025	—	—	81,476,845
Issuance of common stock pursuant to exercise of stock options and vesting of restricted stock units, net	525,707	525	1,679,648	—	—	1,680,173
Issuance of restricted stock awards	374,195	374	(374)	—	—	—
Net loss	—	—	—	—	(53,552,002)	(53,552,002)
BALANCE AT DECEMBER 31, 2012	112,709,174	112,709	347,314,658	—	(298,573,648)	48,853,719
Share-based compensation expense	—	—	9,538,056	—	—	9,538,056
Issuance of common stock pursuant to exercise of stock options and vesting of restricted stock units, net	1,362,563	1,363	5,077,683	—	—	5,079,046
Issuance of restricted stock awards	461,729	462	(462)	—	—	—
Other comprehensive income	—	—	—	17,054	—	17,054
Net loss	—	—	—	—	(83,478,551)	(83,478,551)
BALANCE AT DECEMBER 31, 2013	114,533,466	$ 114,534	$ 361,929,935	$ 17,054	$ (382,052,199)	$ (19,990,676)

See accompanying notes to consolidated financial statements.

1. Organization and Business

Halozyme Therapeutics, Inc. is a science-driven, biopharmaceutical company committed to making molecules into medicines for patients in need. Our research focuses primarily on human enzymes that alter the extracellular matrix. The extracellular matrix is a complex matrix of proteins and carbohydrates surrounding the cell that provides structural support in tissues and orchestrates many important biological activities, including cell migration, signaling and survival. Over many years, we have developed unique technology and scientific expertise enabling us to pursue this target-rich environment for the development of therapies.

Our proprietary enzymes can be used to facilitate the delivery of injected drugs and fluids, thus enhancing the efficacy and the convenience of other drugs or to alter abnormal tissue structures for clinical benefit. We have chosen to exploit our technology and expertise in a balanced way to modulate both risk and spend by: (1) developing our own proprietary products in therapeutic areas with significant unmet medical needs, such as diabetes, oncology and dermatology, and (2) licensing our technology to biopharmaceutical companies to collaboratively develop products which combine our technology with the collaborators' proprietary compounds.

The majority of the product candidates in our current pipeline are based on rHuPH20, a patented human recombinant hyaluronidase enzyme. rHuPH20 temporarily breaks down hyaluronic acid - a naturally occurring substance that is a major component of the extracellular matrix in tissues throughout the body such as skin and cartilage. We have one proprietary commercial product, *Hylenex* ® recombinant. Our proprietary pipeline consists of multiple clinical stage products in diabetes, oncology and dermatology. We currently have collaborations with F. Hoffmann-La Roche, Ltd. and Hoffmann-La Roche, Inc. (“Roche”), Pfizer Inc. (“Pfizer”), Baxter Healthcare Corporation (“Baxter”) and Intrexon Corporation (“Intrexon”), with two approved products for marketing in Europe, one product candidate which has been submitted for regulatory approval in the U.S. and one product candidate which has been submitted for regulatory approval in Europe as well as several others at various stages of development.

We were founded in 1998 and reincorporated from the State of Nevada to the State of Delaware in November 2007. Except where specifically noted or the context otherwise requires, references to “Halozyme,” “the Company,” “we,” “our,” and “us” in these Notes to Consolidated Financial Statements refer to Halozyme Therapeutics, Inc. and our wholly owned subsidiary, Halozyme, Inc., and Halozyme, Inc.'s wholly owned subsidiary, Halozyme Holdings Ltd.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Halozyme Therapeutics, Inc. and our wholly owned subsidiary, Halozyme, Inc., and Halozyme, Inc.'s wholly owned subsidiary, Halozyme Holdings Ltd. All intercompany accounts and transactions have been eliminated.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation. Specifically, we have reclassified $400,000 from cash and cash equivalents to restricted cash in the consolidated balance sheet at December 31, 2012.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates and judgments, which are based on historical and anticipated results and trends and on various other assumptions that management believes to be reasonable under the

circumstances. By their nature, estimates are subject to an inherent degree of uncertainty and, as such, actual results may differ from management's estimates.

Cash Equivalents and Marketable Securities

Cash equivalents consist of highly liquid investments, readily convertible to cash, that mature within ninety days or less from date of purchase. Our cash equivalents consist of money market funds.

Marketable securities are investments with original maturities of more than ninety days from the date of purchase that are specifically identified to fund current operations. Marketable securities are considered available-for-sale. These investments are classified as current assets, even though the stated maturity date may be one year or more beyond the current balance sheet date which reflects management's intention to use the proceeds from the sale of these investments to fund our operations, as necessary. Such available-for-sale investments are carried at fair value with unrealized gains and losses recorded in other comprehensive loss and included as a separate component of stockholders' (deficit) equity. The cost of marketable securities is adjusted for amortization of premiums or accretion of discounts to maturity, and such amortization or accretion is included in investment income. We use the specific identification method for calculating realized gains and losses on marketable securities sold. Realized gains and losses and declines in value judged to be other-than-temporary on marketable securities, if any, are included in investment income in the consolidated statement of operations.

Restricted Cash

Under the terms of the leases on our facilities, we are required to maintain letters of credit as security deposits during the terms of such leases. At December 31, 2013 and 2012 , restricted cash of $500,000 and $400,000 , respectively, was pledged as collateral for the letters of credit.

Fair Value of Financial Instruments

The authoritative guidance for fair value measurements establishes a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Our financial instruments include cash equivalents, available-for-sale marketable securities, accounts receivable, prepaid expenses, accounts payable, accrued expenses and long-term debt. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. The carrying amount of cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses are generally considered to be representative of their respective fair values because of the short-term nature of those instruments. Further, based on the borrowing rates currently available to us for loans with similar terms, we believe the fair value of long-term debt approximates its carrying value.

Available-for-sale marketable securities consist of corporate debt securities, commercial paper and certificates of deposit and were measured at fair value using Level 2 inputs. Level 2 financial instruments are valued using market prices on less active markets and proprietary pricing valuation models with observable inputs, including interest rates, yield curves, maturity dates, issue dates, settlement dates, reported trades, broker-dealer quotes, issue spreads, benchmark securities or other market related data. We obtain the fair value of Level 2 investments from our investment manager, who obtains these fair values from a third-party pricing service. We validate the fair values of Level 2 financial instruments provided by our investment manager by comparing these fair values to a third-party pricing source.

The following table summarizes, by major security type, our cash equivalents and marketable securities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	December 31, 2013			December 31, 2012		
	Level 1	Level 2	Total estimated fair value	Level 1	Level 2	Total estimated fair value
Cash equivalents:						
Money market funds	$ 5,710,755	$ —	$ 5,710,755	$ 98,024,269	$ —	$ 98,024,269
Available-for-sale marketable securities:						
Corporate debt securities	—	35,147,326	35,147,326	—	—	—
Commercial paper	—	5,998,371	5,998,371	—	—	—
Certificate of deposit	—	3,000,000	3,000,000	—	—	—
	$ 5,710,755	$ 44,145,697	$ 49,856,452	$ 98,024,269	$ —	$ 98,024,269

There were no transfers between Level 1 and Level 2 of the fair value hierarchy for the years ended December 31, 2013 and 2012 . We have no instruments that are classified within Level 3 as of December 31, 2013 and 2012 .

Concentrations of Credit Risk, Sources of Supply and Significant Customers

We are subject to credit risk from our portfolio of cash equivalents and marketable securities. These investments were made in accordance with our investment policy which specifies the categories, allocations, and ratings of securities we may consider for investment. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive without significantly increasing risk. We maintain our cash and cash equivalent balances with one major commercial bank and marketable securities with another financial institution. Deposits held with the financial institutions exceed the amount of insurance provided on such deposits. We are exposed to credit risk in the event of a default by the financial institutions holding our cash, cash equivalents and marketable securities to the extent recorded on the balance sheet.

We are also subject to credit risk from our accounts receivable related to our product sales and revenues under our license and collaborative agreements. We have license and collaborative agreements with pharmaceutical companies under which we receive payments for license fees, milestone payments for specific achievements designated in the collaborative agreements, reimbursements of research and development services and supply of bulk formulation of rHuPH20. In addition, we sell *Hylenex* ® recombinant in the United States to a limited number of established wholesale distributors in the pharmaceutical industry. Credit is extended based on an evaluation of the customer's financial condition, and collateral is not required. Management monitors our exposure to accounts receivable by periodically evaluating the collectibility of the accounts receivable based on a variety of factors including the length of time the receivables are past due, the financial health of the customer and historical experience. Based upon the review of these factors, we recorded no allowance for doubtful accounts at December 31, 2013 and 2012 . Approximately 81% and 86% of the accounts receivable balance at December 31, 2013 and 2012, respectively, represents amounts due from Roche and Pfizer. For the years ended December 31, 2013, 2012 and 2011 , 64% , 45% and 19% of total revenues, respectively, were from Roche and 10% , 17% and 42% of total revenues, respectively, were from Baxter. For the years ended December 31, 2013 and 2012 , 4% and 22% of total revenues, respectively, were from Pfizer. In addition, for the year ended December 31, 2011, 22% and 16% of total revenues were from ViroPharma and Intrexon, respectively.

Worldwide revenues from external customers for the years ended December 31, 2013, 2012 and 2011 consisted of domestic revenues of approximately $19.0 million , $22.7 million and $44.9 million , respectively, and foreign revenues of approximately $35.8 million , $19.6 million and $11.2 million , respectively. Of our total foreign revenues for the years ended December 31, 2013,

2012 and 2011 , approximately $35.2 million , $18.9 million , $10.4 million , respectively, were attributable to Switzerland. We attribute revenues under collaborative agreements to the individual countries where the collaborator is headquartered. We attribute revenues from product sales to the individual countries to which the product is shipped. For the years ended December 31, 2013, 2012 and 2011 , we had no foreign based operations, and we had no long-lived assets located in foreign countries.

We rely on two third-party manufacturers for the supply of bulk rHuPH20 for use in the manufacture of *Hylenex* recombinant and our other collaboration products and product candidates. Payments due to these suppliers represented 9% and 20% of the accounts payable balance at December 31, 2013 and 2012 , respectively. We also rely on a third-party manufacturer for the fill and finish of *Hylenex* recombinant product under a contract. Payments due to this supplier represented 2% and 8% of the accounts payable balance at December 31, 2013 and 2012 , respectively.

Accounts Receivable, Net

Accounts receivable is recorded at the invoiced amount and is non-interest bearing. Accounts receivable is recorded net of allowances for doubtful accounts, cash discounts for prompt payment, distribution fees and chargebacks. We recorded no allowance for doubtful accounts at December 31, 2013 and 2012 as the collectibility of accounts receivable was reasonably assured.

Inventories

Inventories are stated at lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories are reviewed periodically for potential excess, dated or obsolete status. Management evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared to quantities on hand, the price we expect to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

Prior to receiving marketing approval from the U.S. Food and Drug Administration (“FDA”) or comparable regulatory agencies in foreign countries, costs related to purchases of bulk rHuPH20 and raw materials and the manufacturing of the product candidates are recorded as research and development expense. All direct manufacturing costs incurred after receiving marketing approval are capitalized as inventory. Inventories used in clinical trials are expensed at the time the inventories are packaged for the clinical trials.

As of December 31, 2013 and 2012 , inventories consisted of $2.6 million of *Hylenex* recombinant inventory and $3.5 million and zero of bulk rHuPH20, respectively, for use in the manufacture of Herceptin ® SC. Roche received European marketing approval for its collaboration product, Herceptin SC, in August 2013 and Baxter for its collaboration product, HyQvia, in May 2013. As such, direct manufacturing costs of bulk rHuPH20 for Herceptin SC and HyQvia incurred after the receipt of the European marketing approvals are being capitalized as inventory.

Property and Equipment, Net

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Equipment are depreciated using the straight-line method over their estimated useful lives of three years and leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the lease term, whichever is shorter. Leased buildings under build-to-suit lease arrangements are capitalized and included in property and equipment when we are involved in the construction of the structural improvements or take construction risk prior to the commencement of the lease. Upon completion of the construction under the build-to-suit leases, we assess whether those arrangements qualify for sales recognition under the sale-leaseback accounting guidance. If we continue to be the deemed owner, the facilities would be accounted for as financing leases.

Impairment of Long-Lived Assets

We account for long-lived assets in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. For the years ended December 31, 2013 and 2012 , there was no impairment of the value of such assets.

Deferred Rent

Rent expense is recorded on a straight-line basis over the initial term of the lease. The difference between rent expense accrued and amounts paid under lease agreements is recorded as deferred rent in the accompanying consolidated balance sheets.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during the period from transactions and other events and circumstances from non-owner sources.

Revenue Recognition

We generate revenues from product sales and collaborative agreements. Payments received under collaborative agreements may include nonrefundable fees at the inception of the agreements, license fees, milestone payments for specific achievements designated in the collaborative agreements, reimbursements of research and development services and supply of bulk rHuPH20, and/or royalties on sales of products resulting from collaborative arrangements.

We recognize revenues in accordance with the authoritative guidance for revenue recognition. We recognize revenue when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectibility is reasonably assured.

Product Sales, Net

Hylenex Recombinant

In December 2011, we reintroduced *Hylenex* recombinant to the market. We sell *Hylenex* recombinant in the United States to wholesale pharmaceutical distributors, who sell the product to hospitals and other end-user customers. Sales to wholesalers provide for selling prices that are fixed on the date of sale, although we offer discounts to certain group purchasing organizations ("GPOs"), hospitals and government programs. The wholesalers take the title to the product, bear the risk of loss of ownership and have economic substance to the inventory. Further, we have no significant obligations for future performance to generate pull-through sales; however, we allow the wholesalers to return product that is damaged or received in error. In addition, we accept unused product to be returned beginning six months prior to and ending twelve months following product expiration.

Prior to December 31, 2013, *Hylenex* recombinant had a limited sales history and we could not reliably estimate expected returns and chargebacks of the product at the time the product was sold to the wholesalers. Accordingly, we deferred the recognition of revenue on sales of *Hylenex* recombinant to wholesalers, and instead, recognized revenue at the time when evidence existed to confirm that pull-through sales from wholesalers to the hospitals or other end-user customers had occurred or the right of return no longer existed, whichever occurred earlier. At the time product sales revenue was recognized, we recorded allowances for product returns and chargebacks based on our best estimates at the time. Shipments of product that were not recognized as revenue were treated as deferred revenue.

At December 31, 2013, we had developed sufficient historical experience and data to reasonably estimate future returns and chargebacks of *Hylenex* recombinant. As a result, effective December 31, 2013 we began recognizing *Hylenex* recombinant product sales and related cost of product sales at the time title transfers to the wholesalers and providing for an estimate of future product returns and chargebacks at that time. In connection with the change in the timing of recognition of product sales, we recorded a one-time adjustment to recognize revenue and related costs that had previously been deferred at December 31, 2012, resulting in additional net product sales of $624,000 and cost of product sales of $179,000 for the year ended December 31, 2013. Based on our analysis and information available at this time, we also recorded a net reduction to allowances for estimated product returns and chargebacks, resulting in a net increase to net product sales of $73,000 for the year ended December 31, 2013. As a result, we recorded a total increase to net product sales of $697,000 for the year ended December 31, 2013.

Allowances for product returns and chargebacks are based on amounts owed or to be claimed on the related sales. We believe that our estimated product returns for *Hylenex* recombinant requires a high degree of judgment and is subject to change based on our experience and certain quantitative and qualitative factors. In order to develop a methodology to reliably estimate future returns and provide a basis for recognizing revenue on sales to wholesale distributors, we analyzed many factors, including, without limitation: (1) actual *Hylenex* recombinant product return history, taking into account product expiration dating at the time of shipment, (2) re-order activities of the wholesalers as well as their customers and (3) levels of inventory at the wholesale channel. We have monitored actual return history on an individual product lot basis since product launch. We considered the dating of product at the time of shipment into the distribution channel and changes in the estimated levels of inventory within the distribution channel to estimate our exposure for returned product. We considered historical chargebacks activity and current contract prices to estimate our exposure for returned product. Based on the data gathered, we believe we have the information needed to reasonably estimate product returns and chargebacks.

We recognize product sales allowances as a reduction of product sales in the same period the related revenue is recognized. Because of the shelf life of *Hylenex* recombinant and our lengthy return period, there may be a significant period of time between when the product is shipped and when we issue credits on returned product. If actual results differ from our estimates, we will be required to make adjustments to these allowances in the future, which could have an effect on product sales revenue and earnings in the period of adjustments.

We record certain sales reserves and allowances as a reduction to gross revenue. These reserves and allowances include:

- *Product Returns* . The product returns reserve is based on management’s best estimate of the products sold that are anticipated to be returned. The product returns reserve is recorded as a reduction of product sales revenue in the same period the related product sales revenue is recognized and is included in accrued expenses.
- *Distribution Fees* . The distribution fees, based on contractually determined rates, arise from contractual agreements we have with certain wholesalers for distribution services they provide with respect to *Hylenex* recombinant. These fees are generally a fixed percentage of the price of the product purchased by the wholesalers. At the time the sale is made to the respective wholesalers, we record distribution fees as reduction of product sales revenue and accounts receivable.
- *Prompt Payment Discounts* . We offer cash discounts to certain wholesalers as an incentive to meet certain payment terms. We expect our customers will take advantage of this discount; therefore, at the time the sale is made to the respective wholesalers, we record the entire prompt payment discount, based on the gross amount of each invoice, as reduction of product sales revenue and accounts receivable.
- *Other Discounts and Fees* . We provide discounts to end-user members of certain GPOs under collective purchasing contracts between us and the GPOs. We also provide discounts to certain hospitals, who are members of the GPOs, with which we do not have contracts. The end-user members purchase products from the wholesalers at a contracted discounted price, and the wholesalers then charge back to us the difference between the current retail price and the price the end-users paid for the product. In the period product sales revenue is recognized, we estimate the related sales from our wholesalers to these GPOs and accrue for the chargebacks we anticipate from our wholesalers based on current contract prices and historical chargebacks activity. We record accrued chargebacks as a reduction to our accounts receivable. GPO administrative service fees for these transactions are also recorded in the same period the related product sales revenue is recognized and are included in accrued expenses. We also provide predetermined discounts under certain government programs, which are recorded at the time of sale.

Bulk rHuPH20

Subsequent to receiving marketing approval from the FDA or comparable regulatory agencies in foreign countries, sales of bulk rHuPH20 for use in collaboration commercial products are recognized as product sales when the materials have met all the specifications required for the customer's acceptance and title and risk of loss have transferred to the customer. Following the

receipts of European marketing approvals of Roche's Herceptin SC product in August 2013 and Baxter's HyQvia product in May 2013, revenue from the sales of bulk rHuPH20 for these collaboration products are recognized as product sales. For the year ended December 31, 2013, we recognized $13.7 million and $1.1 million in product sales of bulk rHuPH20 for Herceptin SC and HyQvia, respectively.

Revenues under Collaborative Agreements

We have license and collaboration agreements under which the collaborators obtained worldwide rights for the use of our proprietary rHuPH20 enzyme in the development and commercialization of the collaborators' biologic compounds. The collaborative agreements contain multiple elements including nonrefundable payments at the inception of the arrangement, license fees, exclusivity fees, payments based on achievement of specified milestones designated in the collaborative agreements, annual maintenance fees, reimbursements of research and development services, payments for supply of bulk rHuPH20 for the collaborator and/or royalties on sales of products resulting from collaborative agreements. We analyze each element of our collaborative agreements and consider a variety of factors in determining the appropriate method of revenue recognition of each element.

In order to account for the multiple-element arrangements, we identify the deliverables included within the agreement and evaluate which deliverables represent units of accounting. Analyzing the arrangement to identify deliverables requires the use of judgment, and each deliverable may be an obligation to deliver services, a right or license to use an asset, or another performance obligation. The deliverables under our collaborative agreements include (i) the license to our rHuPH20 technology, (ii) at the collaborator's request, research and development services which are reimbursed at contractually determined rates, and (iii) at the collaborator's request, supply of bulk rHuPH20 which is reimbursed at our cost plus a margin. A delivered item is considered a separate unit of accounting when the delivered item has value to the collaborator on a standalone basis based on the consideration of the relevant facts and circumstances for each arrangement. Factors considered in this determination include the research capabilities of the collaborator and the availability of research expertise in this field in the general marketplace.

Arrangement consideration is allocated at the inception of the agreement to all identified units of accounting based on their relative selling price. The relative selling price for each deliverable is determined using vendor specific objective evidence ("VSOE") of selling price or third-party evidence of selling price if VSOE does not exist. If neither VSOE nor third-party evidence of selling price exists, we use our best estimate of the selling price for the deliverable. The amount of allocable arrangement consideration is limited to amounts that are not contingent upon the delivery of additional items or meeting other specified performance conditions. The consideration received is allocated among the separate units of accounting, and the applicable revenue recognition criteria are applied to each of the separate units. Changes in the allocation of the sales price between delivered and undelivered elements can impact revenue recognition but do not change the total revenue recognized under any agreement.

Nonrefundable upfront license fee payments are recognized upon delivery of the license if facts and circumstances dictate that the license has standalone value from the undelivered items, which generally include research and development services and the manufacture of bulk rHuPH20, the relative selling price allocation of the license is equal to or exceeds the upfront license fee, persuasive evidence of an arrangement exists, our price to the collaborator is fixed or determinable and collectibility is reasonably assured. Upfront license fee payments are deferred if facts and circumstances dictate that the license does not have standalone value. The determination of the length of the period over which to defer revenue is subject to judgment and estimation and can have an impact on the amount of revenue recognized in a given period.

The terms of our collaborative agreements provide for milestone payments upon achievement of certain development and regulatory events and/or specified sales volumes of commercialized products by the collaborator. We account for milestone payments in accordance with the provisions of ASU No. 2010-17, *Revenue Recognition - Milestone Method* . We recognize consideration that is contingent upon the achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone is substantive in its entirety. A milestone is considered substantive when it meets all of the following criteria:

1. The consideration is commensurate with either the entity's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone,
2. The consideration relates solely to past performance, and
3. The consideration is reasonable relative to all of the deliverables and payment terms within the arrangement.

A milestone is defined as an event (i) that can only be achieved based in whole or in part on either the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved and (iii) that would result in additional payments being due to the vendor.

Reimbursements of research and development services are recognized as revenue during the period in which the services are performed as long as there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the related receivable is reasonably assured. Revenue from the manufacture of bulk rHuPH20 is recognized when the materials have met all specifications required for the collaborator's acceptance and title and risk of loss have transferred to the collaborator. We do not directly control when any collaborator will request research and development services or supply of bulk rHuPH20; therefore, we cannot predict when we will recognize revenues in connection with research and development services and supply of bulk rHuPH20.

Royalty revenue from sales of collaboration products by our collaborators will be recognized when received, which is generally in the quarter following the quarter in which the corresponding sales occur.

The collaborative agreements typically provide the collaborators the right to terminate such agreement in whole or on a product-by-product or target-by-target basis at any time upon 30 to 90 days prior written notice to us. There are no performance, cancellation, termination or refund provisions in any of our collaborative agreements that contain material financial consequences to us.

Refer to Note 4, *"Collaborative Agreements,"* for further discussion on our collaborative arrangements.

Cost of Product Sales

Cost of product sales consists primarily of raw materials, third-party manufacturing costs, fill and finish costs, freight costs, internal costs and manufacturing overhead associated with the production of *Hylenex* recombinant. Cost of product sales also consists of the write-down of excess, dated and obsolete inventories and the write-off of any inventories that do not meet certain product specifications. Prior to European marketing approvals of Herceptin SC in August 2013 and HyQvia in May 2013, all costs related to the manufacturing of bulk rHuPH20 for these products were charged to research and development expenses in the periods such costs were incurred. Therefore, cost of bulk rHuPH20 product sales for these collaboration products for the year ended December 31, 2013 excluded the related manufacturing costs totaling $10.0 million , of which $9.0 million and $1.0 million were charged to research and development expenses for the years ended December 31, 2013 and 2012, respectively. Of the bulk rHuPH20 for Herceptin SC on hand as of December 31, 2013 , $265,000 in manufacturing costs were previously recorded as research and development expenses. There was no bulk rHuPH20 for HyQvia on hand as of December 31, 2013.

Research and Development Expenses

Research and development expenses include salaries and benefits, facilities and other overhead expenses, external clinical trial expenses, research related manufacturing services, contract services and other outside expenses. Research and development expenses are charged to operations as incurred when these expenditures relate to our research and development efforts and have no alternative future uses. After receiving approval from the FDA or comparable regulatory agencies in foreign countries for a product, costs related to purchases and manufacturing of bulk rHuPH20 for product are capitalized as inventory. The manufacturing costs of bulk rHuPH20 for Herceptin SC and HyQvia incurred after the receipt of the European marketing approvals are capitalized as inventory.

In accordance with certain research and development agreements, we are obligated to make certain upfront payments upon execution of the agreement. Advance payments, including nonrefundable amounts, for goods or services that will be used or rendered for future research and development activities are deferred and capitalized. Such amounts will be recognized as an expense as the related goods are delivered or the related services are performed or such time when we do not expect the goods to be delivered or services to be performed.

Milestone payments that we make in connection with in-licensed technology for a particular research and development project that have no alternative future uses (in other research and development projects or otherwise) and therefore no separate economic values are expensed as research and development costs at the time the costs are incurred. We have no in-licensed technologies that have alternative future uses in research and development projects or otherwise.

Clinical Trial Expenses

Payments in connection with our clinical trials are often made under contracts with multiple contract research organizations that conduct and manage clinical trials on our behalf. The financial terms of these agreements are subject to negotiation and vary from contract to contract and may result in uneven payment flows. Generally, these agreements set forth the scope of work to be performed at a fixed fee, unit price or on a time-and-material basis. Payments under these contracts depend on factors such as the successful enrollment or treatment of patients or the completion of other clinical trial milestones.

Expenses related to clinical trials are accrued based on our estimates and/or representations from service providers regarding work performed, including actual level of patient enrollment, completion of patient studies and progress of the clinical trials. Other incidental costs related to patient enrollment or treatment are accrued when reasonably certain. If the contracted amounts are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), we modify our accruals accordingly on a prospective basis. Revisions in the scope of a contract are charged to expense in the period in which the facts that give rise to the revision become reasonably certain. Historically, we have had no material changes in clinical trial expense accruals that had a material impact on our consolidated results of operations or financial position.

Share-Based Compensation

We record compensation expense associated with stock options and other share-based awards in accordance with the authoritative guidance for stock-based compensation. The cost of employee services received in exchange for an award of an equity instrument is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense on a straight-line basis, net of estimated forfeitures, over the requisite service period of the award. Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized and any recognized compensation expense is reversed. As share-based compensation expense recognized is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. The guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Pre-vesting forfeitures were estimated to be approximately 10% for employees for the years ended December 31, 2013, 2012 and 2011 based on our historical experience for the years then ended.

Total share-based compensation expense related to share-based awards for the years ended December 31, 2013, 2012 and 2011 was comprised of the following:

	Year Ended December 31,		
	2013	2012	2011
Research and development	$ 4,475,530	$ 4,190,938	$ 2,815,362
Selling, general and administrative	5,062,526	4,157,649	2,754,537
Share-based compensation expense	$ 9,538,056	$ 8,348,587	$ 5,569,899
Net share-based compensation expense, per basic and diluted share	$ 0.08	$ 0.08	$ 0.05
Share-based compensation expense from:			
Stock options	$ 5,499,445	$ 4,722,629	$ 3,230,822
Restricted stock awards and restricted stock units	4,038,611	3,625,958	2,339,077
	$ 9,538,056	$ 8,348,587	$ 5,569,899

Cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised (excess tax benefits) are classified as cash inflows provided by financing activities and cash outflows used in operating activities. Due to our net loss position, no tax benefits have been recognized in the consolidated statements of cash flows.

Income Taxes

We provide for income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on the differences between the financial statement carrying amounts of existing assets and liabilities at each year end and their respective tax bases and are measured using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Deferred tax assets and other tax benefits are recorded when it is more likely than not that the position will be sustained upon audit. Valuation allowances have been established to reduce our net deferred tax assets to zero, as we believe that it is more likely than not that such assets will not be realized.

Net Loss Per Share

Basic net loss per common share is computed by dividing loss for the period by the weighted average number of common shares outstanding during the period, without consideration for common stock equivalents. Stock options, unvested restricted stock awards (“RSAs”) and unvested restricted stock units (“RSUs”) are considered common stock equivalents and are only included in the calculation of diluted earnings per common share when their effect is dilutive. Because of our net loss, outstanding stock options, outstanding RSUs and unvested RSAs totaling approximately 8,070,141 , 7,444,333 and 6,365,667 were excluded from the calculation of diluted net loss per common share for the years ended December 31, 2013, 2012 and 2011 , respectively, because their effect was anti-dilutive.

Segment Information

We operate our business in one segment, which includes all activities related to the research, development and commercialization of our proprietary enzymes that can be used to facilitate the delivery of injected drugs and fluids, thus enhancing the efficacy and the convenience of other drugs or to alter abnormal tissue structures for clinical benefit. This segment also includes revenues and expenses related to (i) research and development and API manufacturing activities conducted under our collaborative agreements with third parties and (ii) product sales of Hylenex recombinant. The chief operating decision-maker reviews the operating results on an aggregate basis and manages the operations as a single operating segment.

Adoption of Recent Accounting Pronouncement

Effective January 1, 2013, we adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.* The provisions of ASU No. 2013-02 require companies to present reclassifications out of accumulated other comprehensive income and other amounts of other comprehensive income separately by each component of other comprehensive income on the face of the financial statements or in the notes. This update is effective prospectively for reporting periods beginning after December 15, 2012. The adoption of ASU No. 2013-02 did not have a material impact on our consolidated financial position or results of operations as the requirements are disclosure only in nature. ASU No. 2013-02 did not impact our disclosures as there were no reclassifications in any periods reported.

Pending Adoption of Recent Accounting Pronouncement

In July 2013, FASB issued ASU No. 2013-11, *Income Taxes (Topic 740), Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* The provisions of ASU No. 2013-11 require entities to present unrecognized tax benefits as a decrease in a net operating loss, similar tax loss or tax credit carryforward if certain criteria are met. The determination of whether a deferred tax asset is available is based on the unrecognized tax benefit and the deferred tax asset that exists at the reporting date and presumes disallowance of the tax position at the reporting date. The guidance will eliminate the diversity in practice in the presentation of unrecognized tax benefits but will not alter the way in which entities assess deferred tax assets for realizability. The amendments are effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. The amendments should be applied prospectively to unrecognized tax benefits that exist at the effective date. Early adoption is permitted. The adoption of ASU No. 2013-11 will not have a material impact on our consolidated financial position or results of operations.

3. Marketable Securities

Available-for-sale marketable securities consisted of the following:

	December 31, 2013			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate debt securities	$ 35,130,272	$ 20,185	$ (3,131)	$ 35,147,326
Commercial paper	5,998,371	—	—	5,998,371
Certificate of deposit	3,000,000	—	—	3,000,000
	$ 44,128,643	$ 20,185	$ (3,131)	$ 44,145,697

As of December 31, 2013 , $44.1 million of our available-for-sale marketable securities are scheduled to mature within the next 12 months. Proceeds from sales of available-for-sale securities for the year ended December 31, 2013 were $3.4 million . There was no realized gain or loss for the year ended December 31, 2013. None of these investments have been in a continuous unrealized loss position for more than twelve months as of December 31, 2013 . Based on our review of these securities, we believe we had no other-than-temporary impairments on these securities as of December 31, 2013 because we do not intend to sell these securities and it is not more likely than not that we will be required to sell these securities before the recovery of their amortized cost basis. We had no marketable securities as of December 31, 2012.

4. Collaborative Agreements

Roche Collaboration

In December 2006, we and Roche entered into a license and collaborative agreement under which Roche obtained a worldwide, exclusive license to develop and commercialize product combinations of rHuPH20 and up to thirteen Roche target compounds (the "Roche Collaboration"). As of December 31, 2013 , Roche had elected a total of five exclusive targets and retains the option to develop and commercialize rHuPH20 with three additional targets, provided that Roche continues to pay annual maintenance fees to us. As of December 31, 2013 , we have received $72.5 million from Roche, including the $20.0 million upfront license fee payment for the application of rHuPH20 to the initial three Roche exclusive targets, $21.50 million in connection with Roche's election of two additional exclusive targets and annual license maintenance fees for the right to designate the remaining targets as exclusive targets, $13.0 million in clinical development milestone payments, $8.0 million in regulatory milestone payments and a $10.0 million sales-based payment.

In August 2013, Roche received European marketing approval for its collaboration product, Herceptin SC, for the treatment of patients with HER2-positive breast cancer and launched Herceptin SC in the European Union ("EU") which triggered a $10.0 million payment to us for the achievement of the first commercial sale pursuant to the terms of the Roche Collaboration. We determined this payment to be a sales-based payment. Due to our continuing involvement obligations, revenue from the $10.0 million sales-based payment was deferred and is being recognized over the remaining term of the Roche Collaboration.

Roche assumes all development, manufacturing, clinical, regulatory, sales and marketing costs under the Roche Collaboration, while we are responsible for the supply of bulk rHuPH20. We are entitled to receive reimbursements for providing research and development services and bulk rHuPH20 to Roche at its request.

Under the terms of the Roche Collaboration, Roche will pay us a royalty on each product commercialized under the agreement consisting of a mid-single digit percent of the net sales of such product. Unless terminated earlier in accordance with its terms, the Roche Collaboration continues in effect until the expiration of Roche's obligation to pay royalties. Roche has the obligation to pay royalties with respect to each product in each country, during the period equal to the longer of: (a) the duration of any valid claim of our patents covering rHuPH20 or other specified patents developed under the collaboration which valid claim covers the product in such country or (b) ten years following the date of the first commercial sale of such product in such country.

Due to our continuing involvement obligations (for example, support activities associated with rHuPH20), revenues from the upfront payment, exclusive designation fees, annual license maintenance fees and sales-based payment ("Roche Deferred Revenues") were deferred and are being recognized over the term of the Roche Collaboration. In addition, we received prepayments from Roche associated with the manufacture of bulk rHuPH20 for Roche. The manufacturing prepayments have been deferred and are being recognized as revenue at the time bulk rHuPH20 is delivered to Roche.

For the years ended December 31, 2013, 2012 and 2011 , we recognized amortization of the Roche Deferred Revenues and manufacturing prepayments as revenues under collaborative agreements totaling approximately $5.9 million , $3.4 million , and $2.0 million , respectively. Total Roche Deferred Revenues and manufacturing prepayments were approximately $41.6 million and $35.9 million as of December 31, 2013 and 2012, respectively. For the years ended December 31, 2013, 2012 and 2011 , we recognized $0 , $8.0 million , and $5.0 million , respectively, as revenues under collaborative agreements in accordance with the Milestone Method related to the achievement of certain regulatory and clinical milestones pursuant to the terms of the Roche Collaboration.

Gammagard Collaboration

In September 2007, we entered into a license and collaborative agreement with Baxter, under which Baxter obtained a worldwide, exclusive license to develop and commercialize a product consisting of rHuPH20 combined with a current Baxter product, GAMMAGARD LIQUID ™ (the "Gammagard Collaboration"). As of December 31, 2013 , we have received $17.0 million under the Gammagard Collaboration, including the $10.0 million upfront license fee payment, a $3.0 million regulatory milestone

payment and a $4.0 million sales-based payment. Baxter will pay us a royalty on each product commercialized under the agreement consisting of a mid-single digit percent of the net sales of such product.

In May 2013, the European Commission granted Baxter marketing authorization in all EU Member States for the use of HyQvia (solution for subcutaneous use), a combination of GAMMAGARD LIQUID and rHuPH20 in dual vial units, as replacement therapy for adult patients with primary and secondary immunodeficiencies. Baxter launched HyQvia in the first EU country in July 2013 and in a number of other EU countries in the second half of 2013. Baxter plans to expand the launch to additional EU countries in 2014. The achievement of the first commercial sale triggered a $4.0 million payment to us. We determined this payment to be a sales-based payment. Due to our continuing involvement obligations, revenue from the sales-based payment was deferred and is being recognized over the remaining term of the Gammagard Collaboration.

The Gammagard Collaboration is applicable to both kit and formulation combinations. Baxter assumes all development, manufacturing, clinical, regulatory, sales and marketing costs under the Gammagard Collaboration, while we are responsible for the supply of bulk rHuPH20. We perform research and development activities and supply bulk rHuPH20 at the request of Baxter, and are reimbursed by Baxter under the terms of the Gammagard Collaboration. In addition, Baxter has certain product development and commercialization obligations in major markets identified in the Gammagard Collaboration.

Unless terminated earlier in accordance with its terms, the Gammagard Collaboration continues in effect until the expiration of Baxter's obligation to pay royalties. Baxter has the obligation to pay royalties, with respect to each product in each country, during the period equal to the longer of: (a) the duration of any valid claim of our patents covering rHuPH20 or other specified patents developed under the collaboration which valid claim covers the product in such country or (b) ten years following the date of the first commercial sale of such product in such country.

Due to our continuing involvement obligations (for example, support activities associated with rHuPH20 enzyme), the upfront and sales-based payments were deferred and are being recognized over the term of the Gammagard Collaboration. We recognized revenue from the upfront and sales-based payments in the amount of approximately $606,000 , $483,000 and $483,000 for the years ended December 31, 2013, 2012 and 2011 , respectively. Deferred revenue relating to the upfront and sales-based payments under the Gammagard Collaboration was approximately $10.5 million and $7.1 million as of December 31, 2013 and 2012 , respectively.

Other Collaborations

In December 2012, we and Pfizer entered into a collaboration and license agreement, under which Pfizer has the worldwide license to develop and commercialize products combining rHuPH20 enzyme with Pfizer proprietary biologics directed at six targets, of which three were specified (the “Pfizer Collaboration”). Targets may be selected on an exclusive or non-exclusive basis. As of December 31, 2013 , we have received $11.0 million in upfront and license fee payments for the licenses to four specified exclusive targets and two additional targets which Pfizer has the right to elect in the future upon payment of additional fees. Unless terminated earlier in accordance with its terms, the Pfizer Collaboration continues in effect until the later of (i) expiration of the last to expire of the valid claims of our patents covering rHuPH20 or other specified patents developed under the collaboration which valid claim covers a product developed under the collaboration, and (ii) expiration of the last to expire royalty term for a product developed under the collaboration. The royalty term of a product developed under the Pfizer Collaboration, with respect to each country, consists of the period equal to the longer of: (a) the duration of any valid claim of our patents covering rHuPH20 or other specified patents developed under the collaboration which valid claim covers the product in such country or (b) ten years following the date of the first commercial sale of such product in such country. Pfizer may terminate the agreement prior to expiration for any reason in its entirety or on a target-by-target basis upon 30 days prior written notice to us. Upon any such termination, the license granted to Pfizer (in total or with respect to the terminated target, as applicable) will terminate, provided, however, that in the event of expiration of the agreement, the licenses granted will become perpetual, non-exclusive and fully paid-up.

In May 2011, we and ViroPharma entered into a collaboration and license agreement, under which ViroPharma obtained a worldwide exclusive license for the use of rHuPH20 enzyme in the development and commercialization of a subcutaneous injectable formulation of ViroPharma's commercialized product, Cinryze ® (C1 esterase inhibitor [human]) (the “ViroPharma Collaboration”).

In addition, the license provided ViroPharma with exclusivity to C1 esterase inhibitor and to the hereditary angioedema indication, along with three additional orphan indications. As of December 31, 2013 , we received $14.0 million from ViroPharma, including the $9.0 million nonrefundable upfront license fee payment and a $3.0 million clinical development milestone payment. ViroPharma terminated the collaboration agreement in February 2014.

In June 2011, we and Intrexon entered into a collaboration and license agreement, under which Intrexon obtained a worldwide exclusive license for the use of rHuPH20 enzyme in the development and commercialization of a subcutaneous injectable formulation of Intrexon's recombinant human alpha 1-antitrypsin (rHuA1AT) (the “Intrexon Collaboration”). In addition, the license provides Intrexon with exclusivity for a defined indication (“Exclusive Field”). As of December 31, 2013 , we have received $11.0 million from Intrexon, including a nonrefundable upfront license fee payment of $9.0 million . We are entitled to receive a royalty on each product commercialized under the agreement consisting of a percentage of the net sales of such product ranging from mid-single digits up to a low double-digit percentage. Unless terminated earlier in accordance with its terms, the Intrexon Collaboration continues in effect until the later of (i) expiration of the last to expire of the valid claims of our patents covering rHuPH20 or other specified patents developed under the collaboration which valid claim covers a product developed under the collaboration, and (ii) expiration of the last to expire royalty term for a product developed under the collaboration. The royalty term of a product developed under the Intrexon Collaboration, with respect to each country, consists of the period equal to the longer of: (a) the duration of any valid claim of our patents covering rHuPH20 or other specified patents developed under the collaboration which valid claim covers the product in such country or (b) ten years following the date of the first commercial sale of such product in such country. Intrexon may terminate the agreement prior to expiration for any reason on a product-by-product basis upon 90 days prior written notice to us. Upon any such termination, the license granted to Intrexon (in total or with respect to the terminated product, as applicable) will terminate. Intrexon's chief executive officer, chairman of its board of directors and major shareholder is also a member of our board of directors.

We identified the deliverables at the inception of the Pfizer, ViroPharma and Intrexon agreements which are the license, research and development services and supply of bulk rHuPH20. We have determined that the license, research and development services and supply of bulk rHuPH20 individually represent separate units of accounting, because each deliverable has standalone value. The estimated selling prices for these units of accounting were determined based on market conditions, the terms of comparable collaborative arrangements for similar technology in the pharmaceutical and biotech industry and entity-specific factors such as the terms of our previous collaborative agreements, our pricing practices and pricing objectives and the nature of the research and development services to be performed for the collaborators. The arrangement consideration was allocated to the deliverables based on the relative selling price method.

The amount allocable to the delivered unit or units of accounting is limited to the amount that is not contingent upon the delivery of additional items or meeting other specified performance conditions (the noncontingent amount). As such, we excluded from the allocable arrangement consideration the milestone payments, annual exclusivity fees and royalties regardless of the probability of receipt. Based on the results of our analysis, we allocated the $11.0 million license fees from Pfizer, the $9.0 million upfront license fee from ViroPharma and the $9.0 million upfront license fee from Intrexon to the license fee deliverable under each of the arrangements. We determined that the upfront payments were earned upon the granting of the worldwide, exclusive right to our technology to the collaborators in these arrangements. As a result, we recognized the $11.0 million license fee under the Pfizer Collaboration, the $9.0 million upfront license fee under the ViroPharma Collaboration and the $9.0 million upfront license fee received under the Intrexon Collaboration as revenues under collaborative agreements in the period when such license fees were earned. There were no revenues recognized related to milestone payments under these collaborations for the years ended December 31, 2013 and 2012 . For the year ended December 31, 2011, we recognized the $3.0 million milestone payment as revenues under collaborative agreements in accordance with the Milestone Method related to the achievement of a development milestone pursuant to the terms of the ViroPharma Collaboration.

Pfizer and Intrexon are each solely responsible for the development, manufacturing and marketing of any products resulting from their respective collaborations. We are entitled to receive payments for research and development services and supply of bulk rHuPH20 to these collaborators if requested by such collaborator. We recognize amounts allocated to research and development services as revenues under collaborative agreements as the related services are performed. We recognize amounts allocated to the sales of bulk rHuPH20 as revenues under collaborative agreements when such bulk rHuPH20 have met all required specifications

by the collaborators and the related title and risk of loss and damages have passed to the collaborators. We cannot predict the timing of delivery of research and development services and bulk rHuPH20 as they are at the collaborators' requests.

Pursuant to the terms of our existing collaborations collectively, we are entitled to receive additional milestone payments for the successful development of the elected targets in the aggregate of up to approximately $63.0 million upon achievement of specified clinical development milestone events and up to approximately $48.0 million upon achievement of specified regulatory milestone events in connection with specified regulatory filings and receipt of marketing approvals.

5. Certain Balance Sheet Items

Accounts receivable, net consisted of the following:

	December 31, 2013	December 31, 2012
Accounts receivable from product sales to collaborators	$ 4,495,314	$ —
Accounts receivable from revenues under collaborative agreements	3,707,248	15,058,163
Accounts receivable from other product sales	1,505,004	823,064
	9,707,566	15,881,227
Allowance for distribution fees and discounts	(610,482)	(178,140)
	$ 9,097,084	$ 15,703,087

Inventories consisted of the following:

	December 31, 2013	December 31, 2012
Raw materials	$ 1,136,815	$ 1,127,061
Work-in-process	4,280,076	792,257
Finished goods	753,091	751,378
	$ 6,169,982	$ 2,670,696

Prepaid expenses and other assets consisted of the following:

	December 31, 2013	December 31, 2012
Prepaid manufacturing expenses	$ 5,884,040	$ 8,152,602
Prepaid research and development expenses	3,522,250	2,274,551
Other prepaid expenses	1,338,758	2,250,791
Other assets	356,328	74,944
	11,101,376	12,752,888
Less long-term portion	2,675,692	—
	$ 8,425,684	$ 12,752,888

Property and equipment, net consisted of the following:

	December 31, 2013	December 31, 2012
Research equipment	$ 7,713,850	$ 6,360,004
Computer and office equipment	1,948,859	1,432,975
Leasehold improvements	1,408,025	1,138,110
Building [(1)]	—	1,450,000
	11,070,734	10,381,089
Accumulated depreciation and amortization	(7,649,228)	(6,680,627)
	$ 3,421,506	$ 3,700,462

(1) Represented capitalized building under a build-to-suit lease arrangement where we were considered the owner (for accounting purposes only) during the construction period. Upon the completion of the building construction in the fourth quarter of 2013, we met the sale-leaseback criteria for de-recognition of the building asset and liability; therefore, the building asset was removed from the consolidated balance sheet as of December 31, 2013.

Depreciation and amortization expense was approximately $1.2 million , $1.1 million and $1.1 million for the years ended December 31, 2013, 2012 and 2011 , respectively.

Accrued expenses consisted of the following:

	December 31, 2013	December 31, 2012
Accrued compensation and payroll taxes	$ 7,075,347	$ 4,053,590
Accrued outsourced research and development expenses	3,377,256	1,239,050
Accrued outsourced manufacturing expenses	3,233,012	984,192
Other accrued expenses	1,234,831	1,506,615
	$ 14,920,446	$ 7,783,447

Deferred revenue consisted of the following:

	December 31, 2013	December 31, 2012
Collaborative agreements	$ 51,184,897	$ 43,222,473
Product sales	1,958,381	623,510
Total deferred revenue	53,143,278	43,845,983
Less current portion	7,397,829	8,891,017
Deferred revenue, net of current portion	$ 45,745,449	$ 34,954,966

6. Long-Term Debt, Net

In December 2012, we entered into a Loan and Security Agreement (the “Original Loan Agreement”) with Oxford Finance LLC (“Oxford”) and Silicon Valley Bank (“SVB”) (collectively, the “Lenders”) for a $30 million secured single-draw term loan facility with a maturity date, as amended, of January 1, 2017 . In December 2012, we drew down $30 million under the Original Loan Agreement. The proceeds were to be used for working capital and general business requirements. The term loan bore a fixed interest rate of 7.55% per annum. The monthly repayment schedule included interest only payments in arrears for the first 12 months , followed by equal principal and interest payments for the remaining term. The original term loan required a final payment

of $2.55 million which was due when the term loan became due or upon the prepayment of the facility. In connection with the original term loan, we received proceeds of $29.7 million , net of debt offering costs.

0n December 27, 2013, we entered into an Amended and Restated Loan and Security Agreement (the “Loan Agreement”) with the Lenders, amending and restating in its entirety the Original Loan Agreement. The Loan Agreement extends the original term loan and provides for an additional $20 million new term loan, bringing the total term loan balance to $50 million . Upon closing of the Loan Agreement, we received proceeds of approximately $19 million , net of accrued interest outstanding as of December 31, 2013. The proceeds are to be used for working capital and general business requirements. The amended term loan facility matures on January 1, 2018 . Except for extending the principal payments and maturity date of the original term loan and increasing the loan balance to $50 million , no other terms were modified. The present value of the future cash flows under the modified terms described did not exceed the present value of the future cash flows under the original terms by more than 10% . As such, we treated this amendment as a modification.

Consistent with the original loan, the Loan Agreement provides for a 7.55% interest rate on the term loan and a final payment equal to 8.5% of the original principal amount, or $4.25 million , which is due when the term loan becomes due or upon the prepayment of the facility. The amended term loan repayment schedule provides for interest only payments in arrears for the first 12 months , followed by consecutive equal monthly payments of principal and interest in arrears starting in February 2015 and continuing through the maturity date. We have the option to prepay the outstanding balance of the term loan in full, subject to a prepayment fee of 1% to 3% depending upon when the prepayment occurs.

In connection with the term loan, the debt offering costs have been recorded as a debt discount on our consolidated balance sheet which together with the final payment and fixed interest rate payments are being amortized to interest expense throughout the life of the term loan using the effective interest rate method.

The term loan is secured by substantially all of the assets of the Company and our subsidiary, Halozyme, Inc., except that the collateral does not include any intellectual property (including licensing, collaboration and similar agreements relating thereto), and certain other excluded assets. The Loan Agreement contains customary representations, warranties and covenants by us, which covenants limit our ability to convey, sell, lease, transfer, assign or otherwise dispose of certain of our assets; engage in any business other than the businesses currently engaged in by us or reasonably related thereto; liquidate or dissolve; make certain management changes; undergo certain change of control events; create, incur, assume, or be liable with respect to certain indebtedness; grant certain liens; pay dividends and make certain other restricted payments; make certain investments; make payments on any subordinated debt; and enter into transactions with any of our affiliates outside of the ordinary course of business or permit our subsidiaries to do the same. In addition, subject to certain exceptions, we are required to maintain with Silicon Valley Bank our primary deposit accounts, securities accounts and commodities, and to do the same for our domestic subsidiary.

The Loan Agreement also contains customary indemnification obligations and customary events of default, including, among other things, our failure to fulfill certain of our obligations under the Loan Agreement and the occurrence of a material adverse change which is defined as a material adverse change in our business, operations, or condition (financial or otherwise), a material impairment of the prospect of repayment of any portion of the loan, or a material impairment in the perfection or priority of lender's lien in the collateral or in the value of such collateral. In the event of default by us under the Loan Agreement, the Lenders would be entitled to exercise their remedies thereunder, including the right to accelerate the debt, upon which we may be required to repay all amounts then outstanding under the Loan Agreement, which could harm our financial condition.

As of December 31, 2013, we were in compliance with all material covenants under the Loan Agreement and there was no material adverse change in our business, operations or condition.

Future maturities and interest payments under the term loan as of December 31, 2013 , are as follows:

2014	$ 3,460,417
2015	17,435,636
2016	18,677,512
2017	18,677,512
2018	5,806,459
Total minimum payments	64,057,536
Less amount representing interest	(14,057,536)
Gross balance of long-term debt	50,000,000
Less unamortized debt discount	(228,263)
Present value of long-term debt	49,771,737
Less current portion of long-term debt	—
Long-term debt, less current portion and unamortized debt discount	$ 49,771,737

Interest expense, including amortization of debt discount, related to the long-term debt for the years ended December 31, 2013 and 2012 was approximately $3.3 million and $28,000 , respectively.

7. Stockholders' (Deficit) Equity

During 2013, we issued an aggregate of 1,270,362 shares of common stock, in connection with the exercises of stock options for cash in the aggregate amount of approximately $5.5 million . In addition, we issued 461,729 shares of common stock, net of RSAs canceled, in connection with the grants of RSAs and 92,201 shares of common stock upon vesting of certain RSUs. The RSU holders surrendered 61,923 RSUs to pay for minimum withholding taxes totaling approximately $431,000 .

In May 2013, our stockholders approved an amendment to our Certificate of Incorporation to increase our authorized number of shares of common stock from 150 million shares to 200 million shares.

During 2012, we issued an aggregate of 444,637 shares of common stock in connection with the exercises of stock options for cash in the aggregate amount of approximately $2.0 million . In addition, we issued 374,195 shares of common stock, net of RSAs canceled, in connection with the grants of RSAs and 81,070 shares of common stock upon vesting of certain RSUs. The RSU holders surrendered 46,930 RSUs to pay for minimum withholding taxes totaling approximately $347,000 .

In February 2012, we completed an underwritten public offering and issued 7,820,000 shares of common stock, including 1,020,000 shares sold pursuant to the full exercise of an over-allotment option granted to the underwriter. All of the shares were offered at a public offering price of $10.61 per share, generating approximately $81.5 million in net proceeds. Of the 7,820,000 shares of common stock sold, Randal J. Kirk, a member of our board of directors, through his affiliates, purchased 1,360,000 shares of common stock in this offering at the public offering price of $10.61 per share for a total of approximately $14.4 million .

During 2011, we issued an aggregate of 3,045,540 shares of common stock in connection with the exercises of 3,137,056 shares of stock options for cash in the aggregate amount of approximately $4.7 million . In addition, we issued 347,883 shares of common stock in connection with the grants of RSAs and 15,000 shares of common stock upon vesting of certain RSUs.

8. Equity Incentive Plans

We currently grant stock options, restricted stock awards and restricted stock units under the Amended and Restated 2011 Stock Plan. In May 2013, our stockholders approved the Amended and Restated 2011 Stock Plan, which provides for the grant of up to 12.5 million shares of common stock (subject to certain limitations as described in the Amended and Restated 2011 Stock Plan) to selected employees, consultants and non-employee members of our Board of Directors ("Outside Directors") as stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and performance awards. The Amended and Restated 2011 Stock Plan replaced our prior stock plans, consisting of our 2008 Outside Directors' Stock Plan, 2008 Stock Plan, 2006 Stock Plan and 2004 Stock Plan ("Prior Plans", collectively with the Amended and Restated 2011 Stock Plan, the "Plans"). The Prior Plans were terminated such that no additional awards could be granted under the Prior Plans, but the terms of the Prior Plans remain in effect with respect to outstanding awards until they are exercised, settled or canceled. The Plans were approved by the stockholders. Awards are subject to terms and conditions established by the Compensation Committee of our Board of Directors.

During the year ended December 31, 2013 , we granted share-based awards under the Amended and Restated 2011 Stock Plan. We also granted restricted stock awards to the Outside Directors under the 2008 Outside Directors' Stock Plan until it was terminated in May 2013. At December 31, 2013 , 7,437,270 shares were subject to outstanding awards and 6,946,331 shares were available for future grants of share-based awards. At the present time, management intends to issue new common shares upon the exercise of stock options, issuance of restricted stock awards and settlement of restricted stock units.

Stock Options. Options granted under each of the Plans must have an exercise price equal to at least 100% of the fair market value of our common stock on the date of grant. The options will generally have a maximum contractual term of ten years and vest at the rate of one-fourth of the shares on the first anniversary of the date of grant and 1/48 of the shares monthly thereafter. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the Plans).

A summary of our stock option award activity as of and for the years ended December 31, 2013, 2012 and 2011 is as follows:

	Shares Underlying Stock Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (yrs)	Aggregate Intrinsic Value
Outstanding at January 1, 2011	7,975,365	$3.87		
Granted	1,624,768	$7.79		
Exercised	(3,137,056)	$1.71		
Canceled/forfeited	(593,293)	$6.72		
Outstanding at December 31, 2011	5,869,784	$5.82		
Granted	1,215,442	$9.90		
Exercised	(444,637)	$4.56		
Canceled/forfeited	(260,722)	$8.34		
Outstanding at December 31, 2012	6,379,867	$6.59		
Granted	1,806,392	$7.14		
Exercised	(1,270,362)	$4.34		
Canceled/forfeited	(214,982)	$8.18		
Outstanding at December 31, 2013	6,700,915	$7.11	6.4	$52.8 million
Vested and expected to vest at December 31, 2013	6,352,654	$7.07	6.3	$50.3 million
Exercisable at December 31, 2013	3,747,566	$6.55	4.8	$31.6 million

The weighted average grant-date fair values of options granted during the years ended December 31, 2013, 2012 and 2011 were $4.40 per share, $5.63 per share and $4.57 per share, respectively. As of December 31, 2013 , approximately $9.7 million of total unrecognized compensation costs related to non-vested stock option awards was expected to be recognized over a weighted average period of approximately 2.5 years. The intrinsic value of options exercised during the years ended December 31, 2013, 2012 and 2011 was approximately $8.3 million , $2.9 million and $16.6 million , respectively. Cash received from stock option exercises for the years ended December 31, 2013, 2012 and 2011 was approximately $5.5 million , $2.0 million and $4.7 million , respectively.

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model (“Black-Scholes model”) that uses the assumptions noted in the following table. Expected volatility is based on historical volatility of our common stock. The expected term of options granted is based on analyses of historical employee termination rates and option exercises. The risk-free interest rate is based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. The dividend yield assumption is based on the expectation of no future dividend payments by us. Assumptions used in the Black-Scholes model were as follows:

	Year Ended December 31,		
	2013	2012	2011
Expected volatility	70.1-72.5%	64.0-69.2%	64.0-65.1%
Average expected term (in years)	5.7	5.6	5.8
Risk-free interest rate	0.86-2.00%	0.80-1.15%	1.14-2.55%
Expected dividend yield	0%	0%	0%

Restricted Stock Awards . Restricted stock awards are grants that entitle the holder to acquire shares of our common stock at zero or a fixed price, which is typically nominal. The shares covered by a restricted stock award cannot be sold, pledged, or

otherwise disposed of until the award vests and any unvested shares may be reacquired by us for the original purchase price following the awardee's termination of service. The restricted stock awards will generally vest at the rate of one-fourth of the shares on each anniversary of the date of grant. Annual grants of restricted stock awards to Outside Directors typically vest in full the first day the awardee may trade our stock in compliance with our insider trading policy following the date immediately preceding the first annual meeting of stockholders following the grant date.

The following table summarizes our restricted stock award activity during the years ended December 31, 2013, 2012 and 2011 :

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at January 1, 2011	120,000	$ 7.67
Granted	353,508	$ 6.51
Vested	(120,000)	$ 7.67
Forfeited	(5,625)	$ 6.67
Unvested at December 31, 2011	347,883	$ 6.51
Granted	380,158	$ 10.29
Vested	(339,758)	$ 6.51
Forfeited	(5,963)	$ 10.81
Unvested at December 31, 2012	382,320	$ 10.21
Granted	476,096	$ 6.88
Vested	(211,178)	$ 8.78
Forfeited	(14,367)	$ 8.17
Unvested at December 31, 2013	632,871	$ 8.23

The fair value of the restricted stock awards is based on the market value of our common stock on the date of grant. The total grant-date fair value of restricted stock awards vested during the years ended December 31, 2013, 2012 and 2011 was approximately $1.9 million , $2.2 million and $0.9 million , respectively. We recognized approximately $2.2 million , $2.1 million and $1.7 million of share-based compensation expense related to restricted stock awards for the years ended December 31, 2013, 2012 and 2011 , respectively. As of December 31, 2013 , total unrecognized compensation cost related to unvested awards was approximately $2.5 million , which is expected to be recognized over a weighted-average period of approximately 2.3 years.

Restricted Stock Units . A restricted stock unit is a promise by us to issue a share of our common stock upon vesting of the unit. During the years ended December 31, 2013, 2012 and 2011 , we granted 323,700 , 682,146 and 163,000 shares of restricted stock units, respectively, at no purchase price, to certain employees. The restricted stock units will generally vest at the rate of one-fourth of the shares on each anniversary of the date of grant. Of the total 163,000 shares of restricted stock units granted during the year ended December 31, 2011, 148,000 shares were subject to percentage vesting based upon achievement of certain corporate goals and the employees' continuing services through May 2012.

The following table summarizes our restricted stock unit activity during the years ended December 31, 2013, 2012 and 2011 :

	Number of Shares	Weighted Average Purchase Price	Weighted Average Remaining Contractual Term (yrs)	Aggregate Intrinsic Value
Unvested at January 1, 2011	—	$ —		
Granted	163,000	$ —		
Vested	(15,000)	$ —		
Forfeited	—	$ —		
Unvested at December 31, 2011	148,000	$ —		
Granted	682,146	$ —		
Vested	(128,000)	$ —		
Forfeited	(20,000)	$ —		
Unvested at December 31, 2012	682,146	$ —		
Granted	323,700	$ —		
Vested	(154,124)	$ —		
Forfeited	(115,367)	$ —		
Unvested at December 31, 2013	736,355	$ —	1.6	$11.0 million
Expected to vest at December 31, 2013	627,647	$ —	1.5	$9.4 million

The estimated fair value of the restricted stock units was based on the market value of our common stock on the date of grant. The weighted average grant-date fair value of restricted stock units granted during the years ended December 31, 2013, 2012 and 2011 was $6.69 , $10.61 and $6.71 per share, respectively. The total intrinsic value of restricted stock units vested during the years ended December 31, 2013, 2012 and 2011 was approximately $1.1 million , $0.9 million and $0.1 million , respectively. We recognized approximately $1.8 million , $1.5 million and $0.7 million of share-based compensation expense related to the restricted stock units for the years ended December 31, 2013, 2012 and 2011 , respectively. As of December 31, 2013 , total unrecognized estimated unamortized compensation cost related to non-vested restricted stock units outstanding as of that date was approximately $4.2 million , which is expected to be recognized over a weighted-average amortization period of approximately 3.0 years.

9. Commitments and Contingencies

Operating Leases

Our administrative offices and research facilities are located in San Diego, California. We lease an aggregate of approximately 76,000 square feet of office and research space.

In June 2011, we entered into an amended and restated lease (the “11388 Lease”) with BMR-11388 Sorrento Valley Road LP for the office and research facilities located at 11388 Sorrento Valley Road, San Diego, California ("11388 Property"). The 11388 Lease commenced in June 2011 and continues through January 2018 . The 11388 Lease supersedes the lease agreement with BC Sorrento, LLC entered into in July 2007. Under the terms of the 11388 Lease, the initial monthly rent payment was approximately $38,000 net of costs and property taxes associated with the operation and maintenance of the leased facilities, commencing in December 2011 and increased to approximately $65,000 starting in January 2013. Thereafter, the annual base rent is subject to approximately 2.5% annual increases each year throughout the term of the 11388 Lease. In addition, we received a cash incentive of approximately $98,000 , a tenant improvement allowance of $300,000 and free and reduced rent totaling approximately $744,000 under the terms of the 11388 Lease. Combined with the unamortized deferred rent under the Original Lease, unamortized deferred

rent associated with the 11388 Lease of $953,000 and $1.1 million was included in deferred rent as of December 31, 2013 and 2012 , respectively.

In July 2007, we entered into a sublease agreement (the “11404 Sublease”) with Avanir Pharmaceuticals, Inc. (“Avanir”) for Avanir’s excess leased facilities located at 11404 Sorrento Valley Road, San Diego, California for office and research space (“11404 Property”) for a monthly rent payment of approximately $54,000 , net of costs and property taxes associated with the operation and maintenance of the subleased facilities. The 11404 Sublease expired in January 2013 . The annual base rent was subject to approximately 4% annual increases each year throughout the terms of the 11404 Sublease.

In April 2009, we entered into a sublease agreement (the “11408 Sublease”) with Avanir for office and research space located at 11408 Sorrento Valley Road, San Diego, California (“11408 Property”), which expired in January 2013 . The monthly rent payments, which commenced in January 2010, were approximately $21,000 and were subject to an annual increase of approximately 3% .

In June 2011, we entered into a lease agreement (the “11404/11408 Lease”) with BMR-Sorrento Plaza LLC (“BMR-Sorrento”) for the 11404 Property and 11408 Property which commenced in January 2013 and continues through January 2018 . Pursuant to the terms of the 11404/11408 Lease, the initial monthly rent payment is approximately $71,000 net of costs and property taxes associated with the operation and maintenance of the leased facilities and is subject to approximately 2.5% annual increases each year throughout the term of the 11404/11408 Lease.

In October 2012, we entered into a lease agreement (the “11436 Lease”) with Cal-Sorrento, Ltd. for the 11436 Sorrento Valley Road, San Diego, California ("11436 Property"). Pursuant to the terms of the 11436 Lease, the lessor completed and paid for certain improvements on the building before the commencement of the lease in November 2013. This lease expires in January 2018 . The initial monthly rent payment is approximately $24,300 net of costs and property taxes associated with the operation and maintenance of the leased facilities, which commenced in November 2013 and is subject to approximately 3% annual increases each year throughout the term of the 11436 Lease. In addition, we received free and reduced rent totaling approximately $158,000 . Under the terms of the 11436 Lease, we were the “deemed owner” (for accounting purposes only) of the facility during the construction period. As such, we recorded an asset of $1.5 million as of December 31, 2012, representing the fair value of the building with a corresponding long-term lease financing obligation. Upon completion of the building construction in the fourth quarter of 2013, we met the sale-leaseback criteria for de-recognition of the building asset and liability; therefore, the building asset and corresponding liability were removed from the consolidated balance sheet as of December 31, 2013.

We pay a pro rata share of operating costs, insurance costs, utilities and real property taxes incurred by the landlords for the subleased facilities.

Additionally, we lease certain office equipment under operating leases. Total rent expense was approximately $1.7 million , $1.6 million and $1.5 million for the years ended December 31, 2013, 2012 and 2011 , respectively.

Approximate annual future minimum operating lease payments as of December 31, 2013 are as follows:

Year:	Operating Leases
2014	$ 1,995,000
2015	2,062,000
2016	2,081,000
2017	2,122,000
2018	80,000
Thereafter	—
Total minimum lease payments	$ 8,340,000

Other Commitments

In order to scale up the production of bulk rHuPH20 and to identify another manufacturer that would help meet anticipated production obligations arising from our proprietary programs and our collaborations, we entered into a Technology Transfer Agreement and a Clinical Supply Agreement with Cook Pharmica LLC (“Cook”). The technology transfer was completed in 2008. In 2009, multiple batches of bulk rHuPH20 were produced to support planned future clinical studies.

In March 2010, we entered into a Commercial Supply Agreement with Cook (the “Cook Commercial Supply Agreement”). Under the terms of the Cook Commercial Supply Agreement, Cook will manufacture certain batches of bulk rHuPH20 that will be used for commercial supply of certain products and product candidates. Under the terms of the Cook Commercial Supply Agreement, we are committed to certain minimum annual purchases of bulk rHuPH20 equal to four quarters of forecasted supply. At December 31, 2013 , we had a $3.0 million minimum purchase obligation in connection with the Cook Commercial Supply Agreement.

In March 2010, we amended our Commercial Supply Agreement (the “March 2010 Avid Amendment”) with Avid Bioservices, Inc. ("Avid") which was originally entered into in February 2005 and amended in December 2006. Under the terms of the March 2010 Avid Amendment, we are committed to certain minimum annual purchases of bulk rHuPH20 equal to three quarters of forecasted supply. In addition, Avid has the right to manufacture and supply a certain percentage of bulk rHuPH20 that will be used in *Hylenex* recombinant. At December 31, 2013 , we had a minimum purchase obligation of approximately $142,000 .

In March 2010, we entered into a second Commercial Supply Agreement with Avid (the “Avid Commercial Supply Agreement”). Under the terms of the Avid Commercial Supply Agreement, we are committed to certain minimum annual purchases of bulk rHuPH20 equal to three quarters of forecasted supply. In addition, Avid has the right to manufacture and supply a certain percentage of bulk rHuPH20 that will be used in the collaboration products and product candidates. At December 31, 2013 , we had a $6.0 million minimum purchase obligation in connection with this agreement.

In June 2011, we entered into a commercial manufacturing and supply agreement with Baxter, under which Baxter provides the final fill and finishing steps in the production process of *Hylenex* recombinant for a limited period of time. The initial term of the agreement with Baxter was extended to December 31, 2015, subject to further extensions in accordance with the terms and conditions of the agreement. At December 31, 2013 , we had a minimum purchase obligation in connection with this agreement of approximately $1.8 million .

In June 2011, we entered into a services agreement with another third party manufacturer for the technology transfer and manufacture of *Hylenex* recombinant. At December 31, 2013 , we had no minimum purchase obligation in connection with this agreement.

Legal Contingencies

From time to time, we may be involved in disputes, including litigation, relating to claims arising out of operations in the normal course of our business. Any of these claims could subject us to costly legal expenses and, while we generally believe that we have adequate insurance to cover many different types of liabilities, our insurance carriers may deny coverage or our policy limits may be inadequate to fully satisfy any damage awards or settlements. If this were to happen, the payment of any such awards could have a material adverse effect on our consolidated results of operations and financial position. Additionally, any such claims, whether or not successful, could damage our reputation and business. We currently are not a party to any legal proceedings, the adverse outcome of which, in management’s opinion, individually or in the aggregate, would have a material adverse effect on our consolidated results of operations or financial position.

10. Income Taxes

Significant components of our net deferred tax assets at December 31, 2013 and 2012 are shown below. A valuation allowance of $162.0 million and $128.4 million has been established to offset the net deferred tax assets as of December 31, 2013 and 2012 , respectively, as realization of such assets is uncertain.

	December 31,	
	2013	2012
Deferred tax assets:		
Net operating loss carryforwards	$ 116,572,000	$ 86,732,000
Deferred revenue	13,324,000	17,345,000
Research and development credits	28,867,000	20,286,000
Share-based compensation	2,495,000	2,975,000
Depreciation	—	179,000
Other, net	853,000	926,000
	162,111,000	128,443,000
Valuation allowance for deferred tax assets	(161,968,000)	(128,443,000)
Deferred tax assets, net of valuation	143,000	—
Deferred tax liabilities:		
Depreciation	(143,000)	—
Net deferred tax liabilities	(143,000)	—
Net deferred tax assets	$ —	$ —

The provision for income taxes on earnings subject to income taxes differs from the statutory federal income tax rate at due to the following:

	December 31,		
	2013	2012	2011
Federal income tax at 34%	$ (28,383,000)	$ (18,208,000)	$ (6,722,000)
State income tax, net of federal benefit	(1,745,000)	(3,023,000)	(1,153,000)
Increase in valuation allowance	33,525,000	20,954,000	9,935,000
Tax effect on non-deductible expenses and other	5,219,000	1,293,000	1,671,000
Research and development credits	(8,616,000)	(1,016,000)	(3,731,000)
	$ —	$ —	$ —

At December 31, 2013 , we had federal and California tax net operating loss carryforwards of approximately $327.7 million and $276.9 million , respectively. Included in these amounts are federal and California net operating losses of approximately $27.9 million attributable to stock option deductions of which the tax benefit will be credited to equity when realized. The federal and California tax loss carryforwards will begin to expire in 2018 and 2014 , respectively, unless previously utilized.

At December 31, 2013 , we also had federal and California research and development tax credit carryforwards of approximately $21.9 million and $10.5 million , respectively. The federal research and development tax credits will begin to expire in 2024 unless previously utilized. The California research and development tax credits will carryforward indefinitely until utilized.

Pursuant to Internal Revenue Code Section 382, the annual use of the net operating loss carryforwards and research and development tax credits could be limited by any greater than 50% ownership change during any three-year testing period. As a result of any such ownership change, portions of our net operating loss carryforwards and research and development tax credits are subject to annual limitations. We recently completed an updated Section 382 analysis regarding the limitation of the net operating losses and research and development credits as of December 31, 2012 . Based upon the analysis, we determined that ownership changes occurred in prior years. However, the annual limitations on net operating loss and research and development tax credit carryforwards will not have a material impact on the future utilization of such carryforwards.

At December 31, 2013 and 2012 , our unrecognized income tax benefits and uncertain tax positions were not material and would not, if recognized, affect the effective tax rate. Interest and/or penalties related to uncertain income tax positions are included by us as a component of income tax expense. For the years ended December 31, 2013, 2012 and 2011 , we recognized no interest or penalties.

We are subject to taxation in the U.S. and in various state jurisdictions. Our tax years for 1998 and forward are subject to examination by the U.S. and California tax authorities due to the carryforward of unutilized net operating losses and research and development credits.

11. Employee Savings Plan

We have an employee savings plan pursuant to Section 401(k) of the Internal Revenue Code. All employees are eligible to participate, provided they meet the requirements of the plan. We are not required to make matching contributions under the plan. However, we voluntarily contributed to the plan approximately $633,000 , $508,000 and $355,000 for the years ended December 31, 2013, 2012 and 2011 , respectively.

12. Related Party Transactions

In June 2011, we and Intrexon entered into the Intrexon Collaboration, under which Intrexon obtained a worldwide exclusive license for the use of rHuPH20 enzyme in the development of a subcutaneous injectable formulation of Intrexon's recombinant human alpha 1-antitrypsin (rHuA1AT). Intrexon's chief executive officer and chairman of its board of directors, Randal J. Kirk, is also a member of our Board of Directors. The collaborative arrangement with Intrexon was reviewed and approved by our Board of Directors in accordance with our related party transaction policy. For the years ended December 31, 2013, 2012 and 2011 , we recognized $1.0 million , $1.0 million and $9.0 million , respectively, in revenue under collaborative agreements pursuant to the terms of the Intrexon Collaboration. See Note 4, *Collaborative Agreements* , for a further discussion of the Intrexon Collaboration.

13. Subsequent Events

On February 10, 2014, we completed an underwritten public offering and issued 8,846,153 shares of common stock, including 1,153,846 shares sold pursuant to the full exercise of an over-allotment option granted to the underwriters. All of the shares were offered at a public offering price of $13.00 per share, generating approximately $107.8 million in proceeds after deducting the underwriting discounts and commissions and estimated expenses.

14. Summary of Unaudited Quarterly Financial Information

The following is a summary of our unaudited quarterly results for the years ended December 31, 2013 and 2012 :

	Quarter Ended			
2013 (Unaudited):	**March 31,**	**June 30,**	**September 30,**	**December 31,**
Total revenues	$ 11,833,540	$ 14,453,810	$ 16,013,164	$ 12,498,933
Gross profit on product sales [1]	$ 769,623	$ 1,815,903	$ 9,342,187	$ 6,266,250
Total operating expenses	$ 30,329,313	$ 36,574,458	$ 34,507,020	$ 33,822,293
Net loss	$ (19,288,369)	$ (22,911,511)	$ (19,292,368)	$ (21,986,303)
Net loss per share, basic and diluted	$ (0.17)	$ (0.20)	$ (0.17)	$ (0.19)
Shares used in computing basic and diluted net loss per share	112,416,792	112,486,211	112,765,155	113,550,229

	Quarter Ended			
2012 (Unaudited):	**March 31,**	**June 30,**	**September 30,**	**December 31,**
Total revenues [2]	$ 7,440,179	$ 7,757,175	$ 5,334,323	$ 21,793,549
Gross profit on product sales	$ 116,650	$ 381,822	$ 488,719	$ 805,851
Total operating expenses	$ 22,580,577	$ 21,805,273	$ 25,364,160	$ 26,200,662
Net loss	$ (15,119,181)	$ (14,021,119)	$ (20,005,846)	$ (4,405,856)
Net loss per share, basic and diluted	$ (0.14)	$ (0.13)	$ (0.18)	$ (0.04)
Shares used in computing basic and diluted net loss per share	107,589,514	112,063,665	112,305,002	112,323,056

(1) Gross profit on product sales for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013 excluded manufacturing costs related to the product sales of bulk rHuPH20 for Herceptin SC and HyQvia in the amounts of $873,000 , $6.5 million and $2.6 million , respectively. Such costs were incurred prior to European marketing approvals for Herceptin SC and HyQvia, and therefore, they were charged to research and development expenses in the periods the costs were incurred.

(2) Revenues for the quarter ended December 31, 2012 included $9.5 million in revenues under collaborative agreements from the Pfizer Collaboration.

HALOZYME THERAPEUTICS, INC.

Schedule II

Valuation and Qualifying Accounts

	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
For the year ended December 31, 2013				
Accounts receivable allowances [1]	$ 178,140	$ 2,979,646	$ (2,547,304)	$ 610,482
For the year ended December 31, 2012				
Accounts receivable allowances [1]	$ 15,429	$ 770,614	$ (607,903)	$ 178,140
For the year ended December 31, 2011				
Accounts receivable allowances [1]	$ —	$ 15,429	$ —	$ 15,429

(1) Allowances are for chargebacks, prompt payment discounts and distribution fees related to *Hylenex* recombinant product sales.

Exhibit Index

Exhibit Number	Exhibit Title	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
2.1	Agreement and Plan of Merger, dated November 14, 2007, by and between the Registrant and the Registrant's predecessor Nevada corporation		8-K	001-32335	11/20/2007
3.1	Composite Certification of Incorporation		10-Q	001-32335	8/7/2013
3.2	Certificate of Designation, Preferences and Rights of the terms of the Series A Preferred Stock		8-K	001-32335	11/20/2007
3.3	Bylaws, as amended		8-K	001-32335	12/12/2011
4.1	Amended Rights Agreement between Corporate Stock Transfer, as rights agent, and Registrant, dated November 12, 2007		10-K	001-32335	3/14/2008
10.1	License Agreement between University of Connecticut and Registrant, dated November 15, 2002		SB-2	333-114776	4/23/2004
10.2	First Amendment to the License Agreement between University of Connecticut and Registrant, dated January 9, 2006		8-K	001-32335	1/12/2006
10.3*	Commercial Supply Agreement with Avid Bioservices, Inc. and Registrant, dated February 16, 2005		8-K	001-32335	2/22/2005
10.4*	First Amendment to the Commercial Supply Agreement between Avid Bioservices, Inc. and Registrant, dated December 15, 2006		8-K	001-32335	12/21/2006
10.5*	Clinical Supply Agreement between Cook Pharmica, LLC and Registrant, dated August 15, 2008		10-Q	001-32335	11/7/2008
10.6#	DeliaTroph Pharmaceuticals, Inc. 2001 Amended and Restated Stock Plan and form of Stock Option Agreements for options assumed thereunder		S-8	333-119969	10/26/2004
10.7#	2004 Stock Plan and Form of Option Agreement thereunder		SB-2	333-114776	7/23/2004
10.8#	Halozyme Therapeutics, Inc. 2005 Outside Directors' Stock Plan		8-K	001-32335	7/6/2005
10.9#	Form of Stock Option Agreement (2005 Outside Directors' Stock Plan)		10-Q	001-32335	8/8/2006
10.10#	Form of Restricted Stock Agreement (2005 Outside Directors' Stock Plan)		10-Q	001-32335	8/8/2006
10.11#	Halozyme Therapeutics, Inc. 2006 Stock Plan		8-K	001-32335	3/24/2006
10.12#	Form of Stock Option Agreement (2006 Stock Plan)		10-Q	001-32335	8/8/2006
10.13#	Form of Restricted Stock Agreement (2006 Stock Plan)		10-Q	001-32335	8/8/2006
10.14#	Halozyme Therapeutics, Inc. 2008 Stock Plan		8-K	001-32335	3/19/2008

Exhibit Number	Exhibit Title	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
10.15#	Form of Stock Option Agreement (2008 Stock Plan)		10-Q	001-32335	8/7/2009
10.16#	Form of Restricted Stock Agreement (2008 Stock Plan)		10-Q	001-32335	8/7/2009
10.17#	Halozyme Therapeutics, Inc. 2008 Outside Directors' Stock Plan		8-K	001-32335	3/19/2008
10.18#	Form of Restricted Stock Agreement (2008 Outside Directors' Stock Plan)		10-Q	001-32335	8/7/2009
10.19#	Halozyme Therapeutics, Inc. Amended and Restated 2011 Stock Plan		DEF14A	001-32335	4/11/2013
10.20#	Form of Stock Option Agreement (2011 Stock Plan)		8-K	001-32335	6/16/2011
10.21#	Form of Stock Option Agreement for Executive Officers (2011 Stock Plan)		8-K	001-32335	6/16/2011
10.22#	Form of Restricted Stock Units Agreement (2011 Stock Plan)		8-K	001-32335	6/16/2011
10.23#	Form of Restricted Stock Award Agreement (2011 Stock Plan)		8-K	001-32335	6/16/2011
10.24#	Form of Indemnity Agreement for Directors and Executive Officers		8-K	001-32335	12/20/2007
10.25#	Severance Policy		10-Q	001-32335	5/9/2008
10.26#	Form of Change In Control Agreement with CEO	X			
10.27#	Form of Amended and Restated Change In Control Agreement with Officer		10-K	001-32335	2/28/2013
10.28*	Enhanze Technology License and Collaboration Agreement between Baxter Healthcare Corporation, Baxter Healthcare S.A. and Registrant, dated September 7, 2007		8-K	001-32335	9/12/2007
10.29*	License and Collaboration Agreement between F. Hoffmann-La Roche Ltd, Hoffmann-La Roche Inc. and Registrant dated December 5, 2006		8-K/A	001-32335	12/15/2006
10.30	Sublease Agreement (11404 Sorrento Valley Road), effective as of July 2, 2007		8-K	001-32335	7/31/2007
10.31	Standard Industrial Net Lease (11388 Sorrento Valley Road), effective as of July 26, 2007		8-K	001-32335	7/31/2007
10.32	Amended and Restated Lease (11388 Sorrento Valley Road), effective as of June 10, 2011		8-K	001-32335	6/16/2011
10.33	Lease (11404 and 11408 Sorrento Valley Road), effective as of June 10, 2011		8-K	001-32335	6/16/2011

10.34	Lease (11436 Sorrento Valley Road), effective as of April 2013	10-K	001-32335	2/28/2013

Exhibit Number	Exhibit Title	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
10.35	First modification to Lease (11436 Sorrento Valley Road)		10-Q	001-32335	5/8/2013
10.36	Loan and Security Agreement and Disbursement Letter, dated December 28, 2012		10-K	001-32335	2/28/2013
10.37	First Amendment to Loan and Security Agreement and Disbursement Letter, dated February 5, 2013		10-K	001-32335	2/28/2013
10.38	Amended and Restated Loan and Security Agreement, dated December 27, 2013	X			
21.1	Subsidiaries of Registrant	X			
23.1	Consent of Independent Registered Public Accounting Firm	X			
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended	X			
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended	X			
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	XBRL Taxonomy Presentation Linkbase	X			

* Confidential treatment has been requested for certain portions of this exhibit. These portions have been omitted from this agreement and have been filed separately with the Securities and Exchange Commission.

\# Indicates management contract or compensatory plan or arrangement.

FORM CEO CHANGE IN CONTROL AGREEMENT

This agreement is dated _____ and is by and between HALOZYME THERAPEUTICS, INC., a Delaware corporation (the " Company ," " us ," " we " or " our "), and [_____] (" you " or " your ").

WHEREAS, the Board of Directors of the Company (the " Board ") considers it essential to foster the continued employment of key executives and believes it is in the best interests of the Company and its stockholders to have your continued dedication, notwithstanding the possibility, threat, or occurrence of a Change in Control of the Company (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants contained in this agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. " At Will" Employment . You agree that you will continue to be an "at will" employee, as defined under applicable law, of the Company's operating subsidiary, Halozyme, Inc. As such, your employment may be terminated at any time for any or no reason without liability, except as otherwise provided in this agreement or any other employee benefit plan in which you participate immediately before your termination of employment. Nothing in this agreement confers on you any right to continued employment or restricts our right to terminate your employment at any time for any or no reason.

2. Change in Control Termination .

(a) Payments and Benefits . If we terminate your employment without Cause, or if you resign for Good Reason, on or within 12 months after a Change in Control (as each capitalized term is defined below), we shall provide you the following:

(i) Your annual base salary earned through the date of termination and any vested accrued benefits, to the extent not previously paid or deferred under a tax-qualified or nonqualified deferred compensation arrangement, to be paid in a lump sum within the time periods mandated by applicable law after your termination of employment (" Accrued Obligations ");

(ii) Subject to Section 2(b) below, an amount equal to 2 times your then-current annual base salary (as determined without regard to any diminution thereof that gave rise to Good Reason), to be paid in a lump sum no later than sixty (60) days after your termination of employment;

(iii) Subject to Section 2(b) below, we shall continue to provide you (and, if applicable, your spouse and eligible dependents), at the Company's expense, with substantially similar coverage under our group health plans, in which you (or they) participated immediately before your termination of employment, for a period of 18 months after your termination of employment; on the condition that this continued coverage will cease if, before the end of the 18-month period, you become eligible to participate in another employer-provided group health plan providing substantially similar coverage; and

(iv) Subject to Section 2(b) below, we shall cause 100% of all equity awards granted to you on or after March 13, 2008 to become fully vested and nonforfeitable upon your termination of employment and otherwise exercisable in accordance

with the terms of the applicable equity plan and award agreement pursuant to which such awards were granted; except to the extent that this acceleration of vesting would disqualify a payment intended to qualify as "performance-based compensation" (as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended and any regulations and Treasury guidance promulgated thereunder (the " Code ")) from being so qualified.

(v) Notwithstanding anything to the contrary in this agreement, if we terminate your employment without Cause, or if you resign for Good Reason, before a Change in Control, and if you reasonably demonstrate that your termination of employment *(A)* was at the request of a third party who has taken steps reasonably calculated to effect the Change in Control or *(B)* otherwise arose in connection with or anticipation of the Change in Control, then for purposes of this Section 2(a), your termination of employment will be deemed to have occurred on the Change in Control.

(b) Release . You agree that any payment or benefit provided under this agreement pursuant to Section 2(a)(ii), (iii) and (iv) hereof and not otherwise required by law is conditioned upon your execution and delivery to us (and non-revocation) of a general release of claims, in form and substance acceptable to us, within sixty (60) days following the date of your termination of employment. No payment or benefit not otherwise required by law will be paid before the general release of claims becomes effective upon the expiration of any applicable revocation period; provided, that, to the extent the sixty (60) day period spans two (2) taxable years, the payments and benefits provided under this agreement pursuant to Section 2(a)(ii), (iii) and (iv) hereof shall be paid in the later taxable year. If you do not execute the general release of claims and such release does not become irrevocable within the specified period you will automatically forfeit any right to receive the payments and benefits provided under this agreement pursuant to Section 2(a)(ii), (iii) and (iv) hereof.

(c) Cause . "Cause" means, solely for purposes of this agreement as determined in good faith by the Board, which determination will be conclusive, your:

(i) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude;

(ii) fraud with respect to, or misappropriation of, any funds or property of the Company, or any subsidiary, customer, or vendor;

(iii) personal dishonesty, willful violation of any law, rule, or regulation (other than minor traffic violations or similar offenses), or breach of fiduciary duty that involves personal profit;

(iv) willful misconduct in connection with your duties;

(v) illegal use or distribution of drugs;

(vi) violation of any material written rule, regulation, procedure, or policy of the Company applicable to you that could reasonably be expected to result in demonstrable harm to the Company, as determined by the Board in good faith; or

(vii) material breach of any provision of any employment, nondisclosure, nonsolicitation, or other similar material agreement executed by you for the benefit of the Company that could reasonably be expected to result in demonstrable harm to the Company, as determined by the Board in good faith.

(d) Change in Control . A Change in Control shall be deemed to have occurred if any of the following shall have occurred:

(i) any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either (A) the then-outstanding shares of common stock of the Company (the " ***Outstanding Company Common Stock*** ") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the " ***Outstanding Company Voting Securities*** "); provided , however , that, for purposes of this definition of Change in Control, the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its affiliates or (4) any acquisition pursuant to a transaction that complies with clauses (iii)(A), (iii)(B) and (iii)(C) of this definition of Change in Control;

(ii) individuals who, as of the date hereof, constitute the Board (the " ***Incumbent Board*** ") cease for any reason to constitute at least a majority of the Board; provided , however , that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a " ***Business Combination*** "), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, at least fifty percent (50%) of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, fifty percent (50%) or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such

Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

In construing this definition of Change in Control, a "Person" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than employee benefit plans sponsored or maintained by the Company and by entities controlled by the Company or an underwriter of the stock of the Company in a registered public offering.

(e) Good Reason. "Good Reason" means, solely for purposes of this agreement, without your consent, any of the following conditions:

(i) a material diminution in your annual base salary;

(ii) a material diminution in your title, position, duties, or responsibilities, or the assignment to you of duties that are materially inconsistent with the scope of duties and responsibilities associated with your position immediately before the Change in Control;

(iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom you are required to report;

(iv) a material diminution in the budget over which you retain authority;

(v) any requirement by the Company that you physically relocate from your current work location to another work location 30 or more miles away; or

(vi) any other action or inaction that constitutes a material breach by us of our obligations under this agreement;

so long as you notify us no later than 90 days after the existence of any of these conditions and we fail to cure the condition within 30 days after receipt of the notice. Notwithstanding the foregoing, no Good Reason exists unless your termination of employment occurs no later than one year after the initial existence of any condition listed in this Section 2(e).

3. Death; Disability. If your employment terminates by reason of death or "disability" (as defined under the Company's long-term disability plan then in effect) within 12 months after a Change in Control or otherwise, we shall have no obligation to you or your legal representatives under this agreement, except for *(a)* payment of Accrued Obligations (which we shall pay to you or your estate or beneficiary, as applicable, within the time period mandated by applicable law after you die or become disabled); and *(b)* continuation coverage required under Code Section 4980B or analogous state continuation coverage laws.

4. Exclusivity of Payments and Benefits. This agreement supersedes all prior agreements you may have with us regarding compensation or benefits that may become payable in connection with a change in control of the Company (whether or not the change in control constitutes a Change in Control), including any provision contained in any employment agreement, offer letter, or change-in-control agreement. You acknowledge and agree that any payments received pursuant to this agreement shall be in lieu of any payments the Company would

otherwise make to you under the Company's general severance policy, as such policy may be revised, amended or administered from time to time. Except as otherwise provided in this Section 4, nothing in this agreement will prevent or limit your continuing or future participation in any Company plan, policy, or practice for which you may qualify.

5. Limitation on Payments and Benefits .

(a) Tax Liability . You shall bear all expense of, and be solely responsible for, all federal, state, local, or non-U.S. taxes due with respect to any payment received under this agreement, including, without limitation, any excise tax imposed by Code Section 4999.

(b) Modified Cut-Back Rule . Notwithstanding anything to the contrary in this agreement, if any payment or benefit to be paid under this agreement (" Contract Payments "), together with any other payment or benefit that you have the right, in connection with a Change in Control or the termination of your employment, to receive from us or from any entity that is a member of an "affiliated group" (as defined under Code Section 1504(a) without regard to Code Section 1504(b)) of which we are a member, including, without limitation, any restricted stock, stock option, or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (collectively with the Contract Payments, the " Total Payments "), constitutes an "excess parachute payment" (as defined under Code Section 280G(b)), the Total Payments will be reduced to the extent necessary to prevent any portion of the Total Payments from becoming nondeductible by the Company under Code Section 280G or subject to the excise tax imposed under Code Section 4999 but only if, by reason of such reduction, the net after-tax benefit received by you will exceed the net after-tax benefit that you would receive if no such reduction was made. For this purpose, "net after-tax benefit" means *(i)* the total of all payments and the value of all benefits which you receive or are then entitled to receive from the Company that would constitute "excess parachute payments" within the meaning of Code Section 280G, less *(ii)* the amount of all federal, state, and local income taxes payable with respect to the foregoing calculated at the maximum marginal income tax rate for each year in which the foregoing shall be paid to you (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less *(iii)* the amount of excise taxes imposed with respect to the payments and benefits described in clause (i) above by Code Section 4999 (or any successor provision thereto), and any similar tax imposed by state or local law, and any interest or penalties with respect to such excise tax.

(c) Determination Process . The determination of whether it is necessary to decrease the Total Payments pursuant to Section 5(b) hereof must be made in good faith by a nationally recognized accounting firm (the " Accounting Firm ") selected by the Company. This determination, together with supporting calculations and documentation, will be provided to the Company and you within forty-five (45) days after your final day of employment, and will be conclusive and binding upon you and the Company, absent manifest error. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group effecting the Change in Control, we shall appoint another nationally recognized accounting firm to make the determination required under this agreement (in which case, that accounting firm will be referred to as the "Accounting Firm" under this agreement). We shall bear all fees of the Accounting Firm. If a reduction in the Total Payments is necessary, reduction shall occur in the following order: (A) by first reducing or eliminating the portion of the Total Payments which are not payable in cash and are not attributable to equity awards (other than that portion of the Total Payments subject to clause (C) hereof), (B) then by reducing or eliminating cash payments (other than that portion of the Total Payments subject to clause (C) hereof), (C) then by reducing or eliminating the portion of the Payments which are not payable in cash and are attributable to equity awards, and (D) then by reducing or eliminating the portion of the Payments (whether payable in cash or not payable in cash) to which Treasury Regulation § 1.280G-1 Q/A 24(c) (or successor thereto) applies, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time.

6. Section 409A Compliance .

(a) This agreement is intended to comply with, or otherwise be exempt from, Code Section 409A.

(b) We shall undertake to administer, interpret, and construe this agreement in a manner that does not result in the imposition on you of any additional tax, penalty, or interest under Code Section 409A.

(c) If the Company determines in good faith that any provision of this agreement would cause you to incur an additional tax, penalty, or interest under Code Section 409A, the Company and you shall use reasonable efforts to reform such provision, if possible, in a mutually agreeable fashion to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Code Section 409A or causing the imposition of such additional tax, penalty, or interest under Code Section 409A.

(d) The preceding provisions, however, will not be construed as a guarantee by the Company of any particular tax effect to you under this agreement. We shall not be liable to you for any payment or benefit paid under this agreement that is determined to result in an additional tax, penalty, or interest under Code Section 409A, nor for reporting in good faith any payment or benefit made under this agreement as an amount includible in gross income under Code Section 409A.

(e) Any reimbursement of expenses of or any provision of in-kind benefits to you, as specified under this agreement, is subject to the following conditions: *(i)* the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year do not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Code Section 105(b); *(ii)* we shall reimburse an eligible expense no later than the end of the year after the year in which you incurred the expense; and *(iii)* the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(f) "Termination of employment," "resignation," or words of similar import, as used in this agreement means your "separation from service" (as defined under Code Section 409A) for purposes of any payment or benefit under this agreement that is a payment of deferred compensation subject to Code Section 409A.

(g) If a payment obligation under this agreement arises on account your separation from service while you are a "specified employee" (as defined under Code Section 409A and determined in good faith by the Board), any payment of "deferred compensation" (as defined under Treasury regulation Section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury regulation Sections 1.409A-1(b)(3) through (b)(12)) that is scheduled to be paid within 6 months after your separation from service will accrue without interest and will be paid within 15 days after the end of the 6-month period beginning on the date of your separation from service or, if earlier, within 15 days after the appointment of the personal representative or executor of your estate following your death.

(h) Whenever a payment under this agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the Termination Date"), the actual date of payment within the specified period shall be within the sole discretion of the Company. If under this agreement, an amount is paid in two or more installments, each installment shall be treated as a separate payment.

7. Successors . This agreement is personal to you and may not be assigned other than by will or the laws of descent and distribution without our prior written consent. This agreement inures to the benefit of and is enforceable by your representatives. Likewise, this agreement inures to the benefit of and is binding upon the Company and its successors and assigns. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and agree to perform this agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in this agreement, the term "Company" shall mean both the Company as defined above and any such successor.

8. Notices . All notices and other communications hereunder must be in writing and must be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the employee:
To the Company's address of record for the employee.

If to the Company:
Halozyme Therapeutics, Inc.
Attention: Chief Financial Officer/Chair of Compensation Committee
11388 Sorrento Valley Road
San Diego, California 92121

or to any other address as either party shall have furnished to the other in writing in accordance with this Section 8. Notice is effective when actually received by the addressee.

9. Severability . The invalidity or unenforceability of any provision of this agreement will not affect the validity or enforceability of any other provision of this agreement.

10. Withholding . We may withhold from any amount payable under this agreement federal, state, local, or non-U.S. taxes required to be withheld under applicable law.

11. Amendment; Waiver . No provision of this agreement may be modified, waived, or discharged except by a writing signed by both parties. The failure of either party to insist upon strict compliance with any provision of this agreement or assert any right either party may have hereunder does not constitute a waiver of the provision or right under this agreement.

12. Applicable Law . This agreement is governed by the laws of the State of California, without reference to principles of conflict of laws, as these laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

13. Counterparts . This agreement may be executed in two or more counterparts and via facsimile, each being an original and all of which, when taken together, is deemed one instrument.

14. Termination . This agreement shall terminate on the earliest of:

(a) the date your employment terminates, if your employment is terminated or you resign (i) prior to a Change in Control, or (ii) on or after a Change in Control, other than by the Company without Cause or due to your resignation for Good Reason;

(b) at the end of the 12 month period after a Change in Control, unless your employment has been terminated within such 12 month period by the Company without Cause or due to your resignation for Good Reason; or

(c) upon satisfaction of all of the Company's obligations under this agreement, if your employment has been terminated within the 12 month period after a Change in Control by the Company without Cause or due to your resignation for Good Reason.

[*Signature page follows*]

The parties are signing this Change in Control Agreement on the date stated in the introductory clause.

HALOZYME THERAPEUTICS, INC.

By: _____
Name:
Title:

EMPLOYEE

_____

[CEO]

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EXHIBIT 10.38

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (as the same may from time to time be amended, modified, supplemented or restated, this " **Agreement** ") dated as of December 27, 2013 (the " **Effective Date** ") among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 (" **Oxford** "), as collateral agent (in such capacity, " **Collateral Agent** "), the Lenders listed on Schedule 1.1 hereof or otherwise a party hereto from time to time including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 (" **Bank** " or " **SVB** ") (each a " **Lender** " and collectively, the " **Lenders** "), and HALOZYME THERAPEUTICS, INC. a Delaware corporation (" **Parent** ") and HALOZYME, INC., a California corporation (" **Halozyme** "; Halozyme and Parent are individually and collectively, jointly and severally, " **Borrower** "), both with offices located at 11388 Sorrento Valley Road, San Diego, CA 92121, amends and restates in its entirety that certain Loan and Security Agreement dated as of December 28, 2012 by and among Collateral Agent, Oxford, in its capacity as a Lender, SVB, and other lenders party thereto from time to time and Borrower (the " **Original Agreement** ") and provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders. The parties agree as follows:

1. ACCOUNTING AND OTHER TERMS

1.1 Accounting terms not defined in this Agreement shall be construed in accordance with GAAP. Calculations and determinations must be made in accordance with GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. All references to " **Dollars** " or " **$** " are United States Dollars, unless otherwise noted.

2. LOANS AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay each Lender, the outstanding principal amount of all Term Loans advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 Term Loans.

(a) Availability .

(i) Subject to the terms and conditions of the Original Agreement, the Lenders, severally and not jointly, loaned to Borrower on the Effective Date (as defined in the Original Agreement) an advance according to each Original Lender's Term Loan Commitment (as defined in the Original Agreement) as set forth on Schedule 1.1 of the Original Agreement (such term loans referred to each individually as an " **Original Term Loan** " and collectively as " **Original Term Loans** ") in the aggregate principal amount of Thirty Million Dollars ($30,000,000), the aggregate outstanding amount of which shall, as of the Effective Date, be governed by the terms and provisions of this Agreement. After repayment, no Original Term Loans may be re-borrowed.

(ii) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to lend to Borrower on the Effective Date, term loans as follows:

(A) SVB shall make a term loan to Borrower in the amount of Nine Million Dollars ($9,000,000.00) (the " **SVB Pay Off Term Loan** "), the proceeds of which will be used to repay all Obligations owing from Borrower to SVB in respect of the Original Term Loan made by SVB under the Original Agreement in an amount equal to the unpaid principal balance of such Original Term Loan which remains outstanding as of the Effective Date;

(B) SVB shall make a term loan to Borrower in the amount of One Million Dollars ($1,000,000.00) (the " **SVB New Money Term Loan** " and together with the SVB Pay Off Term Loan, the " **SVB Term Loan** ");

(C) Oxford shall make a term loan to Borrower in the amount of Nineteen Million Dollars ($19,000,000.00) (the " **Oxford New Money Term Loan** " and together with the Oxford Original Term Loan, collectively, the " **Oxford Term Loan** "; the Oxford Term Loan, together with the SVB Term Loan, each a " **Term Loan** " and collectively, the " **Term Loans** "). When repaid, the Term Loans may not be re-borrowed.

(b) Repayment . From and after the Effective Date, Borrower shall make monthly payments of interest only commencing on the first (1 st) Payment Date following the Effective Date, in respect of the aggregate amount of Term Loans outstanding on the Effective Date (for the avoidance of doubt, such amount shall include the amount of the Oxford Original Term Loan outstanding on the Effective Date), and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on the Effective Date, any initial partial monthly interest payment otherwise due for the period between the Funding Date of the Term Loans and the first Payment Date thereof. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender's Term Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule equal to thirty-six (36) months. All unpaid principal and accrued and unpaid interest with respect to the Term Loans is due and payable in full on the Maturity Date. The Term Loans may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

(c) Mandatory Prepayments . If the Term Loans are accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (ii) the Final Payment, (iii) the Prepayment Fee, plus (iv) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts. Notwithstanding (but without duplication with) the foregoing, on the Maturity Date, if the Final Payment had not previously been paid in full in connection with the prepayment of the Term Loans in full, Borrower shall pay to Collateral Agent, for payment to each Lender in accordance with its respective Pro Rata Share, the Final Payment in respect of the Term Loan(s) (which, for the avoidance of doubt, shall be in addition to the Existing Final Payment set forth in Section 2.5(b)).

(d) Permitted Prepayment of Term Loans . Borrower shall have the option to prepay all, but not less than all, of the Term Loans advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least ten (10) days prior to such prepayment, and (ii) pays to the Lenders on the date of such prepayment, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of (A) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (B) the Final Payment, (C) the Prepayment Fee, plus (D) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts.

2.3 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.3(b), the principal amount outstanding under the Term Loans shall accrue interest at a fixed per annum rate (which rate shall be fixed for the duration of each Term Loan) equal to seven and fifty-five-hundredths percent (7.55%), which interest shall be payable monthly in arrears in accordance with Sections 2.2(b) and 2.3(e). Interest shall accrue on each Term Loan commencing on, and including, the Funding Date of such Term Loan, and shall accrue on the principal amount outstanding under such Term Loan through and including the day on which such Term Loan is paid in full.

(b) Default Rate . Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto

plus five percentage points (5.00%) (the " **Default Rate** "). Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Lenders' Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

(c) 360−Day Year . Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days.

(d) Debit of Accounts . Collateral Agent and each Lender may debit (or ACH) any deposit accounts, maintained by Borrower or any of its Subsidiaries, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes the Lenders under the Loan Documents when due. Any such debits (or ACH activity) shall not constitute a set−off.

(e) Payments . Except as otherwise expressly provided herein, all payments by Borrower under the Loan Documents shall be made to the respective Lender to which such payments are owed, at such Lender's office in immediately available funds on the date specified herein. Unless otherwise provided, interest is payable monthly on the Payment Date of each month. Payments of principal and/or interest received after 12:00 noon Eastern time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments to be made by Borrower hereunder or under any other Loan Document, including payments of principal and interest, and all fees, expenses, indemnities and reimbursements, shall be made without set−off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds.

2.4 Secured Promissory Notes. Each Term Loan shall be evidenced by a Secured Promissory Note or Notes either previously issued under the Original Agreement or in the form attached as Exhibit D hereto (each a " **Secured Promissory Note** "), and shall be repayable as set forth in this Agreement. At any Lender's request, in its sole discretion, Borrower shall issue new or replacement Notes to such Lender in lieu of those outstanding as of the Effective Date (provided that any such Lender shall return any existing Notes being so replaced promptly after receipt of such new or replacement Notes). Borrower irrevocably authorizes each Lender to make or cause to be made, on or about the Funding Date of any Term Loan or at the time of receipt of any payment of principal on such Lender's Secured Promissory Note, an appropriate notation on such Lender's Secured Promissory Note Record reflecting the making of such Term Loan or (as the case may be) the receipt of such payment. The outstanding amount of each Term Loan set forth on such Lender's Secured Promissory Note Record shall be prima facie evidence (absent manifest error) of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on such Lender's Secured Promissory Note Record shall not limit or otherwise affect the obligations of Borrower under any Secured Promissory Note or any other Loan Document to make payments of principal of or interest on any Secured Promissory Note when due. Upon receipt of an affidavit of an officer of a Lender as to the loss, theft, destruction, or mutilation of its Secured Promissory Note, Borrower shall issue, in lieu thereof, a replacement Secured Promissory Note in the same principal amount thereof and of like tenor.

2.5 Fees. Borrower shall pay to Collateral Agent:

(a) Final Payment . The Final Payment, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares;

(b) Existing Final Payment . On the Effective Date, Lenders shall receive their respective Pro Rata Shares (for this purpose, as defined under the Original Agreement) owing by Borrower for the accrued portion of the Final Payment (for this purpose, as defined under the Original Agreement) in the aggregate amount of Eight Hundred Seventeen Thousand One Hundred Four and 91/100 Dollars ($817,104.91) (the " **Existing Final Payment** "). Notwithstanding anything to the contrary in the Original Agreement or any other Loan Document, the Lenders agree that other than the Existing Final Payment, Borrower shall have no further obligation with respect to the "Final Payment" (as defined in the Original Agreement). For the avoidance of doubt, (a) Oxford's portion of the Existing Final Payment is Five Hundred Fifty-Six Thousand Five Hundred Ninety-Four and 38/100 Dollars ($556,594.38), and

(b) SVB's portion of the Existing Final Payment is Two Hundred Sixty Thousand Five Hundred Ten and 53/100 Dollars ($260,510.53);

(c) Prepayment Fee . The Prepayment Fee, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares. Notwithstanding anything to the contrary in the Original Agreement or any other Loan Document, the Lenders agree that the Borrower shall have no obligation with respect to the "Prepayment Fee" (as defined in the Original Agreement);

(d) Lenders' Expenses . All Lenders' Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement, but excluding attorneys' fees and expenses for the unsigned consent and amendment documentation in connection with the creation of Halozyme's Subsidiary located in Bermuda) incurred through and after the Effective Date, when due.

(d) Fees Fully Earned . Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Collateral Agent or Lenders pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Lenders' obligation to make loans and advances hereunder. Collateral Agent and each Lender may deduct amounts owing by Borrower under the clauses of this Section 2.5 pursuant to the terms of Section 2.3(d).

2.6 Withholding. Payments received by the Lenders from Borrower hereunder will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any governmental authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to the Lenders, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, each Lender receives a net sum equal to the sum which it would have received had no withholding or deduction been required and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish the Lenders with proof reasonably satisfactory to the Lenders indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Each Lender's obligation to make a Term Loan on the Effective Date is subject to the condition precedent that Collateral Agent and each Lender shall consent to or shall have received, in form and substance satisfactory to Collateral Agent and each Lender, the following documents, and completion of the following matters:

(e) duly executed original signatures to this Agreement;

(f) duly executed original Control Agreements, each duly executed by each Borrower, as applicable, with respect to any Collateral Accounts maintained by Borrower;

(g) duly executed original Secured Promissory Notes in favor of each Lender according to its Commitment Percentage;

(h) the Operating Documents and good standing certificates of each Borrower certified by the Secretary of State (or equivalent agency) of such Borrower's jurisdiction of organization or formation and each jurisdiction in which each Borrower is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date **;**

(i) a completed Perfection Certificate for each Borrower;

(j) the Annual Projections, for the current calendar year;

(k) duly executed original officer's certificate for each Borrower, in the form attached hereto as Exhibit E ;

(l) certified copies, dated as of date no earlier than thirty (30) days prior to the Effective Date, of financing statement searches, as Collateral Agent shall request, accompanied by written evidence (including any UCC termination statements) that the active Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(m) a landlord's consent executed in favor of Collateral Agent in respect of all of Borrower's leased locations;

(n) a bailee waiver executed in favor of Collateral Agent in respect of each third party bailee where Borrower maintains Collateral having a book value in excess of Two Hundred Fifty Thousand Dollars ($250,000.00);

(o) a duly executed legal opinion of counsel to Borrower dated as of the Effective Date;

(p) evidence satisfactory to Collateral Agent and the Lenders that the insurance policies required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Collateral Agent, for the ratable benefit of the Lenders;

(q) payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof;

(r) receipt by (i) the Lenders of an executed Disbursement Letter in the form of Exhibit B-1 attached hereto; and (ii) SVB of an executed Loan Payment/Advance Request Form in the form of Exhibit B-2 attached hereto; and

(s) the representations and warranties in Section 5 hereof shall be true, accurate and complete in all material respects on the date of the Disbursement Letter (and the Loan Payment/Advance Request Form) and on the Funding Date of the Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension.

3.2 Covenant to Deliver. Borrower agrees to deliver to Collateral Agent and the Lenders each item required to be delivered to Collateral Agent under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Collateral Agent or any Lender of any such item shall not constitute a waiver by Collateral Agent or any Lender of Borrower's obligation to deliver such item, and any such Credit Extension in the absence of a required item shall be made in each Lender's sole discretion.

3.3 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan set forth in this Agreement, to obtain a Term Loan, Borrower shall notify the Lenders (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 noon Eastern time one (1) Business Day prior to the date the Term Loan is to be made. Together with any such electronic, facsimile or telephonic notification, Borrower shall deliver to the Lenders by electronic mail or facsimile a completed Disbursement Letter (and the Loan Payment/Advance Request Form, with respect to SVB) executed by a Responsible Officer or his or her designee. The Lenders may rely on any telephone notice given by a person whom a Lender reasonably believes is a Responsible Officer or designee. On the Funding Date, each Lender shall credit and/or transfer (as applicable) to the Designated Deposit Account, an amount equal to its Term Loan Commitment.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject in priority only to the Liens described in clauses (c), (h), (j) and (k) of the definition of Permitted Liens. If Borrower shall acquire a commercial tort claim (as defined in the Code) with a potential value in excess of Two Hundred Fifty Thousand Dollars ($250,000.00), Borrower, shall promptly notify Collateral Agent in a writing signed by Borrower, as the case may be, of the general details thereof (and further details as may be reasonably required by Collateral Agent) and grant to Collateral Agent, for the ratable benefit of the Lenders, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that may have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to make Credit Extensions has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then one hundred five percent (105.00%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then one hundred ten percent (110.00%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Authorization to File Financing Statements. Borrower hereby authorizes Collateral Agent to file financing statements or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights under the Loan Documents, including a notice that any disposition of the Collateral, except to the extent permitted by the terms of this Agreement, by Borrower, or any other Person, shall be deemed to violate the rights of Collateral Agent under the Code.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Collateral Agent and the Lenders as follows at all times:

5.1 Due Organization, Authorization: Power and Authority. Borrower and each of its Subsidiaries is duly existing and in good standing as a Registered Organization in its jurisdictions of organization or formation and Borrower and each of its Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. In connection with this Agreement, Borrower and each of its Subsidiaries has delivered to Collateral Agent a completed perfection certificate signed by an officer of Borrower or such Subsidiary (each a " **Perfection Certificate** " and collectively, the " **Perfection Certificates** "). Borrower represents and warrants that (a) Borrower and each of its Subsidiaries' exact legal name is that which is

indicated on its respective Perfection Certificate and on the signature page of each Loan Document to which it is a party; (b) Borrower and each of its Subsidiaries is an organization of the type and is organized in the jurisdiction set forth on its respective Perfection Certificate; (c) each Perfection Certificate accurately sets forth each of Borrower's and its Subsidiaries' organizational identification number or accurately states that Borrower or such Subsidiary has none; (d) each Perfection Certificate accurately sets forth Borrower's and each of its Subsidiaries' place of business, or, if more than one, its chief executive office as well as Borrower's and each of its Subsidiaries' mailing address (if different than its chief executive office); (e) Borrower and each of its Subsidiaries (and each of its respective predecessors) have not, in the past five (5) years, changed its jurisdiction of organization, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificates pertaining to Borrower and each of its Subsidiaries, is accurate and complete in all material respects (it being understood and agreed that Borrower and each of its Subsidiaries may from time to time update certain information in the Perfection Certificates (including the information set forth in clause (d) above) after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower or any of its Subsidiaries is not now a Registered Organization but later becomes one, Borrower shall notify Collateral Agent of such occurrence and provide Collateral Agent with such Person's organizational identification number within five (5) Business Days of receiving such organizational identification number.

The execution, delivery and performance by Borrower and each of its Subsidiaries of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's or such Subsidiaries' organizational documents, including its respective Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law applicable thereto, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or such Subsidiary, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect) or are being obtained pursuant to Section 6.1(b), or (v) constitute an event of default under any material agreement by which Borrower or any of such Subsidiaries, or their respective properties, is bound. Neither Borrower nor any of its Subsidiaries is in default under any agreement to which it is a party or by which it or any of its assets is bound in which such default could reasonably be expected to have a Material Adverse Change.

5.2 Collateral.

(e) Borrower and each its Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any Deposit Accounts, Securities Accounts, Commodity Accounts or other investment accounts other than the Collateral Accounts or the other investment accounts, if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith with respect of which Borrower or such Subsidiary has given Collateral Agent notice and taken such actions as are necessary to give Collateral Agent a perfected security interest therein to the extent required under Section 6.6. The Accounts are bona fide, existing obligations of the Account Debtors.

(f) On the Effective Date, and except as disclosed on the Perfection Certificate (i) the Collateral is not in the possession of any third party bailee (such as a warehouse), and (ii) no such third party bailee possesses components of the Collateral in excess of Two Hundred Fifty Thousand Dollars ($250,000.00). None of the components of the Collateral shall be maintained at locations other than as disclosed in the Perfection Certificates on the Effective Date or as permitted pursuant to Section 6.11.

(g) All Inventory is in all material respects of good and marketable quality, free from material defects.

(h) Borrower and each of its Subsidiaries is the sole owner of the Intellectual Property each respectively purports to own, free and clear of all Liens other than Permitted Liens. (i) Each of Borrower's and its Subsidiaries' Patents is valid and enforceable and no part of Borrower's or its Subsidiaries' Intellectual Property has been judged invalid or unenforceable, in whole or in part, and (ii) to the best of Borrower's knowledge, no claim has

been made in writing that any part of the Intellectual Property or any practice by Borrower or its Subsidiaries violates the rights of any third party except to the extent such claim could not reasonably be expected to have a Material Adverse Change. Except as noted on the Perfection Certificates, neither Borrower nor any of its Subsidiaries is a party to, nor is bound by, any material license or other material agreement constituting Collateral with respect to which Borrower or such Subsidiary is the licensee that (i) prohibits or otherwise restricts Borrower or its Subsidiaries from granting a security interest in Borrower's or such Subsidiaries' interest in such material license or material agreement or any other property, or (ii) for which a default under or termination of could interfere in any material respect with Collateral Agent's or any Lender's right to sell any Collateral.

5.3 Litigation. Except as disclosed (i) on the Perfection Certificates, or (ii) in accordance with Section 6.9 hereof, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than Two Hundred Fifty Thousand Dollars ($250,000.00).

5.4 No Material Deterioration in Financial Condition; Financial Statements. All consolidated financial statements for Borrower and its Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, in all material respects the consolidated financial condition of Borrower and its Subsidiaries, and the consolidated results of operations of Borrower and its Subsidiaries. There has not been any material deterioration in the consolidated financial condition of Borrower and its Subsidiaries since the date of the most recent financial statements submitted to any Lender.

5.5 Solvency. Borrower, together with its Subsidiaries on a consolidated basis, is Solvent.

5.6 Regulatory Compliance. Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Change. Neither Borrower's nor any of its Subsidiaries' properties or assets has been used by Borrower or such Subsidiary or, to Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

None of Borrower, any of its Subsidiaries, or any of Borrower's or its Subsidiaries' Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti−Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti−Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or to the knowledge of Borrower and any of their Affiliates or agents, acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti−Terrorism Law.

5.7 Investments. Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower and each of its Subsidiaries, has timely paid all foreign,

federal, state, and local taxes, assessments, deposits and contributions owed by Borrower and such Subsidiaries, in all jurisdictions in which Borrower or any such Subsidiary is subject to taxes, including the United States, unless (i) such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Ten Thousand Dollars ($10,000), or (ii) such taxes are being contested in accordance with the following sentence. Borrower and each of its Subsidiaries, may defer payment of any contested taxes, provided that Borrower or such Subsidiary, (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) in the case of taxes, assessment, deposit and contributions exceeding the amount permitted under clause (i) above, notifies Collateral Agent in writing of the commencement of, and any material development in, the proceedings, and (c) posts bonds or takes any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a " **Permitted Lien** ." Neither Borrower nor any of its Subsidiaries is aware of any claims or adjustments proposed for any of Borrower's or such Subsidiaries', prior tax years which could result in additional taxes becoming due and payable by Borrower or its Subsidiaries. Borrower and each of its Subsidiaries have paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and neither Borrower nor any of its Subsidiaries have, withdrawn from participation in, and have not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower or its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower or any of its Subsidiaries in any certificate or written statement given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender and in light of the circumstances in which made, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that any projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

6. AFFIRMATIVE COVENANTS

Borrower shall, and shall cause each of its Subsidiaries to, do all of the following:

6.1 Government Compliance.

(i) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. Comply with all laws, ordinances and regulations to which Borrower or any of its Subsidiaries is subject, the noncompliance with which could reasonably be expected to have a Material Adverse Change.

(j) Obtain and keep in full force and effect, all of the Governmental Approvals necessary for the performance by Borrower and its Subsidiaries of their respective businesses and obligations under the Loan Documents and the grant of a security interest to Collateral Agent for the ratable benefit of the Lenders, in all of the Collateral. Borrower shall promptly provide copies to Collateral Agent of any material Governmental Approvals obtained by Borrower or any of its Subsidiaries.

6.2 Financial Statements, Reports, Certificates.

(a) Deliver to each Lender:

(i) as soon as available, but no later than forty-five (45) days after the last day of each calendar quarter, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Borrower and its Subsidiaries, for such quarter certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent;

(ii) as soon as available, but no later than the earlier of (x) two hundred ten (210) days after the last day of Borrower's fiscal year or (y) five (5) days of filing with the SEC, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Collateral Agent in its reasonable discretion;

(iii) as soon as available, but no later than the earlier of (x) seven (7) days after approval thereof by Borrower's Board of Directors or (y) sixty (60) days after the last day of each of Borrower's fiscal years, Borrower's annual financial projections for the entire current fiscal year as approved by Borrower's Board of Directors, which such annual financial projections shall be set forth in a quarterly format (such annual financial projections as originally delivered to Collateral Agent and the Lenders are referred to herein as the " **Annual Projections** "; provided that, any revisions of the Annual Projections approved by Borrower's Board of Directors shall be delivered to Collateral Agent and the Lenders no later than seven (7) days after such approval; and, unless Collateral Agent notifies Borrower to the contrary in writing within thirty (30) days after receipt thereof, the term "Annual Projections" shall include such revisions);

(iv) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or holders of Subordinated Debt;

(v) within five (5) days of filing, all reports on Form 10−K, 10−Q and 8−K filed with the Securities and Exchange Commission,

(vi) prompt notice of (A) any material change in the composition of the Intellectual Property, and (B) any event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property;

(vii) as soon as available, but no later than forty-five (45) days after the last day of each calendar quarter, copies of the account statements for each Collateral Account maintained by Borrower or its Subsidiaries for the immediately preceding quarterly period, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s), and

(viii) other financial information as reasonably requested by Collateral Agent or any Lender.

Notwithstanding the foregoing, documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address.

(b) Concurrently with the financial statements specified in Section 6.2(a)(i) and (ii) above, deliver to each Lender, a duly completed Compliance Certificate signed by a Responsible Officer.

(c) Keep proper books of record and account in accordance with GAAP in all material respects, in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities. Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing.

6.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects except for Inventory for which adequate reserves have been made. Returns and allowances between Borrower, or any of its Subsidiaries, and their respective Account Debtors shall follow Borrower's, or such Subsidiary's, customary practices as they exist at the Effective Date. Borrower must promptly notify Collateral Agent and the Lenders of all returns, recoveries, disputes and claims that involve more than Two Hundred Fifty Thousand Dollars ($250,000.00) individually or in the aggregate in any calendar year.

6.4 Taxes; Pensions. Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely file, all foreign, federal, state, and material local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof, and shall deliver to Lenders, promptly upon demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with the terms of such plans.

6.5 Insurance. Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are reasonably satisfactory to Collateral Agent and Lenders. All property policies shall have a lender's loss payable endorsement showing Collateral Agent as lender loss payee and waive subrogation against Collateral Agent, and all liability policies shall show, or have endorsements showing, Collateral Agent, as additional insured. The Collateral Agent shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Collateral Agent, that it will give the Collateral Agent thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled. At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Collateral Agent's option, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to Two Hundred Fifty Thousand Dollars ($250,000.00) with respect to any loss, but not exceeding Two Hundred Fifty Thousand Dollars ($250,000.00), in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Collateral Agent has been granted a first priority security interest (subject to Permitted Liens), and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Collateral Agent, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. If Borrower or any of its Subsidiaries fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make, at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent in its good faith discretion.

6.6 Operating Accounts.

(a) Maintain all of Borrower's and its Subsidiaries' primary Collateral Accounts with Bank or its Affiliates in accounts which are subject to a Control Agreement in favor of Collateral Agent.

(b) Borrower shall provide Collateral Agent five (5) days' prior written notice before Borrower or any of its Subsidiaries establishes any Collateral Account at or with any Person other than Bank or its Affiliates. In addition, for each Collateral Account that Borrower or any of its Subsidiaries, at any time maintains, Borrower or such Subsidiary shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Collateral Agent's Lien in such Collateral Account in accordance with the terms hereunder prior to the establishment of such Collateral Account, which Control Agreement may not be terminated without prior written consent of Collateral Agent. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for

payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any of its Subsidiaries', employees and identified to Collateral Agent by Borrower as such in the Perfection Certificates.

(c) Neither Borrower nor any of its Subsidiaries shall maintain any Collateral Accounts except Collateral Accounts maintained in accordance with Sections 6.6(a) and (b).

6.7 Protection of Intellectual Property Rights. Borrower and each of its Subsidiaries shall: (a) use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of its Intellectual Property that is material to Borrower's business; (b) promptly advise Collateral Agent in writing of material infringement by a third party of its Intellectual Property; and (c) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public unless Borrower determines it to be commercially reasonable to do so in its prudent business judgment and consistent with past practices.

6.8 Litigation Cooperation. Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent and the Lenders, without expense to Collateral Agent or the Lenders, Borrower and each of Borrower's officers, employees and agents and Borrower's Books, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third−party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower.

6.9 Notices of Litigation and Default. Borrower will give prompt written notice to Collateral Agent and the Lenders of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of Two Hundred Fifty Thousand Dollars ($250,000.00) or more or which could reasonably be expected to have a Material Adverse Change. Without limiting or contradicting any other more specific provision of this Agreement, promptly (and in any event within three (3) Business Days) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, Borrower shall give written notice to Collateral Agent and the Lenders of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

6.10 Intentionally Omitted.

6.11 Landlord Waivers; Bailee Waivers. In the event that Borrower or any of its Subsidiaries, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then Borrower or such Subsidiary will first notify Collateral Agent in writing and, in the event that the Collateral at any new location is valued in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate, Borrower shall use commercially reasonable efforts to cause such bailee or landlord, as applicable, to execute and deliver a bailee waiver or landlord waiver, as applicable, in form and substance reasonably satisfactory to Collateral Agent prior to the addition of any new offices or business locations, or any such storage with or delivery to any such bailee, as the case may be.

6.12 Creation/Acquisition of Subsidiaries. In the event Borrower, or any of its Subsidiaries creates or acquires any Subsidiary, Borrower shall provide prior written notice to Collateral Agent and each Lender of the creation or acquisition of such new Subsidiary and take all such action as may be reasonably required by Collateral Agent or any Lender to cause each such Subsidiary to become a co−Borrower hereunder or to guarantee the Obligations of Borrower under the Loan Documents and, in each case, grant a continuing pledge and security interest in and to the assets of such Subsidiary (substantially as described on Exhibit A hereto); and Borrower (or its Subsidiary, as applicable) shall grant and pledge to Collateral Agent, for the ratable benefit of the Lenders, a perfected security interest in the Shares of each such newly created or acquired Subsidiary. Nothing in this Section 6.12 shall be construed as permitting the creation or acquisition of any Subsidiary unless otherwise expressly permitted by this Agreement or consented to in writing by Collateral Agent and the Required Lenders.

6.13 Further Assurances .

(a) Execute any further instruments and take further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement.

(b) Deliver to Collateral Agent and Lenders, within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals material to Borrower's business or otherwise could reasonably be expected to have a Material Adverse Change.

7. NEGATIVE COVENANTS

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

7.1 Dispositions. Convey, sell, lease, transfer, assign, dispose of or otherwise make cash payments consisting of (collectively, " **Transfer** "), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) consisting of cash payments (which may be made by charging such payments on Borrower's corporate credit cards permitted hereunder) to trade creditors and vendors in the ordinary course of business; (b) of Inventory in the ordinary course of business; (c) of worn−out or obsolete Equipment; (d) in connection with Permitted Liens, Permitted Investments and Permitted Licenses; (e) of machinery and equipment to the extent that such machinery or equipment is exchanged for credit against the purchase price of similar replacement machinery or equipment or the proceeds of such Transfer are applied against the purchase price of such replacement machinery or equipment; (f) Transfers of other property having a fair market value not exceeding Five Hundred Thousand Dollars ($500,000.00) in the aggregate in any fiscal year of Borrower; (g) constituting equity financing transactions permitted under Section 7.2(c)(iii) below; and (h) Transfers in addition to those specifically enumerated above to the extent the same are specifically reflected in the Annual Projections.

7.2 Changes in Business, Management, Ownership, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) any Key Person shall cease to be actively engaged in the management of Borrower unless a replacement for such Key Person is approved by Borrower's Board of Directors and engaged by Borrower within ninety (90) days of such change; (ii) permit Halozyme to cease being a wholly-owned Subsidiary of Parent; or (iii) enter into any transaction or series of related transactions in which the stockholders of Parent who were not stockholders immediately prior to the first such transaction own more than forty nine percent (49.00%) of the voting stock of Parent immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Parent's equity securities in a public offering, a private placement of public equity or to venture capital investors so long as Parent identifies to Collateral Agent the venture capital investors prior to the closing of the transaction). Borrower shall not, without at least fifteen (15) days' prior written notice to Collateral Agent: (A) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Two Hundred Fifty Thousand Dollars ($250,000.00) in Collateral); (B) change its jurisdiction of organization, (C) change its organizational structure or type, (D) change its legal name, or (E) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person, except (ii) for Permitted Acquisitions and (i) that a Subsidiary may merge or consolidate into another Subsidiary (provided such surviving Subsidiary is a "co−Borrower" hereunder or has provided a secured Guaranty of Borrower's Obligations hereunder) or with (or into) Borrower provided Borrower is the surviving legal entity, and as long as no Event of Default is occurring prior thereto or arises as a result therefrom. Without limiting the foregoing, Borrower shall not, without Collateral Agent's prior written consent, enter into any binding contractual arrangement with any Person to attempt to facilitate a merger or acquisition of Borrower, unless (i) no Event of Default exists when such agreement is entered into by Borrower, (ii) such agreement does not give such Person the right to claim any fees, payments or damages from Borrower, and (iii) Borrower notifies Collateral Agent in advance of entering into such an agreement.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens that are permitted by the terms of this Agreement to have priority over Collateral Agent's Lien), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Lenders and except pursuant to Permitted Licenses) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of " **Permitted Liens** " herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

7.7 Distributions; Investments. (a) Pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock (other than redemptions, retirements, or repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements, stockholder rights plans, director or consultant stock option plans, or similar plans, provided such repurchases do not exceed One Million Dollars ($1,000,000.00) in the aggregate per fiscal year) or (b) directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower or any of its Subsidiaries, except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non−affiliated Person, (b) Investments permitted pursuant to clauses (d) and (h) of the definition of Permitted Investments, and (c) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries.

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to the Lenders.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, or permit any of its Subsidiaries to do so, in each case, if the violation could reasonably be expected to have a Material Adverse Change; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower or any of its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7.11 Compliance with Anti−Terrorism Laws. Collateral Agent hereby notifies Borrower and each of its Subsidiaries that pursuant to the requirements of Anti−Terrorism Laws, and Collateral Agent's policies and practices, Collateral Agent is required to obtain, verify and record certain information and documentation that identifies Borrower and each of its Subsidiaries and their principals, which information includes the name and address of Borrower and each of its Subsidiaries and their principals and such other information that will allow Collateral Agent to identify such party in accordance with Anti−Terrorism Laws. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any Affiliate within Borrower's or its Subsidiary's control to, directly or indirectly,

knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Borrower and each of its Subsidiaries shall immediately notify Collateral Agent if Borrower or such Subsidiary has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any Affiliate within Borrower's or its Subsidiary's control to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti−Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti−Terrorism Law.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an " **Event of Default** ") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof). During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Notice of Litigation and Default), 6.11 (Landlord Waivers; Bailee Waivers), 6.12 (Creation/Acquisition of Subsidiaries) or 6.13 (Further Assurances) or Borrower violates any covenant in Section 7; or

(b) Borrower, or any of its Subsidiaries, fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Grace periods provided under this Section shall not apply to any covenants set forth in subsection (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Business.

(d) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Subsidiaries or of any entity under control of Borrower or its Subsidiaries on deposit with any Lender or any Lender's Affiliate or any bank or other institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Subsidiaries or their respective assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; and

(e) (i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

8.5 Insolvency. (a) Borrower (when taken on a consolidated basis with its Subsidiaries) is or becomes Insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and not dismissed or stayed within forty−five (45) days (but no Credit Extensions shall be made while Borrower or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is a default in any agreement to which Borrower or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) or that could reasonably be expected to have a Material Adverse Change;

8.7 Judgments. One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars ($250,000.00) (not covered by independent third−party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of ten (10) days after the entry thereof (provided that no Credit Extensions will be made prior to the satisfaction, vacation, or stay of such judgment, order or decree);

8.8 Misrepresentations. Borrower or any of its Subsidiaries or any Person acting at the direction or under the authority of Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. A default or breach occurs under any agreement between Borrower or any of its Subsidiaries and any creditor of Borrower or any of its Subsidiaries that signed a subordination, intercreditor, or other similar agreement with Collateral Agent or the Lenders, or any creditor that has signed such an agreement with Collateral Agent or the Lenders breaches any terms of such agreement;

8.10 Guaranty. (a) Any Guaranty terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any Guaranty; (c) any circumstance described in Sections 8.3, 8.4, 8.5, 8.7, or 8.8 occurs with respect to any Guarantor; or (d) the liquidation, winding up, or termination of existence of any Guarantor;

8.11 Governmental Approvals. Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner, or not renewed in the ordinary course for a full term *and* such revocation, rescission, suspension, modification or non−renewal has resulted in or could reasonably be expected to result in a Material Adverse Change; or

8.12 Lien Priority. Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens which are permitted to have priority in accordance with the terms of this Agreement.

9. RIGHTS AND REMEDIES

9.1 Rights and Remedies.

(c) Upon the occurrence and during the continuance of an Event of Default, Collateral Agent may, and at the written direction of Required Lenders shall, without notice or demand, do any or all of the following:

(i) deliver notice of the Event of Default to Borrower, (ii) by notice to Borrower declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations shall be immediately due and payable without any action by Collateral Agent or the Lenders) or (iii) by notice to Borrower suspend or terminate the obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders (but if an Event of Default described in Section 8.5 occurs all obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders shall be immediately terminated without any action by Collateral Agent or the Lenders).

(d) Without limiting the rights of Collateral Agent and the Lenders set forth in Section 9.1(a) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

(i) foreclose upon and/or sell or otherwise liquidate, the Collateral;

(ii) apply to the Obligations any (a) balances and deposits of Borrower that Collateral Agent or any Lender holds or controls, or (b) any amount held or controlled by Collateral Agent or any Lender owing to or for the credit or the account of Borrower; and/or

(iii) commence and prosecute an Insolvency Proceeding or consent to Borrower commencing any Insolvency Proceeding.

(e) Without limiting the rights of Collateral Agent and the Lenders set forth in Sections 9.1(a) and (b) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

(i) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Collateral Agent considers advisable, notify any Person owing Borrower money of Collateral Agent's security interest in such funds, and verify the amount of such account;

(ii) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Collateral Agent requests and make it available in a location as Collateral Agent reasonably designates. Collateral Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Collateral Agent a license to enter and occupy any of its premises, without charge, to exercise any of Collateral Agent's rights or remedies;

(iii) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, the Collateral. Collateral Agent is hereby granted a non−exclusive, royalty−free license or other right to use, without charge, Borrower's and each of its Subsidiaries' labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Collateral Agent's exercise of its rights under this Section 9.1, Borrower's and each of its Subsidiaries' rights under all licenses and all franchise agreements inure to Collateral Agent, for the benefit of the Lenders;

(iv) place a "hold" on any account maintained with Collateral Agent or the Lenders and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(v) demand and receive possession of Borrower's Books;

(vi) appoint a receiver to seize, manage and realize any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any applicable law, including any power or authority to manage the business of Borrower or any of its Subsidiaries;

(vii) subject to clauses 9.1(a) and (b), exercise all rights and remedies available to Collateral Agent and each Lender under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof);

(viii) for any Letters of Credit, demand that Borrower (i) deposit cash with Bank in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then one hundred five percent (105.00%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then one hundred ten percent (110.00%), of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn (plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit; and

(ix) terminate any FX Contracts.

Notwithstanding any provision of this Section 9.1 to the contrary, upon the occurrence of any Event of Default, Collateral Agent shall have the right to exercise any and all remedies referenced in this Section 9.1 without the written consent of Required Lenders following the occurrence of an Exigent Circumstance. As used in the immediately preceding sentence, " **Exigent Circumstance** " means any event or circumstance that, in the reasonable judgment of Collateral Agent, imminently threatens the ability of Collateral Agent to realize upon all or any material portion of the Collateral, such as, without limitation, fraudulent removal, concealment, or abscondment thereof, destruction or material waste thereof, or failure of Borrower or any of its Subsidiaries after reasonable demand to maintain or reinstate adequate casualty insurance coverage, or which, in the judgment of Collateral Agent, could reasonably be expected to result in a material diminution in value of the Collateral.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney−in−fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's or any of its Subsidiaries' name on any checks or other forms of payment or security; (b) sign Borrower's or any of its Subsidiaries' name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney−in−fact to sign Borrower's or any of its Subsidiaries' name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further obligation to make Credit Extensions hereunder. Collateral Agent's foregoing appointment as Borrower's or any of its Subsidiaries' attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent's and the Lenders' obligation to provide Credit Extensions terminates.

9.3 Protective Payments. If Borrower or any of its Subsidiaries fail to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower or any of its Subsidiaries is obligated to pay under this Agreement or any other Loan Document, Collateral Agent may obtain such insurance or make such payment, and all amounts so paid by Collateral Agent are Lenders' Expenses and immediately due and payable, bearing interest at the Default Rate, and secured by the Collateral. Collateral Agent will make reasonable efforts to provide Borrower with notice of Collateral Agent obtaining such insurance or making such payment

at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Collateral Agent are deemed an agreement to make similar payments in the future or Collateral Agent's waiver of any Event of Default.

9.4 Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Collateral Agent from or on behalf of Borrower or any of its Subsidiaries of all or any part of the Obligations, and, as between Borrower on the one hand and Collateral Agent and Lenders on the other, Collateral Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Collateral Agent may deem advisable notwithstanding any previous application by Collateral Agent, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to the Lenders' Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); third, to the principal amount of the Obligations outstanding; and fourth, to any other indebtedness or obligations of Borrower owing to Collateral Agent or any Lender under the Loan Documents. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. Collateral Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's portion of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to Collateral Agent or other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Collateral Agent. If any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its ratable share, then the portion of such payment or distribution in excess of such Lender's ratable share shall be received by such Lender in trust for and shall be promptly paid over to the other Lender for application to the payments of amounts due on the other Lenders' claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for Collateral Agent and other Lenders for purposes of perfecting Collateral Agent's security interest therein.

9.5 Liability for Collateral. So long as Collateral Agent and the Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Collateral Agent and the Lenders, Collateral Agent and the Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

10. NOTICES

All notices, consents, requests, approvals, demands, or other communication (collectively, " **Communication** ") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand−delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	HALOZYME THERAPEUTICS, INC. HALOZYME, INC. 11388 Sorrento Valley Road San Diego, CA 92121 Attn: David Ramsay, CFO (858) 704-8260 [o] dramsay@halozyme.com
If to Collateral Agent:	OXFORD FINANCE LLC 133 North Fairfax Street Alexandria, Virginia 22314 Attention: Legal Department Fax: (703) 519−5225 Email: LegalDepartment@oxfordfinance.com
with a copy to	SILICON VALLEY BANK 4370 La Jolla Village Drive Suite 860 San Diego, CA 92122 Attn: Kevin Wallace Tel.: (858) 784.3353 Fax: (858) 622-1424 Email: kwallace@svb.com
with a copy (which shall not constitute notice) to:	VLP Law Group LLP 3411 Cypress Drive Falls Church, Virginia 22042 Attn: Denise G. Zack Fax: (703) 260-6551 Email: dzack@vlplawgroup.com

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER, AND JUDICIAL REFERENCE

California law governs the Loan Documents without regard to principles of conflicts of law. Borrower, Collateral Agent and each Lender each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Collateral Agent or any Lender from bringing suit or taking other legal action in any other jurisdiction to realize on the

Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Collateral Agent or any Lender. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, COLLATERAL AGENT AND EACH LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self−help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

12. GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's and each Lender's prior written consent (which may be granted or withheld in Collateral Agent's and each Lender's discretion, subject to Section 12.6). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (any such sale, transfer, assignment, negotiation, or grant of a participation, a " **Lender Transfer** ") all or any part of, or any interest in, the Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents; *provided , however* , that any such Lender Transfer (other than a transfer, pledge, sale or assignment to an Eligible Assignee) of its obligations, rights, and benefits under this Agreement and the other Loan Documents shall require the prior written consent of the Required Lenders (such approved assignee, an " **Approved Lender** ") **.** Borrower and Collateral Agent shall be entitled to continue to deal

solely and directly with such Lender in connection with the interests so assigned until Collateral Agent shall have received and accepted an effective assignment agreement in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Collateral Agent reasonably shall require. Notwithstanding anything to the contrary contained herein, so long as no Event of Default has occurred and is continuing, no Lender Transfer (other than a Lender Transfer (i) in respect of any warrant to purchase stock, or (ii) in connection with (x) assignments by a Lender due to a forced divestiture at the request of any regulatory agency; or (y) upon the occurrence of a default, event of default or similar occurrence with respect to a Lender's own financing or securitization transactions) shall be permitted, without Borrower's consent, to any Person which is an Affiliate or Subsidiary of Borrower, a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent.

12.2 Indemnification. Borrower agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an " **Indemnified Person** ") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, " **Claims** ") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses or Lenders' Expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys' fees and expenses), in each case, except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5 Correction of Loan Documents. Collateral Agent and the Lenders may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties **.**

12.6 Amendments in Writing; Integration. (1) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, or any consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

(i) no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

(ii) no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature;

(iii) no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Term Loan (B) postpone the date fixed for, or waive, any payment of principal of any Term Loan or of interest on any Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term " **Required Lenders** " or the percentage of Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral or release any Guarantor of all or any portion of the Obligations or its guaranty obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.6 or the definitions of the terms used in this Section 12.6 insofar as the definitions affect the substance of this Section 12.6; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations; or (I) amend any of the provisions of Section 12.10. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the preceding sentence;

(iv) the provisions of the foregoing clauses (i), (ii) and (iii) are subject to the provisions of any interlender or agency agreement among the Lenders and Collateral Agent pursuant to which any Lender may agree to give its consent in connection with any amendment, waiver or modification of the Loan Documents only in the event of the unanimous agreement of all Lenders.

(b) Other than as expressly provided for in Section 12.6(a)(i)−(iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

(c) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. Without limiting the foregoing, except as otherwise provided in Section 4.1, the grant of security interest by Borrower in Section 4.1 shall survive until the termination of all Bank Services Agreements. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.9 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9 Confidentiality. In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders' and Collateral Agent's Subsidiaries or Affiliates, or in connection with a Lender's own financing or securitization transactions and upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization

transaction; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Credit Extensions (provided, however, the Lenders and Collateral Agent shall, except upon the occurrence and during the continuance of an Event of Default, obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.9 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.9.

12.10 Right of Set Off. Borrower hereby grants to Collateral Agent and to each Lender, a lien, security interest and right of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.11 Silicon Valley Bank as Agent . Collateral Agent hereby appoints Silicon Valley Bank (" **SVB** ") as its agent (and SVB hereby accepts such appointment) for the purpose of perfecting Collateral Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control, including without limitation, all Deposit Accounts maintained at SVB.

12.12 Cooperation of Borrower. If necessary, Borrower agrees to (i) execute any documents (including new Secured Promissory Notes) reasonably required to effectuate and acknowledge each assignment of a Term Loan Commitment or Loan to an assignee in accordance with Section 12.1, (ii) make Borrower's management available to meet with Collateral Agent and prospective participants and assignees of Term Loan Commitments or Credit Extensions (which meetings shall be conducted no more often than twice every twelve months unless an Event of Default has occurred and is continuing), and (iii) assist Collateral Agent or the Lenders in the preparation of information relating to the financial affairs of Borrower as any prospective participant or assignee of a Term Loan Commitment or Term Loan reasonably may request. Subject to the provisions of Section 12.9, Borrower authorizes each Lender to disclose to any prospective participant or assignee of a Term Loan Commitment, any and all information in such Lender's possession concerning Borrower and its financial affairs which has been delivered to such Lender by or on behalf of Borrower pursuant to this Agreement, or which has been delivered to such Lender by or on behalf of Borrower in connection with such Lender's credit evaluation of Borrower prior to entering into this Agreement.

12.13 Borrower Liability . Either Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives (a) any suretyship defenses available to it

under the Code or any other applicable law, including, without limitation, the benefit of California Civil Code Section 2815 permitting revocation as to future transactions and the benefit of California Civil Code Sections 1432, 2809, 2810, 2819, 2839, 2845, 2847, 2848, 2849, 2850, and 2899 and 3433, and (b) any right to require Collateral Agent or any Lender to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Collateral Agent and or any Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non−judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Collateral Agent and the Lenders under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section shall be null and void. If any payment is made to a Borrower in contravention of this Section, such Borrower shall hold such payment in trust for Collateral Agent and the Lenders and such payment shall be promptly delivered to Collateral Agent for application to the Obligations, whether matured or unmatured.

12.14 Electronic Execution of Documents . The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.15 Captions . The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.16 Construction of Agreement . The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.17 Relationship . The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.18 Effect of Amendment and Restatement. Except as otherwise set forth herein, this Agreement is intended to and does completely amend and restate, without novation, the Original Agreement. All security interests granted under the Original Agreement are hereby confirmed and ratified as of the date first granted and filed and shall continue to secure all Obligations under this Agreement.

13. DEFINITIONS

13.1 Definitions. As used in this Agreement, the following terms have the following meanings:

" **Account** " is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

" **Account Debtor** " is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

" **Affiliate** " of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

“ **Agreement** ” is defined in the preamble hereof.

“ **Amortization Date** ” is February 1, 2015.

“ **Annual Projections** ” is defined in Section 6.2(a).

“ **Anti−Terrorism Laws** ” are any laws relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

“ **Approved Fund** ” is any (i) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business or (ii) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (i) and that, with respect to each of the preceding clauses (i) and (ii), is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

“ **Approved Lender** ” is defined in Section 12.1.

“ **Bank Services** ” are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank’s various agreements related thereto (each, a “ **Bank Services Agreement** ”).

“ **Bank** ” is defined in the preamble hereof.

“ **Blocked Person** ” is any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti−Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, or (e) a Person that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

“ **Borrower** ” is defined in the preamble hereof.

“ **Borrower’s Books** ” are Borrower’s or any of its Subsidiaries’ books and records including ledgers, federal, and state tax returns, records regarding Borrower’s or its Subsidiaries’ assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“ **Business Day** ” is any day that is not a Saturday, Sunday or a day on which Collateral Agent is closed.

“ **Cash Equivalents** ” are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc., and (c) certificates of deposit maturing no more than one (1) year after issue provided that the account in which any such certificate of deposit is maintained is subject to a Control Agreement in favor of Collateral Agent. For the avoidance of doubt, the direct purchase by Borrower or any of its Subsidiaries of any Auction Rate Securities, or purchasing participations in, or entering into any type of swap or other derivative transaction, or otherwise holding or engaging in any ownership interest in any type of Auction Rate Security by Borrower or any of its Subsidiaries shall be conclusively determined by the Lenders as an ineligible Cash Equivalent, and any such transaction shall expressly violate each other provision of this Agreement governing Permitted

Investments. Notwithstanding the foregoing, Cash Equivalents does not include and Borrower, and each of its Subsidiaries, are prohibited from purchasing, purchasing participations in, entering into any type of swap or other equivalent derivative transaction, or otherwise holding or engaging in any ownership interest in any type of debt instrument, including, without limitation, any corporate or municipal bonds with a long−term nominal maturity for which the interest rate is reset through a dutch auction and more commonly referred to as an auction rate security (each, an " **Auction Rate Security** ").

" **Claims** " are defined in Section 12.2.

" **Code** " is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Collateral Agent's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

" **Collateral** " is any and all properties, rights and assets of Borrower described on Exhibit A .

" **Collateral Account** " is any Deposit Account, Securities Account, or Commodity Account, or any other bank account maintained by Borrower or any Subsidiary at any time; provided that no Excluded Account shall constitute a Collateral Account.

" **Collateral Agent** " is, Oxford, not in its individual capacity, but solely in its capacity as agent on behalf of and for the benefit of the Lenders.

" **Commitment Percentage** " is set forth in Schedule 1.1 , as amended from time to time.

" **Commodity Account** " is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

" **Communication** " is defined in Section 10.

" **Compliance Certificate** " is that certain certificate in the form attached hereto as Exhibit C .

" **Contingent Obligation** " is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co−made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

" **Control Agreement** " is any control agreement entered into among the depository institution at which Borrower or any of its Subsidiaries maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower or any of its Subsidiaries maintains a Securities Account or a Commodity Account, Borrower and such Subsidiary, and Collateral Agent pursuant to which Collateral Agent obtains control (within the

meaning of the Code) for the benefit of the Lenders over such Deposit Account, Securities Account, or Commodity Account.

" **Copyrights** " are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

" **Credit Extension** " is any Term Loan or any other extension of credit by Collateral Agent or Lenders for Borrower's benefit under this Agreement.

" **Default Rate** " is defined in Section 2.3(b).

" **Deposit Account** " is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

" **Designated Deposit Account** " is Borrower's deposit account, account number ******4625, maintained with Bank.

" **Disbursement Letter** " is that certain form attached hereto as Exhibit B-1 .

" **Dollar Equivalent** " is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

" **Dollars** , " " **dollars** " and "$" each mean lawful money of the United States.

" **EBITDA** " shall mean (a) Net Income, plus (b) Interest Expense, plus (c) to the extent deducted in the calculation of Net Income, depreciation expense and amortization expense, plus (d) income tax expense.

" **Effective Date** " is defined in the preamble of this Agreement.

" **Eligible Assignee** " is (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933, as amended) and which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which either (A) has a rating of BBB or higher from Standard & Poor's Rating Group and a rating of Baa2 or higher from Moody's Investors Service, Inc. at the date that it becomes a Lender or (B) has total assets in excess of Five Billion Dollars ($5,000,000,000.00), and in each case of clauses (i) through (iv), which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that notwithstanding the foregoing, "Eligible Assignee" shall not include, unless an Event of Default has occurred and is continuing, (i) Borrower or any of Borrower's Affiliates or Subsidiaries or (ii) a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent. Notwithstanding the foregoing, (x) in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Collateral Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee as Collateral Agent reasonably shall require.

“ **Equipment** ” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“ **Equity Interest** ” is, with respect to any Person, any and all shares, interests, partnership interests (whether general or limited), membership interests, rights to purchase, warrants, options, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such Person, and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property of, such Person, including, convertible and exchangeable debt securities.

“ **ERISA** ” is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

“ **Event of Default** ” is defined in Section 8.

“ **Excluded Account** ” is any Deposit Account maintained by Borrower or any Subsidiary at any time used exclusively for payroll, tax withholding or employee benefits.

“ **Existing Final Payment** ” is defined in Section 2.5(b) hereof.

“ **Final Payment** ” is a payment (in addition to and not a substitution for the regular monthly payments of principal and accrued interest, and the Existing Final Payment) due on the earliest to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan pursuant to Section 2.2(c) or (d), equal to the original principal amount of such Term Loan multiplied by the Final Payment Percentage, payable to Lenders in accordance with their respective Pro Rata Shares.

“ **Final Payment Percentage** ” is eight and one-half of one percent (8.50%).

“ **Foreign Currency** ” means lawful money of a country other than the United States.

“ **Foreign Subsidiary** ” is a Subsidiary that is not an entity organized under the laws of the United States or any territory thereof.

“ **Funding Date** ” is any date on which a Credit Extension is made to or on account of Borrower which shall be a Business Day.

“ **FX Contract** ” is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

“ **GAAP** ” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

“ **General Intangibles** ” are all “general intangibles” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

" **Governmental Approval** " is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

" **Governmental Authority** " is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self−regulatory organization.

" **Guarantor** " is any Person providing a Guaranty in favor of Collateral Agent.

" **Guaranty** " is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

" **Halozyme** " is defined in the preamble hereof.

" **Indebtedness** " is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

" **Indemnified Person** " is defined in Section 12.2.

" **Insolvency Proceeding** " is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

" **Insolvent** " means not Solvent.

" **Intellectual Property** " means all of Borrower's or any Subsidiary's right, title and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know−how, operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to Borrower;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above;

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(g) and to the extent not already included in the foregoing, all licensing, produce sale, joint venture, collaboration and similar agreements relating to any of the foregoing..

" **Interest Expense** " means for any fiscal period, interest expense (whether cash or non-cash) determined in accordance with GAAP for the relevant period ending on such date, including, in any event, interest expense with respect to any Credit Extension and other Indebtedness of Borrower and its Subsidiaries, including, without limitation or duplication, all commissions, discounts, or related amortization and other fees and charges with respect to letters of

credit and bankers' acceptance financing and the net costs associated with interest rate swap, cap, and similar arrangements, and the interest portion of any deferred payment obligation (including leases of all types).

" **Inventory** " is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

" **Investment** " is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance, payment or capital contribution to any Person.

" **Key Person** " is each of Borrower's (i) Chief Executive Officer, who is Gregory I. Frost as of the Effective Date and (ii) Chief Financial Officer, who is David Ramsay as of the Effective Date.

" **Lender** " is any one of the Lenders.

" **Lenders** " are the Persons identified on Schedule 1.1 hereto and each assignee that becomes a party to this Agreement pursuant to Section 12.1.

" **Lenders' Expenses** " are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Collateral Agent and/or the Lenders in connection with the Loan Documents.

" **Letter of Credit"** is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

" **Lien** " is a claim, mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

" **Loan Documents** " are, collectively, this Agreement, the Perfection Certificates, each Compliance Certificate, each Disbursement Letter, each Loan Payment/Advance Request Form and any Bank Services Agreement, the Post Closing Letter, each Control Agreement, each landlord and bailee agreement, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future agreement entered into by Borrower, any Guarantor or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement or the Original Agreement; all as amended, restated, or otherwise modified.

" **Loan Payment/Advance Request Form** " is that certain form attached hereto as Exhibit B-2 .

" **Material Adverse Change** " is (a) a material impairment in the perfection or priority of Collateral Agent's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations or condition (financial or otherwise) of Borrower or any Subsidiary; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

" **Maturity Date** " is January 1, 2018.

" **Net Income** " means, as calculated on a consolidated basis for Borrower and its Subsidiaries for any period as at any date of determination, the net profit (or loss), after provision for taxes, of Borrower and its Subsidiaries for such period taken as a single accounting period.

" **Obligations** " are all of Borrower's obligations to pay when due any debts, principal, interest, Lenders' Expenses, the Prepayment Fee, the Final Payment, the Existing Final Payment, and other amounts Borrower owes the

Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, or otherwise, including, without limitation, all obligations relating to letters of credit (including reimbursement obligations for drawn and undrawn letters of credit), cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents.

" **OFAC** " is the U.S. Department of Treasury Office of Foreign Assets Control.

" **OFAC Lists** " are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

" **Operating Documents** " are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

" **Original Agreement** " is defined in the preamble hereof.

" **Original Term Loan** " is defined in Section 2.2(a)(i) hereof.

" **Oxford New Money Term Loan** " is defined in Section 2.2(a)(ii)(C) hereof.

" **Oxford Original Term Loan** " means the Original Term Loan made by Oxford on the effective date of the Original Agreement in the aggregate principal amount of Twenty-One Million Dollars ($21,000,000.00), which remains outstanding on the Effective Date.

" **Oxford Term Loan** " is defined in Section 2.2(a)(ii)(C) hereof.

" **Parent** " is defined in the preamble hereof.

" **Patents** " means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

" **Payment Date** " is the first (1 st) calendar day of each calendar month, commencing on February 1, 2013.

" **Perfection Certificate** " and " **Perfection Certificates** " is defined in Section 5.1.

" **Permitted Acquisition** " is any transaction or series of related transactions resulting in the acquisition by Borrower or any Subsidiary, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Equity Interests of, or a business line or unit or a division of, any Person, provided that:

(a) immediately prior to, and after giving effect thereto, no Event of Default shall have occurred and be continuing or would result therefrom;

(b) all transactions in connection therewith shall be consummated, in all material respects, in accordance with applicable law;

(c) all acquisition consideration for each Permitted Acquisition shall consist solely of Equity Interests of Parent, subject to the limitation on changes of ownership of Parent set forth in Section 7.2;

(d) in the case of the purchase or other acquisition of Equity Interests, all of the Equity Interests (except for any such Equity Interest in the nature of directors' qualifying shares required pursuant to applicable law) acquired or otherwise issued by such Person or any newly formed Subsidiary in connection with such acquisition shall be wholly owned by Borrower or a Subsidiary;

(e) Borrower shall have delivered to the Collateral Agent and Lenders at least fifteen (15) Business Days (or such shorter period as may be acceptable to Collateral Agent and Lenders) prior to such proposed acquisition (i) a copy of the purchase agreement related to the proposed acquisition (and any related documents reasonably requested by the Collateral Agent and Lenders), (ii) a general description of the acquired assets or acquired business line or unit or division and the competitive position of such business line or unit or division within the industry, (iii) the sources and uses of funds to finance the proposed acquisition and (iv) to the extent available, quarterly and annual audited financial statements of the Person whose Equity Interests or assets are being acquired for the twelve (12) month period immediately prior to such proposed acquisition;

(f) such Permitted Acquisition shall only involve assets located in the United States and comprising a business, or those assets of a business, in substantially the same business or lines of business in which Borrower and its Subsidiaries are engaged;

(g) the assets being acquired or the Person whose Equity Interests are being acquired shall not have negative consolidated EBITDA (as determined in accordance with Borrower's standard or customary accounting procedures) during the twelve (12) consecutive month period most recently concluded prior to the date of such acquisition;

(h) such Permitted Acquisition shall be consensual and shall have been approved by the target's board of directors;

(i) no additional Indebtedness shall be incurred, assumed or otherwise be reflected on a consolidated balance sheet of the Borrower and target after giving effect to such Permitted Acquisition.

Notwithstanding anything to the contrary contained herein, in order for any acquisition of Equity Interests or assets of another Person to constitute a "Permitted Acquisition", Borrower must comply with all of the following:

(A) concurrent with the closing of such Permitted Acquisition, the applicable Borrower (or Subsidiary) making such Permitted Acquisition and the target shall have executed such documents and taken such actions as may be required under Section 6.12;

(B) the applicable Borrower shall have delivered to Collateral Agent and Lenders, in form and substance satisfactory to the Collateral Agent and Lenders and sufficiently in advance (and in any case no later than ten (10) Business Days prior to such Permitted Acquisition), such other financial information, financial analysis, documentation or other information relating to such Permitted Acquisition and the pro forma certifications required by clause (C) below, in each case, as Collateral Agent and Lenders shall reasonably request; and

(C) on or prior to the date of such Permitted Acquisition, the Collateral Agent and Lenders shall have received, in form and substance reasonably satisfactory to the Collateral Agent and Lenders , a certificate of the chief financial officer of Borrower certifying compliance with the requirements contained in this definition of "Permitted Acquisitions" and with the other terms of the Loan Documents (before and after giving effect to such Permitted Acquisition).

" **Permitted Indebtedness** " is:

(a) Borrower's Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s);

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by Borrower or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person, provided that (i) the aggregate outstanding principal amount of all such Indebtedness does not exceed Five Hundred Thousand Dollars ($500,000.00) at any time and (ii) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made);

(f) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of Borrower's business;

(g) Indebtedness of a Borrower or any Subsidiary owing to a Borrower;

(h) Indebtedness in respect of advance payments by customers under purchase contracts in the ordinary course of business;

(i) Indebtedness consisting of guaranty obligations in respect of loans and advances to employees, officers or directors of any Borrower or Subsidiary in the ordinary course of business and permitted pursuant to clause (h) of the definition of "Permitted Investments" (including for travel, entertainment and relocation expenses);

(j) Indebtedness to Bank in respect of Bank Services in an amount not to exceed One Million Five Hundred Thousand Dollars ($1,500,000.00) *less* the amount of Indebtedness existing pursuant to clause (m) below, in the aggregate at any time;

(k) unsecured Indebtedness in respect of corporate credit card programs (including American Express®, Visa® and MasterCard® products) in an aggregate principal amount not to exceed One Million Dollars ($1,000,000) in the aggregate at any time;

(l) Indebtedness in respect of interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices, entered into in the ordinary course of Borrower's business and not for speculative purposes;

(m) Indebtedness in respect of letters of credit not issued by Bank supporting trade payables or leases entered into in the ordinary course of business in an aggregate principal amount not to exceed Five Hundred Thousand Dollars ($500,000.00) at any time;

(n) Indebtedness in the form of convertible debt; provided that (i) all Obligations (other than inchoate indemnity obligations and Obligations in respect of Bank Services which have been cash-collateralized in accordance with Section 4.1) are indefeasibly paid in full in cash contemporaneously with the first closing of such convertible debt transaction and (ii) Borrower shall have complied with all notice requirements and other prepayment terms set forth herein; and

(o) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (e) above, provided that the principal amount thereof is not increased (other than with respect to accrued and unpaid interest thereon and any applicable premiums) or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be.

" **Permitted Investments** " are:

(a) Investments disclosed on the Perfection Certificate(s) and existing on the Effective Date;

(b) (i) Investments consisting of cash and Cash Equivalents, and (ii) any Investments permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Collateral Agent;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) (i) Investments of Parent in Halozyme, and (ii) Investments of Borrower in any domestic Subsidiary which has joined this Agreement as a co-borrower hereunder; provided that Borrower and such Subsidiary shall have complied in all respects with Section 6.12 and taken all action necessary to perfect Collateral Agent's Lien in the Collateral of such Subsidiary;

(e) Permitted Acquisitions;

(f) Investments consisting of Deposit Accounts in which Collateral Agent has a perfected security interest;

(g) Investments in connection with Transfers permitted by Section 7.1;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors; not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate for (i) and (ii) in any fiscal year;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (h) shall not apply to Investments of Borrower in any Subsidiary;

(k) non-cash Investments in joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of Permitted Licenses of technology, the development of technology or the providing of technical support; and

(l) in addition to Investments otherwise permitted by this Section, Investments by Borrower or any Subsidiary in an aggregate amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in any fiscal year.

" **Permitted Licenses** " are (A) licenses of over-the-counter software that is commercially available to the public, and (B) non−exclusive and exclusive licenses for the use of the Intellectual Property of Borrower or any of its Subsidiaries entered into in the ordinary course of business, provided , that, with respect to each such license described in clause (B), (i) no Event of Default has occurred or is continuing at the time of such license; (ii) the license constitutes an arms−length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property; (iii) in the case of any exclusive license, (x) Borrower delivers copies of the final executed licensing documents in connection with the exclusive license promptly upon consummation thereof, (y) any such license is made in connection with a bona fide corporate collaboration or partnership, and is approved by Borrower's (or the applicable Subsidiary's) board of directors, and (z) any such license could not result in a legal transfer of title of the licensed property but (a)

may be exclusive as to a particular field of use and/or geographic territory outside of the United States; or (b) may be exclusive for a particular field of use within the geographic territory of the United States; and (iv) all upfront payments, royalties, milestone payments or other proceeds arising from the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement.

" **Permitted Liens** " are:

(a) Liens existing on the Effective Date and disclosed on the Perfection Certificates or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) liens securing Indebtedness permitted under clause (e) of the definition of " **Permitted Indebtedness** ," provided that (i) such liens exist prior to the acquisition of, or attach substantially simultaneous with, or within twenty (20) days after the, acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness and (ii) such liens do not extend to any property of Borrower other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00), and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old−age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non−exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Collateral Agent or any Lender a security interest therein;

(h) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with Borrower's deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6(b) hereof;

(i) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.4 or 8.7;

(j) Liens on cash collateral securing Borrower's Indebtedness to Bank under clause (j) of the definition of Permitted Indebtedness, provided that the amount of such cash collateral shall not exceed One Million Five Hundred Thousand Dollars ($1,500,000.00) *less* the amount of the Lien on cash collateral pursuant to clause (k) below, in the aggregate at any time

(k) Liens on cash collateral securing Borrower's Indebtedness under clause (m) of the definition of Permitted Indebtedness; provided that the amount of such cash collateral shall not exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate at any time; and

(l) Liens consisting of Permitted Licenses.

" **Person** " is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

" **Post Closing Letter** " is that certain Post Closing Letter dated as of the Effective Date by and between Collateral Agent and Borrower.

" **Prepayment Fee** " is, with respect to any Term Loan subject to prepayment prior to the Maturity Date, whether by mandatory or voluntary prepayment, acceleration or otherwise, an additional fee payable to the Lenders in amount equal to:

(i) for a prepayment made on or after the Effective Date through and including the first anniversary of the Effective Date, three percent (3.00%) of the principal amount of such Term Loan prepaid;

(ii) for a prepayment made after the date which is after the first anniversary of the Effective Date through and including the second anniversary of the Effective Date, two percent (2.00%) of the principal amount of the Term Loans prepaid; and

(iii) for a prepayment made after the date which is after the second anniversary of the Effective Date, one percent (1.00%) of the principal amount of the Term Loans prepaid.

" **Pro Rata Share** " is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of Term Loans held by such Lender by the aggregate outstanding principal amount of all Term Loans.

" **Registered Organization** " is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made

" **Required Lenders** " means (i) for so long as all of the Persons that are Lenders on the Effective Date (each an " **Original Lender** ") have not assigned or transferred any of their interests in their Term Loans, Lenders holding one hundred percent (100.00%) of the aggregate outstanding principal balance of the Term Loans, or (ii) at any time from and after any Original Lender has assigned or transferred any interest in its Term Loans, Lenders holding at least sixty six percent (66.00%) of the aggregate outstanding principal balance of the Term Loans and, in respect of this clause (ii), (A) each Original Lender that has not assigned or transferred any portion of its Term Loans, (B) each assignee or transferee of an Original Lender's interest in a Term Loan, but only to the extent that such assignee or transferee is an Affiliate or Approved Fund of such Original Lender, and (C) any Person providing financing to any Person described in clauses (A) and (B) above; provided, however, that this clause (C) shall only apply upon the occurrence of a default, event of default or similar occurrence with respect to such financing.

" **Requirement of Law** " is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

" **Responsible Officer** " is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower acting alone.

" **Secured Promissory Note** " is defined in Section 2.4.

“ **Secured Promissory Note Record** ” is a record maintained by each Lender with respect to the outstanding Obligations owed by Borrower to Lender and credits made thereto.

“ **Securities Account** ” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

“ **Shares** ” is one hundred percent (100.00%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by Borrower or Borrower’s Subsidiary, in any Subsidiary; provided that, in the event Borrower, demonstrates to Collateral Agent’s reasonable satisfaction, that a pledge of more than sixty five percent (65.00%) of the Shares of a Foreign Subsidiary, creates a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code, “Shares” shall mean sixty−five percent (65.00%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by Borrower or its Subsidiary in such Foreign Subsidiary.

“ **Solvent** ” is, with respect to any Person: the fair salable value of such Person’s consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person’s liabilities; such Person is not left with unreasonably small capital after the transactions in this Agreement; and such Person is able to pay its debts (including trade debts) as they mature.

“ **Subordinated Debt** ” is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor), on terms acceptable to Collateral Agent and the Lenders.

“ **Subsidiary** ” is, with respect to any Person, any Person of which more than fifty percent (50.00%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries.

“ **SVB New Money Term Loan** ” is defined in Section 2.2(a)(ii)(B) hereof.

“ **SVB Pay Off Term Loan** ” is defined in Section 2.2(a)(ii)(A) hereof.

“ **SVB Term Loan** ” is defined in Section 2.2(a)(ii)(B) hereof.

“ **Term Loan** ” is defined in Section 2.2(a)(ii)(C) hereof.

“ **Term Loan Commitment** ” is, for any Lender, the obligation of such Lender to make a Term Loan, up to the principal amount shown on Schedule 1.1 **.** “ **Term Loan Commitments** ” means the aggregate amount of such commitments of all Lenders.

“ **Trademarks** ” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

“ **Transfer** ” is defined in Section 7.1.

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IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be executed as of the Effective Date.

COLLATERAL AGENT:

OXFORD FINANCE LLC

By /s/ Mark Davis
Name : Mark Davis
Title : Vice-President – Finance, Secretary & Treasurer

LENDERS:

OXFORD FINANCE LLC

By /s/ Mark Davis
Name : Mark Davis
Title : Vice-President – Finance, Secretary & Treasurer

SILICON VALLEY BANK

By /s/ R. Michael White
Name : R. Michael White
Title : Managing Director

BORROWER:

HALOZYME THERAPEUTICS, INC.

By /s/ David A. Ramsay
Name : David A. Ramsay
Title : VP, Chief Financial Officer

HALOZYME, INC.

By /s/ David A. Ramsay
Name : David A. Ramsay
Title : VP, Chief Financial Officer

SCHEDULE 1.1

Lenders and Commitments

Original Term Loans*

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$21,000,000.00	70.00%
SILICON VALLEY BANK	$9,000,000.00	30.00%
TOTAL	**$30,000,000.00**	**100.00%**

Incremental Term Loan Amounts

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$19,000,000.00	95.00%
SILICON VALLEY BANK	$1,000,000.00	5.00%
TOTAL	**$20,000,000.00**	**100.00%**

Aggregate (all Term Loans)

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$40,000,000.00	80.00%
SILICON VALLEY BANK	$10,000,000.00	20.00%
TOTAL	**$50,000,000.00**	**100.00%**

*Original Terms Loans were made on December 28, 2012.

EXHIBIT A

Description of Collateral

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health−care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date (for this purpose, as defined in the Original Agreement), include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property. Further, notwithstanding any provision in this Agreement to the contrary, the grant of security interest herein shall not extend to and the term "Collateral" shall not include (i) the Shares of Halozyme owned by Parent, (ii) Excluded Accounts, and (iii) more than sixty-five percent (65.00%) of the Shares of any Foreign Subsidiary of Borrower if Borrower demonstrates to Collateral Agent's reasonable satisfaction that a pledge of more than sixty-five percent (65.00%) of the Shares of such Foreign Subsidiary creates a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code.

Pursuant to the terms of a certain negative pledge arrangement with Collateral Agent and the Lenders, Borrower has agreed not to encumber any of its Intellectual Property.

EXHIBIT B−1

Form of Disbursement Letter

[see attached]

DISBURSEMENT LETTER

December 27, 2013

The undersigned, being the duly elected and acting of **HALOZYME THERAPEUTICS, INC.** a Delaware corporation (" **Parent** ") and **HALOZYME, INC.** , a California corporation (" **Halozyme** "; Halozyme and Parent are individually and collectively, jointly and severally, " **Borrower** "), both with offices located at 11388 Sorrento Valley Road, San Diego, CA 92121, do hereby certify to **OXFORD FINANCE LLC** (" **Oxford** " and " **Lender** "), as collateral agent (the " **Collateral Agent** ") in connection with that certain Amended and Restated Loan and Security Agreement dated as of December 27, 2013, by and among Borrower, Collateral Agent and the Lenders from time to time party thereto (the " **Loan Agreement** "; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by Borrower in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof.

2. No event or condition has occurred that would constitute an Event of Default under the Loan Agreement or any other Loan Document.

3. Borrower is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.

4. All conditions referred to in Section 3 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied or waived by Collateral Agent.

5. No Material Adverse Change has occurred.

6. The undersigned is a Responsible Officer.

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7. The proceeds of the Term Loan shall be disbursed as follows:

Disbursement from Oxford:	
Aggregate Oxford Term Loan Amount	$_____
Plus:	
––Deposit Received	$_____
Less:	
--Amount of Original Term Loan	($_____)
--Amount of Accrued Interest	($_____)
--Amount of Existing Final Payment	($_____)
[––Interim Interest	($_____)]
––Lender's Legal Fees	($_____)*
Net Proceeds due from Oxford:	**$_____**
Disbursement from SVB:	
Aggregate SVB Term Loan Amount	$_____
Plus:	
––Deposit Received	$_____
Less:	
--Amount of Original Term Loan	($_____)
--Amount of Accrued Interest	($_____)
--Amount of Existing Final Payment	($_____)
[––Interim Interest	($_____)]
Net Proceeds due from SVB:	**$_____**
TOTAL TERM LOAN NET PROCEEDS FROM LENDERS	**$_____**

8. The Term Loans shall amortize in accordance with the Amortization Table attached hereto.

9. The aggregate net proceeds of the Term Loans shall be transferred to the Designated Deposit Account as follows:

Account Name:	HALOZYME, INC.
Bank Name:	Silicon Valley Bank
Bank Address:	3003 Tasman Drive Santa Clara, California 95054
Account Number:	3300664625
ABA Number:	121140399

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Dated as of the date first set forth above.

BORROWER:

HALOZYME THERAPEUTICS, INC.

By _
Name: _
Title: _

HALOZYME, INC.

By _
Name: _
Title: _

COLLATERAL AGENT:

OXFORD FINANCE LLC

By _
Name: _
Title: _

LENDERS:

OXFORD FINANCE LLC

By _
Name: _
Title: _

SILICON VALLEY BANK

By _
Name: _
Title: _

AMORTIZATION TABLE
(Term Loan)

Oxford Finance & SVB

Amortization Table

Halozyme AA02

Start Date:	12/27/2013		***Disclaimer:***
Interest Rate:	7.55%		**THIS IS A STANDARD AMORTIZATION**
Term:	48	12 IO + 36 PI	**SCHEDULE. IT IS NOT INTENDED TO BE**
Payment:	$1,556,459.34		**USED FOR PAYOFF PURPOSES.**
Final Payment:	$4,250,000.00	8.50%	
Amount:	50,000,000.00		

PMT No.	Payment Date	Beginning Balance	Monthly Payment	Interest	Principal	Ending Balance
	1/1/14		Interim Interest Due			$50,000,000.00
1	2/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
2	3/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
3	4/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
4	5/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
5	6/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
6	7/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
7	8/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
8	9/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
9	10/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
10	11/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
11	12/1/14	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
12	1/1/15	$50,000,000.00	$314,583.33	$314,583.33	$0.00	$50,000,000.00
13	2/1/15	$50,000,000.00	$1,556,459.34	$314,583.33	$1,241,876.00	$48,758,124.00
14	3/1/15	$48,758,124.00	$1,556,459.34	$306,769.86	$1,249,689.47	$47,508,434.52
15	4/1/15	$47,508,434.52	$1,556,459.34	$298,907.23	$1,257,552.10	$46,250,882.42
16	5/1/15	$46,250,882.42	$1,556,459.34	$290,995.14	$1,265,464.20	$44,985,418.22
17	6/1/15	$44,985,418.22	$1,556,459.34	$283,033.26	$1,273,426.08	$43,711,992.14
18	7/1/15	$43,711,992.14	$1,556,459.34	$275,021.28	$1,281,438.05	$42,430,554.08
19	8/1/15	$42,430,554.08	$1,556,459.34	$266,958.90	$1,289,500.43	$41,141,053.65
20	9/1/15	$41,141,053.65	$1,556,459.34	$258,845.80	$1,297,613.54	$39,843,440.11
21	10/1/15	$39,843,440.11	$1,556,459.34	$250,681.64	$1,305,777.69	$38,537,662.41
22	11/1/15	$38,537,662.41	$1,556,459.34	$242,466.13	$1,313,993.21	$37,223,669.20
23	12/1/15	$37,223,669.20	$1,556,459.34	$234,198.92	$1,322,260.42	$35,901,408.79
24	1/1/16	$35,901,408.79	$1,556,459.34	$225,879.70	$1,330,579.64	$34,570,829.15
25	2/1/16	$34,570,829.15	$1,556,459.34	$217,508.13	$1,338,951.20	$33,231,877.94
26	3/1/16	$33,231,877.94	$1,556,459.34	$209,083.90	$1,347,375.44	$31,884,502.50
27	4/1/16	$31,884,502.50	$1,556,459.34	$200,606.66	$1,355,852.68	$30,528,649.83
28	5/1/16	$30,528,649.83	$1,556,459.34	$192,076.09	$1,364,383.25	$29,164,266.58
29	6/1/16	$29,164,266.58	$1,556,459.34	$183,491.84	$1,372,967.49	$27,791,299.09
30	7/1/16	$27,791,299.09	$1,556,459.34	$174,853.59	$1,381,605.75	$26,409,693.34
31	8/1/16	$26,409,693.34	$1,556,459.34	$166,160.99	$1,390,298.35	$25,019,394.99
32	9/1/16	$25,019,394.99	$1,556,459.34	$157,413.69	$1,399,045.64	$23,620,349.34
33	10/1/16	$23,620,349.34	$1,556,459.34	$148,611.36	$1,407,847.97	$22,212,501.37
34	11/1/16	$22,212,501.37	$1,556,459.34	$139,753.65	$1,416,705.68	$20,795,795.69
35	12/1/16	$20,795,795.69	$1,556,459.34	$130,840.21	$1,425,619.12	$19,370,176.57
36	1/1/17	$19,370,176.57	$1,556,459.34	$121,870.69	$1,434,588.64	$17,935,587.92
37	2/1/17	$17,935,587.92	$1,556,459.34	$112,844.74	$1,443,614.60	$16,491,973.33
38	3/1/17	$16,491,973.33	$1,556,459.34	$103,762.00	$1,452,697.34	$15,039,275.99
39	4/1/17	$15,039,275.99	$1,556,459.34	$94,622.11	$1,461,837.23	$13,577,438.76
40	5/1/17	$13,577,438.76	$1,556,459.34	$85,424.72	$1,471,034.62	$12,106,404.15
41	6/1/17	$12,106,404.15	$1,556,459.34	$76,169.46	$1,480,289.88	$10,626,114.27
42	7/1/17	$10,626,114.27	$1,556,459.34	$66,855.97	$1,489,603.37	$9,136,510.90
43	8/1/17	$9,136,510.90	$1,556,459.34	$57,483.88	$1,498,975.46	$7,637,535.44
44	9/1/17	$7,637,535.44	$1,556,459.34	$48,052.83	$1,508,406.51	$6,129,128.93
45	10/1/17	$6,129,128.93	$1,556,459.34	$38,562.44	$1,517,896.90	$4,611,232.03
46	11/1/17	$4,611,232.03	$1,556,459.34	$29,012.33	$1,527,447.00	$3,083,785.03
47	12/1/17	$3,083,785.03	$1,556,459.34	$19,402.15	$1,537,057.19	$1,546,727.84
48	1/1/18	$1,546,727.84	$1,556,459.34	$9,731.50	$1,546,727.84	($0.00)
Final	1/1/18	Final	$4,250,000.00	$4,250,000.00	$0.00	
		Totals	$64,057,536.14	$14,057,536.14	$50,000,000.00	

EXHIBIT B−2

Loan Payment/Advance Request Form

DEADLINE FOR SAME DAY PROCESSING IS NOON PACIFIC TIME*

Fax To: 858-622-1424 Date: _____

LOAN PAYMENT :

HALOZYME THERAPEUTICS, INC. and HALOZYME, INC.

From Account #_____ To Account #_____
(Deposit Account #) (Loan Account #)
Principal $_____ and/or Interest $_____

Authorized Signature: ___ Phone Number: __
Print Name/Title: __

LOAN ADVANCE :

Complete *Outgoing Wire Request* section below if all or a portion of the funds from this loan advance are for an outgoing wire.

From Account #_____ To Account #_____
(Loan Account #) (Deposit Account #)

Amount of Advance $_____

All Borrower's representations and warranties in the Amended and Restated Loan and Security Agreement are true, correct and complete in all material respects on the date of the request for an advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date :

Authorized Signature: ___ Phone Number: __
Print Name/Title: __

OUTGOING WIRE REQUEST :

Complete only if all or a portion of funds from the loan advance above is to be wired.
Deadline for same day processing is noon, Pacific Time

Beneficiary Name: _____ ___ Amount of Wire: $ __
Beneficiary Bank: _____ ___ Account Number: __
City and State: __

Beneficiary Bank Transit (ABA) #: ___ Beneficiary Bank Code (Swift, Sort, Chip, etc.): __
(For International Wire Only)

Intermediary Bank: ___ Transit (ABA) #: __
For Further Credit to: __

Special Instruction: __
By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).

Authorized Signature: _____ 2nd Signature (if required): _____
Print Name/Title: _____ Print Name/Title: _____
Telephone #: _____ Telephone #: _____

EXHIBIT C

Compliance Certificate

TO: OXFORD FINANCE LLC, as Collateral Agent and Lender
SILICON VALLEY BANK, as Lender

FROM: HALOZYME THERAPEUTICS, INC.
HALOZYME, INC.

The undersigned authorized officers (collectively, the " **Officers** ") of HALOZYME THERAPEUTICS, INC. and HALOZYME, INC. (individually and collectively, jointly and severally, " **Borrower** "), hereby certify that in accordance with the terms and conditions of the Amended and Restated Loan and Security Agreement by and among Borrower, Collateral Agent, and the Lenders from time to time party thereto (the " **Loan Agreement** ;" capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement),

(a) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below;

(b) There are no Events of Default, except as noted below;

(c) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date and for the period described in (i), above; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(d) Borrower, and each of Borrower's Subsidiaries, has timely filed all required tax returns and reports, Borrower, and each of Borrower's Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Loan Agreement;

(e) No Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officers, on behalf of each Borrower (as applicable), further certify that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year−end audit adjustments as to the interim financial statements.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under "Complies" column.

	Reporting Covenant	Requirement	Actual	Complies		
1)	Financial statements	Quarterly within 45 days		Yes	No	N/A
2)	Annual (CPA Audited) statements	Earlier of 5 days after filing with SEC or 210 days after FYE		Yes	No	N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (earlier of 7 days following board-approval or 60 days after FYE) and when revised		Yes	No	N/A
5)	8−K, 10−K and 10−Q Filings	If applicable, within 5 days of filing		Yes	No	N/A
6)	Compliance Certificate	Monthly within 45 days		Yes	No	N/A
7)	IP Report	When required		Yes	No	N/A
8)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period		$_____	Yes	No	N/A
9)	Total amount of Borrower's Subsidiaries' cash and cash equivalents at the last day of the measurement period		$_____	Yes	No	N/A

Deposit and Securities Accounts
(Please list all accounts; attach separate sheet if additional space needed)

	Institution Name	Account Number	New Account?		Account Control Agreement in place?	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No

Other Matters

1)	Have there been any changes in management since the last Compliance Certificate?	Yes	No
2)	Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Loan Agreement?	Yes	No
3)	Have there been any new or pending claims or causes of action against Borrower that involve more than Two Hundred Fifty Thousand Dollars ($250,000.00)?	Yes	No
4)	Have there been any amendments of or other changes to the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries? If yes, provide copies of any such amendments or changes with this Compliance Certificate.	Yes	No

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions." Attach separate sheet if additional space needed.)

HALOZYME THERAPEUTICS, INC. HALOZYME, INC.

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____

Date: Date:

LENDER USE ONLY

Received by: _____ Date: ___

Verified by: _____ Date: ___

Compliance Status: Yes No

EXHIBIT D

Form of Secured Promissory Note

SECURED PROMISSORY NOTE
(Term Loan)

$_____ Dated: December 27, 2013

FOR VALUE RECEIVED, the undersigned, HALOZYME THERAPEUTICS, INC. a Delaware corporation (" **Parent** ") and HALOZYME, INC., a California corporation (" **Halozyme** "; Halozyme and Parent are individually and collectively, jointly and severally, " **Borrower** "), both with offices located at 11388 Sorrento Valley Road, San Diego, CA 92121, HEREBY PROMISE TO PAY to the order of [OXFORD FINANCE LLC][SILICON VALLEY BANK] (" **Lender** ") the principal amount of [_____] MILLION DOLLARS ($_____) or such lesser amount as shall equal the outstanding principal balance of the Term Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term Loan, at the rates and in accordance with the terms of the Amended and Restated Loan and Security Agreement dated December 27, 2013 by and among Borrower, Lender, Oxford Finance LLC, as Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the " **Loan Agreement** "). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Secured Promissory Note (this " **Note** "). The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term Loan, interest on the Term Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

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IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

HALOZYME THERAPEUTICS, INC.

By _
Name: _
Title: _

HALOZYME, INC.

By _
Name: _
Title: _

LOAN INTEREST RATE AND PAYMENTS OF PRINCIPAL

Date	Principal Amount	Interest Rate	Scheduled Payment Amount	Notation By

EXHIBIT E

CORPORATE BORROWING CERTIFICATE

BORROWER: [HALOZYME THERAPEUTICS, INC.]
[HALOZYME, INC.]

DATE : December 27, 2013

Lenders: OXFORD FINANCE LLC, as Collateral Agent and Lender
SILICON VALLEY BANK, as Lender

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.

2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of [DELAWARE] [CALIFORNIA] .

3. Attached hereto as Exhibit A and Exhibit B , respectively, are true, correct and complete copies of (i) Borrower's Articles/Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth in paragraph 2 above; and (ii) Borrower's Bylaws. Neither such Articles/Certificate of Incorporation nor such Bylaws have been amended, annulled, rescinded, revoked or supplemented, and such Articles/Certificate of Incorporation and such Bylaws remain in full force and effect as of the date hereof.

4. The following resolutions were duly and validly adopted by Borrower's Board of Directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and the Lenders may rely on them until each Lender receives written notice of revocation from Borrower.

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RESOLVED , that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

Name	Title	Signature	Authorized to Add or Remove Signatories
_____	_____	_____	☐
_____	_____	_____	☐
_____	_____	_____	☐
_____	_____	_____	☐

RESOLVED FURTHER, that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

RESOLVED FURTHER, that such individuals may, on behalf of Borrower:

Borrow Money . Borrow money from the Lenders.
Execute Loan Documents . Execute any loan documents any Lender requires.
Grant Security . Grant Collateral Agent a security interest in any of Borrower's assets.
Negotiate Items . Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.
Further Acts . Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrower's right to a jury trial) they believe to be necessary to effectuate such resolutions.

RESOLVED FURTHER, that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

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5. The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

By: _
Name: _
Title: _

*** *If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of Borrower.*

I, the _____ of B orrower, hereby certify as to paragraphs 1 through 5 above, as
[print title]
of the date set forth above.

By: _
Name: _
Title: _

[*Signature Page to Corporate Borrowing Certificate*]

EXHIBIT A

Articles/Certificate of Incorporation (including amendments)

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

HALOZYME THERAPEUTICS, INC.

(Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware)

Halozyme Therapeutics, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware on August 23, 2007 (the "Corporation") certifies as follows:

1. The Corporation's Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors and sole stockholder by written consent in accordance with Sections 242 and 245 of the General Corporation Law.

2. The Corporation's Certificate of Incorporation is amended and restated to read in full as follows:

FIRST: The name of the corporation is:

Halozyme Therapeutics, Inc.

SECOND: The address of its registered office in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, City of Wilmington, County of New Castle. The name of the registered agent at that address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The corporation is authorized to issue two classes of stock, to be designated "Common Stock," with a par value of $0.001 per share, and "Preferred Stock," with a par value of $0.001 per share. The total number of shares of Common Stock that the corporation shall have authority to issue is 150,000,000, and the total number of shares of Preferred Stock that the corporation shall have authority to issue is 20,000,000.

The corporation's Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the state of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of any class of capital stock of the corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding Common Stock of the corporation, without the approval of the holders of the Preferred Stock, or of any series thereof, unless the approval of any such holders is required pursuant to the certificate or certificates establishing any series of Preferred Stock.

FIFTH:

A. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the corporation. Election of directors need not be by written ballot, unless the Bylaws so provide.

B. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

SIXTH: The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the Corporation. Any adoption, amendment or repeal of Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of Bylaws of the Corporation by the stockholders shall require, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

SEVENTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

If the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing provisions of this Article SEVENTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

EIGHTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate to be signed by a duly authorized officer on this 8th day of October, 2007.

Halozyme Therapeutics, Inc.

/s/ Jonathan E. Lim
Jonathan E. Lim
President and Chief Executive Officer

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EXHIBIT B

Bylaws

BYLAWS OF
HALOZYME THERAPEUTICS, INC.
ARTICLE I
STOCKHOLDERS

1.1 Place of Meetings . All meetings of stockholders shall be held at such place (if any) within or without the State of Delaware as may be designated from time to time by the Board of Directors (the "Board").

1.2 Annual Meeting . The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date to be fixed by the Board of Directors at the time and place to be fixed by the Board of Directors and stated in the notice of the meeting. In lieu of holding an annual meeting of stockholders at a designated place, the Board of Directors may, in its sole discretion, determine that any annual meeting of stockholders may be held solely by means of remote communication.

1.3 Special Meetings . Special meetings of stockholders may be called at any time by the Board of Directors, the Chairman of the Board, or the holders of record of not less than 50% of the shares entitled to cast votes at the meeting, for any purpose or purposes prescribed in the notice of the meeting and shall be held at such place (if any), on such date and at such time as the Board may fix. In lieu of holding a special meeting of stockholders at a designated place, the Board of Directors may, in its sole discretion, determine that any special meeting of stockholders may be held solely by means of remote communication. Business transacted at any special meeting of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

Upon a request in writing sent by registered mail to the Secretary of the corporation by any stockholder or stockholders entitled to request a special meeting of stockholders pursuant to this Section 1.3, which request contains the information required pursuant to Sections 1.10 and 2.15, as applicable, and upon a determination by the Secretary of the validity of such request, it shall be the duty of the Secretary to present the request to the Board of Directors, whereupon the Board of Directors (a) shall determine a place and time for such meeting, which time shall be not less than 100 nor more than 120 days after the receipt of such request, and (b) shall fix, in accordance with Section 4.5, a record date for the determination of stockholders entitled to vote at such meeting. Upon Board action as provided in this Section 1.3, the Secretary of the corporation shall cause notice to be given to the stockholders, in accordance with Section 1.4 hereof, that a meeting will be held for the purposes set forth in the stockholder's request, as well as any additional purpose or purposes determined by the Board of Directors in accordance with this Section 1.3.

1.4 Notice of Meetings .

(a) Written notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or as required by law (meaning here and hereafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation). The notice of any meeting shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

(b) Notice to stockholders may be given by personal delivery, mail, or, with the consent of the stockholder entitled to receive notice, by facsimile or other means of electronic transmission. If mailed, such notice shall be delivered by postage prepaid envelope directed to each stockholder at such stockholder's address as it appears in the records of the corporation and shall be deemed given when deposited in the United States mail. Notice given by electronic transmission pursuant to this subsection shall be deemed given: (1) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(c) Notice of any meeting of stockholders need not be given to any stockholder if waived by such stockholder either in a writing signed by such stockholder or by electronic transmission, whether such waiver is given before or after such meeting is held. If such a waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder.

1.5 Voting List . The officer who has charge of the stock ledger of the corporation shall prepare, at least 10 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order for each class of stock and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, in the manner provided by law. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present. This list shall determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

1.6 Quorum . Except as otherwise provided by law or these Bylaws, the holders of a majority of the shares of the capital stock of the corporation entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business. Where a separate class vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

1.7 Adjournments . Any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these Bylaws by the chairman of the meeting or, in the absence of such person, by any officer entitled to preside at or to act as secretary of such meeting, or by the holders of a majority of the shares of stock present or represented at the meeting and entitled to vote, although less than a quorum. When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the date, time, and place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies . Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person or may authorize any other person or persons to vote or act for him by written proxy executed by

the stockholder or his authorized agent or by a transmission permitted by law and delivered to the Secretary of the corporation. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this Section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission.

1.9 Action at Meeting . When a quorum is present at any meeting, any election of directors shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election, and any other matter shall be determined by a majority in voting power of the shares present in person or represented by proxy and entitled to vote on the matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, a majority of the shares of each such class present in person or represented by proxy and entitled to vote on the matter) shall decide such matter, except when a different vote is required by express provision of law, the Certificate of Incorporation or these Bylaws.

All voting, including on the election of directors, but excepting where otherwise required by law, may be by a voice vote provided, however, that upon demand therefor by a stockholder entitled to vote or his or her proxy, a vote by ballot shall be taken. Each ballot shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. The corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as an alternate inspector to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability.

1.10 Notice of Stockholder Business .

(a) At an annual or special meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) properly brought before the meeting by or at the direction of the Board of Directors, or (iii) properly brought before the meeting by a stockholder of record. For business to be properly brought before an annual meeting by a stockholder, it must be a proper matter for stockholder action under the Delaware General Corporation Law and the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder proposal to be presented at an annual meeting shall be received at the corporation's principal executive offices not less than 120 days prior to the first anniversary of the date that the corporation's (or its predecessor's) proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting is more than 30 days earlier than the date contemplated at the time of the previous year's proxy statement, notice by the stockholders to be timely must be received not later than the close of business on the 10th day following the day on which the date of the annual meeting is publicly announced. "Public announcement" for purposes hereof shall have the meaning set forth in Article II, Section 2.15(c) of these Bylaws. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be properly brought before a special meeting, business must be brought before the meeting by or at the direction of the Board of Directors.

(b) A stockholder's notice to the Secretary of the corporation shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting, (ii) the name and address, as they appear on the Company's books, of the stockholder proposing such business and the name and address of the beneficial owner, if any, on whose behalf the business is being brought, (iii) the class and number of shares of the corporation which are owned beneficially and of record by the stockholder and such other beneficial owner , (iv) any material interest of the stockholder and such other beneficial owner in such business and (v) whether either such stockholder or beneficial owner intends to deliver a proxy

statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry the proposal.

(c) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations thereunder with respect to the matters set forth in this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

1.11 Conduct of Business . At every meeting of the stockholders, the Chairman of the Board, or, in his or her absence, the President, or, in his or her absence, such other person as may be appointed by the Board of Directors, shall act as chairman. The Secretary of the corporation or a person designated by the chairman of the meeting shall act as secretary of the meeting. Unless otherwise approved by the chairman of the meeting, attendance at the stockholders' meeting is restricted to stockholders of record, persons authorized in accordance with Section 1.8 of these Bylaws to act by proxy, and officers of the corporation.

The chairman of the meeting shall call the meeting to order, establish the agenda, and conduct the business of the meeting in accordance therewith or, at the chairman's discretion, it may be conducted otherwise in accordance with the wishes of the stockholders in attendance. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

The chairman shall also conduct the meeting in an orderly manner, rule on the precedence of, and procedure on, motions and other procedural matters, and exercise discretion with respect to such procedural matters with fairness and good faith toward all those entitled to take part. Without limiting the foregoing, the chairman may (a) restrict attendance at any time to bona fide stockholders of record and their proxies and other persons in attendance at the invitation of the presiding officer or Board of Directors, (b) restrict use of audio or video recording devices at the meeting, and (c) impose reasonable limits on the amount of time taken up at the meeting on discussion in general or on remarks by any one stockholder. Should any person in attendance become unruly or obstruct the meeting proceedings, the chairman shall have the power to have such person removed from the meeting. Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 1.11 and Section 1.10 above. The chairman of a meeting may determine and declare to the meeting that any proposed item of business was not brought before the meeting in accordance with the provisions of this Section 1.11 and Section 1.10, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

1.12 Stockholder Action Without Meeting .

(a) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting shall be as fixed by the Board of Directors in accordance with Section 4.5 or as otherwise established under this Section 1.12. Any persons seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice addressed to the Secretary of the corporation and delivered to the corporation and signed by stockholders of record holding not less than 50% of the outstanding shares entitled to vote at a meeting, request that a record date be fixed for such purpose. Such persons shall be stockholders of record of the corporation (and, with respect to any beneficial owners, if different, on whose behalf such action is proposed, only if such beneficial owners were the beneficial owners of shares of the corporation) (i) both at the time the notice is delivered to the Secretary of the corporation and as of the record date, (ii) who are entitled to consent to corporate action in writing without a meeting and (iii) who otherwise comply with this Section 1.12. The proposed action must constitute a proper matter for stockholder action under the Delaware General Corporation Law. The written notice must contain the information set forth in Section 1.12(b) and updates or supplements to such notice must be provided at the times and in the forms required by Section 1.12(b). Following receipt of the notice, the Board of Directors shall have 10 days to determine the validity of the request, and if appropriate, adopt a resolution fixing the record date for such purpose. The record date for such purpose shall be no more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors and shall not precede the date such resolution is adopted. If the Board of Directors fails within 10 days

after the corporation receives such notice to fix a record date for such purpose, the record date shall be the day on which the first written consent is delivered to the corporation in the manner described in Section 1.12(d), except that, if prior action by the Board of Directors is required by law, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(b) Any stockholders' notice required by Section 1.12(a) must describe the action that the stockholders propose to take by written consent. For each such proposal other than nominations for the election of directors, every notice by stockholders must set forth (i) the information required by Section 1.10(b) as though such stockholders were intending to bring a matter before an annual meeting of stockholders, (ii) the text of the proposal (including the text of any resolutions to be effected by consent and the language of any proposed amendment to the Bylaws of the corporation), (iii) the reasons for soliciting consents for the proposal, (iv) any material interests in the proposal held by the stockholders and the beneficial owners, if any, on whose behalf the action is to be taken, and (v) any other information relating to the stockholders, the beneficial owners, or the proposal that would be required to be disclosed in filings in connection with the solicitation of proxies or consents pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (or any successor provision of the Exchange Act or the rules or regulations promulgated thereunder).

In addition to the foregoing, the notice must state, as to the stockholders giving the notice and the beneficial owners, if any, on whose behalf the notice is given, a description of all arrangements or understandings between such stockholders and any other person or persons regarding the proposed action by consent. The corporation may require the stockholders of record and/or beneficial owner requesting a record date for proposed stockholder action by consent to furnish such other information as it may reasonably require to determine the validity of the request for a record date.

The stockholders seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 1.12 shall be true and correct as of the record date for determining stockholders entitled to express consent to corporate action without a meeting and as of the date that is 5 business days prior to the date the consent solicitation is commenced, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the corporation at the principal executive offices of the corporation not later than 5 business days after such record date (in the case of the update and supplement required to be made as of the record date), and not later than 3 business days prior to the date the consent solicitation is commenced (in the case of the update and supplement required to be made as of 5 business days prior to the date the consent solicitation is commenced).

Notwithstanding anything in these Bylaws to the contrary, no action may be taken by the stockholders by written consent without a meeting except in accordance with this Section 1.12. If the Board of Directors shall determine that any request to fix a record date or to take stockholder action by written consent without a meeting was not properly made in accordance with the provisions of this Section 1.12, or the stockholders seeking to take such action do not otherwise comply with the provisions of this Section 1.12, including this Section 1.12(b), then the Board of Directors shall not be required to fix a record date and any such purported action by written consent shall be null and void to the fullest extent permitted by applicable law. In addition to the requirements of this Section 1.12 with respect to stockholders seeking to take an action by written consent without a meeting, each person seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall comply with all requirements of applicable law, including all requirements of the Exchange Act, with respect to such action.

(c) Every written consent purporting to take or authorize the taking of corporate action (each, a "Consent") must bear the date of signature of each stockholder who signs the Consent, and no Consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated Consent delivered in the manner required by this section, Consents signed by a sufficient number of stockholders to take such action are so delivered to the corporation.

(d) Consents must be delivered to the corporation by delivery to its registered office in the State of Delaware or its principal place of business. Delivery must be made by hand or by certified or registered mail, return receipt requested.

In the event of the delivery to the corporation of any Consents, the Secretary of the corporation, or such other officer of the corporation as the Board of Directors may designate, shall provide for the safe-keeping of such Consents and any related revocations and shall promptly conduct such ministerial review of the sufficiency of all Consents and any related revocations and of the validity of the action to be taken by stockholder consent as the Secretary of the corporation, or such other officer of the corporation as the Board of Directors may designate, deems necessary or appropriate, including, without limitation, whether the stockholders of a number of shares having the requisite voting power to authorize or take the action specified in the Consents have given consent; provided, however, that the Secretary of the corporation, or such other officer of the corporation as the Board of Directors may designate, may alternatively designate two persons, who shall not be members of the Board of Directors, to serve as inspectors ("Inspectors") with respect to such Consent, and such Inspectors shall discharge the functions of the Secretary of the corporation, or such other officer of the corporation as the Board of Directors may designate, under this section. If after such investigation the Secretary of the corporation, such other officer of the corporation as the Board of Directors may designate, or the Inspectors, shall determine that the action purported to have been taken is duly authorized by the Consents, that fact shall forthwith be certified on the records of the corporation kept for the purpose of recording the proceedings of meetings of stockholders, and the Consents shall be filed in such records.

In conducting the investigation required by this section, the Secretary of the corporation, such other officer of the corporation as the Board of Directors may designate, or the Inspectors, may, at the expense of the corporation, retain special legal counsel and any other necessary or appropriate professional advisors, and such other personnel as such person or persons may deem necessary or appropriate and shall be fully protected in relying in good faith upon the opinion of such counsel or advisors.

(e) No action by written consent without a meeting shall be effective until such date as the Secretary of the corporation, such other officer of the corporation as the Board of Directors may designate, or the Inspectors, as applicable, certify to the corporation that the Consents delivered to the corporation in accordance with Section 1.12(d), represent at least the minimum number of votes that would be necessary to take the corporate action.

(f) Nothing contained in this section shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any Consent or related revocations, whether before or after such certification by the Secretary of the corporation, such other officer of the corporation as the Board of Directors may designate, or the Inspectors, as applicable, or to take any other action (including, without limitation, the commencement, prosecution, or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

1.13 Meetings by Remote Communication . If authorized by the Board of Directors, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication, participate in the meeting and be deemed present in person and vote at the meeting, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

ARTICLE II
BOARD OF DIRECTORS

2.1 General Powers . The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2.2 Number and Term of Office . Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall initially be one (1) and, thereafter, shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption). At such time as the Board of Directors has three or more members, the Board of Directors shall be divided into three classes, each class to serve for a term of three (3) years and to be as nearly equal in number as possible. Class I shall be comprised of directors who shall initially serve until the annual meeting of stockholders in 2008, and thereafter for terms of three years and until their successor shall have been elected and qualified. Class II shall be comprised of directors who shall initially serve until the annual meeting of stockholders in 2009, and thereafter for terms of three years and until their successors shall have been elected and qualified. Class III shall be comprised of directors who shall initially serve until the annual meeting of stockholders in 2010, and thereafter for terms of three years and until their successors shall have been elected and qualified. Directors shall be elected at each annual meeting of the stockholders to hold office until the expiration of their respective term, but if any such annual meeting is not held or the directors are not elected at any annual meeting, the directors may be elected at any special meeting of stockholders held for that purpose, or at the next annual meeting of stockholders held thereafter. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified or until his earlier resignation or removal or his office has been declared vacant in the manner provided in these bylaws. Directors need not be stockholders.

2.3 Vacancies and Newly Created Directorships . Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification or other cause (including removal from office by a vote of the stockholders) may be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), or by the sole remaining director and directors so chosen shall hold office until the expiration of the applicable term for that particular director seat or until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

2.4 Resignation . Any director may resign by delivering notice in writing or by electronic transmission to the President, Chairman of the Board or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.5 Removal . Subject to the rights of the holders of any series of Preferred Stock then outstanding, any directors, or the entire Board of Directors, may be removed from office at any time, with or without cause, by the affirmative vote of the holders of two-thirds (2/3rds) of the voting power of all of the outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class. Vacancies in the Board of Directors resulting from such removal may be filled by a majority of the directors then in office, though less than a quorum, or by the sole remaining director. Directors so chosen shall hold office until the term of office of the class to which they have been elected expires.

2.6 Regular Meetings . Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.7 Special Meetings . Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or two or more directors and may be held at any time and place, within or without the State of Delaware.

2.8 Notice of Special Meetings . Notice of any special meeting of directors shall be given to each director by whom it is not waived by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director by (i) giving notice to such director in person or by telephone, electronic transmission or voice message system at least 24 hours in advance of the meeting, (ii) sending a facsimile to his last known facsimile number, or delivering written notice by hand to his last known business or home address, at least 24 hours in advance of the meeting, or (iii) mailing written notice to his last known business or home address at least three days in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

2.9 Participation in Meetings by Telephone Conference Calls or Other Methods of Communication . Directors or any members of any committee designated by the directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.10 Quorum . A majority of the total number of authorized directors shall constitute a quorum at any meeting of the Board of Directors. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or at a meeting of a committee which authorizes a particular contract or transaction.

2.11 Action at Meeting . At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law, the Certificate of Incorporation or these Bylaws.

2.12 Action by Written Consent . Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting if all members of the Board or committee, as the case may be, consent to the action in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.13 Committees . The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation, with such lawfully delegated powers and duties as it therefor confers, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the Delaware General Corporation Law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Bylaws for the Board of Directors.

2.14 Compensation of Directors . Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

2.15 Nomination of Director Candidates .

(a) Subject to the rights of holders of any class or series of Preferred Stock then outstanding, nominations for the election of Directors at an annual meeting may be made by (i) the Board of Directors or a duly authorized committee thereof or (ii) any stockholder entitled to vote in the election of Directors generally who complies with the procedures set forth in this Bylaw and who is a stockholder of record at the time notice is delivered to the Secretary of the corporation. Any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at an annual meeting only if timely notice of such stockholder's intent to make such nomination or nominations has been given in writing to the Secretary of the corporation. To be timely, a stockholder nomination for a director to be elected at an annual meeting shall be received at the corporation's principal executive offices not less than 120 calendar days in advance of the first anniversary of the date that the corporation's (or the corporation's predecessor's) proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholders to be timely must be received not later than the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination, of the beneficial owner, if any, on whose behalf the nomination is being made and of the person or persons to be nominated; (ii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote for the election of Directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder or such beneficial owner and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; (v) the consent of each nominee to serve as a director of the corporation if so elected; (vi) the class and number of shares of the corporation that are owned beneficially and of record by such stockholder and such beneficial owner; and (vii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry the proposal. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Notwithstanding the third sentence of this Section 2.15(a), in the event that the number of Directors to be elected at an annual meeting is increased and there is no public announcement by the corporation naming the nominees for the additional directorships at least 130 days prior to the first anniversary of the date that the corporation's (or its predecessor's) proxy statement was released to stockholders in connection with the previous year's annual meeting, a stockholder's notice required by this Section 2.15(a) shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(b) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting by (i) or at the direction of the Board of Directors or a committee thereof or (ii) any stockholder of the corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Bylaw and who is a stockholder of record at the time such notice is delivered to the Secretary of the corporation. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as are specified in the corporation's notice of meeting, if the stockholder's notice as required by paragraph (a) of this Bylaw shall be

delivered to the Secretary at the principal executive offices of the corporation not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 70th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(d) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(e) Only persons nominated in accordance with the procedures set forth in this Section 2.15 shall be eligible to serve as directors. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (a) to determine whether a nomination was made in accordance with the procedures set forth in this Section 2.15 and (b) if any proposed nomination was not made in compliance with this Section 2.15, to declare that such nomination shall be disregarded.

(f) If the chairman of the meeting for the election of Directors determines that a nomination of any candidate for election as a Director at such meeting was not made in accordance with the applicable provisions of this Section 2.15, such nomination shall be void; provided, however, that nothing in this Section 2.15 shall be deemed to limit any voting rights upon the occurrence of dividend arrearages provided to holders of Preferred Stock pursuant to the Preferred Stock designation for any series of Preferred Stock.

ARTICLE III
OFFICERS

3.1 Enumeration . The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer, a Chief Financial Officer and such other officers with such other titles as the Board of Directors shall determine, including, at the discretion of the Board of Directors, a Chairman of the Board of Directors and one or more Vice Presidents and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election/Appointment . Officers shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Officers may be appointed by the Board of Directors at any other meeting. The Board of Directors may appoint, or empower the president to appoint, such other officers and agents as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

3.3 Qualification . No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure . Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote appointing him, or until his earlier death, resignation or removal.

3.5 Resignation and Removal . Any officer may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Any officer elected by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors or, except in the

case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

3.6 Chairman of the Board . The Board of Directors may appoint a Chairman of the Board. If the Board of Directors appoints a Chairman of the Board, he shall perform such duties and possess such powers as are assigned to him by the Board of Directors. Unless otherwise provided by the Board of Directors, he shall preside at all meetings of the Board of Directors.

3.7 Chief Executive Officer . The Chief Executive Officer of the corporation shall, subject to the direction of the Board of Directors, have general supervision, direction and control of the business and the officers of the corporation. He shall preside at all meetings of the stockholders and, in the absence or nonexistence of a Chairman of the Board, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the chief executive officer of a corporation, including general supervision, direction and control of the business and supervision of other officers of the corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

3.8 President . Subject to the direction of the Board of Directors and such supervisory powers as may be given by these Bylaws or the Board of Directors to the Chairman of the Board or the Chief Executive Officer, if such titles be held by other officers, the President shall have general supervision, direction and control of the business and supervision of other officers of the corporation. Unless otherwise designated by the Board of Directors, the President shall be the Chief Executive Officer of the corporation. The President shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. He or she shall have power to sign stock certificates, contracts and other instruments of the corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the corporation, other than the Chairman of the Board and the Chief Executive Officer.

3.9 Vice Presidents . Any Vice President shall perform such duties and possess such powers as the Board of Directors or the President may from time to time prescribe. In the event of the absence, inability or refusal to act of the President, the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the President and when so performing shall have at the powers of and be subject to all the restrictions upon the President. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.10 Secretary and Assistant Secretaries . The Secretary shall perform such duties and shall have such powers as the Board of Directors or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the Secretary, including, without limitation, the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to keep a record of the proceedings of all meetings of stockholders and the Board of Directors, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

3.11 Treasurer . The Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation, the duty and power to keep and be responsible for all funds and securities of the corporation, to maintain the financial records of the corporation, to deposit funds of the corporation in depositories as authorized, to disburse such funds as authorized, to make proper accounts of such funds, and to

render as required by the Board of Directors accounts of all such transactions and of the financial condition of the corporation.

3.12 Chief Financial Officer . The Chief Financial Officer shall perform such duties and shall have such powers as may from time to time be assigned to him by the Board of Directors, the Chief Executive Officer or the President. Unless otherwise designated by the Board of Directors, the Chief Financial Officer shall be the Treasurer of the corporation.

3.13 Salaries . Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

3.14 Delegation of Authority . The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE IV
CAPITAL STOCK

4.1 Issuance of Stock . Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any unissued balance of the authorized capital stock of the corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2 Certificates of Stock . The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any class or series of its stock shall be uncertificated shares; provided, however, that no such resolution shall apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock of the corporation represented by certificates, and, upon written request to the corporation's transfer agent or registrar, any holder of uncertificated shares, shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by him in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice Chairman, if any, of the Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the Bylaws, applicable securities laws or any agreement among any number of shareholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

4.3 Transfers . Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation: (i) in the case of shares represented by a certificate, by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or authenticity of signature as the corporation or its transfer agent may reasonably require; and (ii) in the case of uncertificated shares, upon the receipt of proper transfer instructions from the registered owner thereof. Except as may be otherwise required by law, the Certificate of Incorporation or the Bylaws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these Bylaws.

4.4 Lost, Stolen or Destroyed Certificates . The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, or it may issue uncertificated shares if the shares represented by such certificate have been designated as uncertificated shares in accordance with

Section 4.2, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar (including the delivery of a bond in an amount determined by the corporation).

4.5 Record Date . The Board of Directors may fix in advance a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, concession or exchange of stock, or for the purpose of any other lawful action. Such record date shall not precede the date on which the resolution fixing the record date is adopted and shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action by the Board of Directors is necessary shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE V
GENERAL PROVISIONS

5.1 Fiscal Year . The fiscal year of the corporation shall be as fixed by the Board of Directors.

5.2 Corporate Seal . The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice . Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a waiver of such notice either in writing signed by the person entitled to such notice or such person’s duly authorized attorney, or by electronic transmission or any other method permitted under the Delaware General Corporation Law, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

5.4 Actions with Respect to Securities of Other Corporations . Except as the Board of Directors may otherwise designate, the Chief Executive Officer or President or any officer of the corporation authorized by the Chief Executive Officer or President shall have the power to vote and otherwise act on behalf of the corporation, in person or proxy, and may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact to this corporation (with or without power of substitution) at any meeting of stockholders or shareholders (or with respect to any action of stockholders) of any other corporation or organization, the securities of which may be held by this corporation and otherwise to exercise any and all rights and powers which this corporation may possess by reason of this corporation’s ownership of securities in such other corporation or other organization.

5.5 Evidence of Authority . A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation . All references in these Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Severability . Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

5.8 Pronouns . All pronouns used in these Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

5.9 Notices . Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by commercial courier service, or by facsimile or other electronic transmission, provided that notice to stockholders by electronic transmission shall be given in the manner provided in Section 232 of the Delaware General Corporation Law. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the corporation. The time when such notice shall be deemed to be given shall be the time such notice is received by such stockholder, director, officer, employee or agent, or by any person accepting such notice on behalf of such person, if delivered by hand, facsimile, other electronic transmission or commercial courier service, or the time such notice is dispatched, if delivered through the mails. Without limiting the manner by which notice otherwise may be given effectively, notice to any stockholder shall be deemed given: (1) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; (4) if by any other form of electronic transmission, when directed to the stockholder; and (5) if by mail, when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation.

5.10 Reliance Upon Books, Reports and Records . Each director, each member of any committee designated by the Board of Directors, and each officer of the corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the corporation as provided by law, including reports made to the corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care.

5.11 Time Periods . In applying any provision of these Bylaws which require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

5.12 Facsimile Signatures . In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

ARTICLE VI
AMENDMENTS

6.1 By the Board of Directors . Except as otherwise set forth in these Bylaws, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

6.2 By the Stockholders . Except as otherwise set forth in these Bylaws, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of the holders of at least a majority of the voting power of all of the shares of capital stock of the corporation issued and outstanding and entitled to vote generally in any election of directors, voting together as a single class. Such vote may be held at any annual meeting of

stockholders, or at any special meeting of stockholders provided that notice of such alteration, amendment, repeal or adoption of new Bylaws shall have been stated in the notice of such special meeting.

ARTICLE VII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

7.1 Right to Indemnification . Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, or as a controlling person of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer, or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said Law permitted the corporation to provide prior to such amendment) against all expenses, liability and loss reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided , however , that except as provided in Section 7.2 of this Article VII, the corporation shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if (a) such indemnification is expressly required to be made by law, (b) the proceeding (or part thereof) was authorized by the Board of Directors of the corporation, (c) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law, or (d) the proceeding (or part thereof) is brought to establish or enforce a right to indemnification or advancement under an indemnity agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law. The rights hereunder shall be contract rights and shall include the right to be paid expenses incurred in defending any such proceeding in advance of its final disposition; provided , however , that the payment of such expenses incurred by a director or officer of the corporation in his or her capacity as a director or officer (and not in any other capacity in which service was or is tendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified under this Section or otherwise.

7.2 Right of Claimant to Bring Suit . If a claim under Section 7.1 is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, or 20 days in the case of a claim for advancement of expenses, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if such suit is not frivolous or brought in bad faith, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to this corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the corporation shall be entitled to recover such expenses upon a final judicial decision from which there is no further right to appeal that the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the

corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, shall be on the corporation.

7.3 Indemnification of Employees and Agents . The corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of related expenses, to any employee or agent of the corporation to the fullest extent of the provisions of this Article with respect to the indemnification of and advancement of expenses to directors and officers of the corporation.

7.4 Non-Exclusivity of Rights . The rights conferred on any person in this Article VII shall not be exclusive of any other right which such persons may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

7.5 Indemnification Contracts . The Board of Directors is authorized to enter into a contract with any director, officer, employee or agent of the corporation, or any person serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing for indemnification rights equivalent to or, if the Board of Directors so determines, greater than, those provided for in this Article VII.

7.6 Insurance . The corporation shall maintain insurance to the extent reasonably available, at its expense, to protect itself and any such director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

7.7 Effect of Amendment . Any amendment, repeal or modification of any provision of this Article VII shall not adversely affect any right or protection of an indemnitee or his successor existing at the time of such amendment, repeal or modification.

DEBTORS: HALOZYME THERAPEUTICS, INC. and HALOZYME, INC.
SECURED PARTY: OXFORD FINANCE LLC,
as Collateral Agent

EXHIBIT A TO UCC FINANCING STATEMENT

Description of Collateral

The Collateral consists of all of each Debtor's right, title and interest in and to the following personal property:

All goods, Accounts (including health−care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date (for this purpose, as defined in the Original Agreement), include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Debtor that are proceeds of the Intellectual Property. Further, the term "Collateral" shall not include (i) the Shares of Halozyme owned by Parent, (ii) Excluded Accounts, and (iii) more than sixty-five percent (65.00%) of the Shares of any Foreign Subsidiary of Borrower if Debtor demonstrates to Secured Party's reasonable satisfaction that a pledge of more than sixty-five percent (65.00%) of the Shares of such Foreign Subsidiary creates a present and existing adverse tax consequence to Debtor under the U.S. Internal Revenue Code.

Pursuant to the terms of a certain negative pledge arrangement with Collateral Agent and the Lenders, Debtor has agreed not to encumber any of its Intellectual Property.

Capitalized terms used but not defined herein have the meanings ascribed in the Uniform Commercial Code in effect in the State of California as in effect from time to time (the "Code") or, if not defined in the Code, then in the Amended and Restated Loan and Security Agreement by and between Debtor, Secured Party and the other Lenders party thereto (as modified, amended and/or restated from time to time).

EXHIBIT 21.1

SUBSIDIARIES OF HALOZYME THERAPEUTICS, INC.

Name of Subsidiary	State or Jurisdiction of Incorporation or Organization	Percent Owned
Halozyme, Inc.	California	100%
Halozyme Holdings Ltd., a wholly owned subsidiary of Halozyme, Inc.	Bermuda	100%

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-120448) of Halozyme Therapeutics, Inc.,

(2) Registration Statement (Form S-3 No. 333-179444) of Halozyme Therapeutics, Inc.,

(3) Registration Statement (Form S-8 No. 333-119969) pertaining to the Halozyme Therapeutics, Inc. 2004 Stock Plan and Nonstatutory Stock Option Agreement with Andrew Kim and Assumed Options Under the Deliatroph Pharmaceuticals, Inc. Amended and Restated 2001 Stock Plan of Halozyme Therapeutics, Inc.,

(4) Registration Statement (Form S-8 No. 333-133829) pertaining to the Halozyme Therapeutics, Inc. 2005 Outside Directors' Stock Plan and Halozyme Therapeutics, Inc. 2006 Stock Plan of Halozyme Therapeutics, Inc.,

(5) Registration Statement (Form S-8 No. 333-152914) pertaining to the Halozyme Therapeutics, Inc. 2008 Outside Directors' Stock Plan and Halozyme Therapeutics, Inc. 2008 Stock Plan of Halozyme Therapeutics, Inc.,

(6) Registration Statement (Form S-8 No. 333-174013) pertaining to the Halozyme Therapeutics, Inc. 2011 Stock Plan of Halozyme Therapeutics, Inc., and

(7) Registration Statement (Form S-8 No. 333-188997) pertaining to the Halozyme Therapeutics, Inc. Amended and Restated 2011 Stock Plan of Halozyme Therapeutics, Inc.;

of our reports dated February 28, 2014 , with respect to the consolidated financial statements and schedule of Halozyme Therapeutics, Inc. and the effectiveness of internal control over financial reporting of Halozyme Therapeutics, Inc. included in this Annual Report (Form 10-K) of Halozyme Therapeutics, Inc. for the year ended December 31, 2013 .

/s/ Ernst & Young LLP

San Diego, California
February 28, 2014

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Helen I. Torley, M.B. Ch.B, M.R.C.P. , Chief Executive Officer of Halozyme Therapeutics, Inc. certify that:

1. I have reviewed this Annual Report on Form 10-K of Halozyme Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ Helen I. Torley, M.B. Ch.B, M.R.C.P.

Helen I. Torley, M.B. Ch.B, M.R.C.P.
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David A. Ramsay, Chief Financial Officer of Halozyme Therapeutics, Inc. certify that:

1. I have reviewed this Annual Report on Form 10-K of Halozyme Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ David A. Ramsay

David A. Ramsay

Vice President, Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Halozyme Therapeutics, Inc. (the "Registrant") on Form 10-K for the fiscal year ended December 31, 2013 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Helen I. Torley, M.B. Ch.B, M.R.C.P. , Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: February 28, 2014

/s/ Helen I. Torley, M.B. Ch.B, M.R.C.P.
Helen I. Torley, M.B. Ch.B, M.R.C.P.
President and Chief Executive Officer

In connection with the Annual Report of Halozyme Therapeutics, Inc. (the "Registrant") on Form 10-K for the fiscal year ended December 31, 2013 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Ramsay , Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: February 28, 2014

/s/ David A. Ramsay
David A. Ramsay
Vice President, Chief Financial Officer