UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2007

OR

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

Commission file number 000-26648

OPKO HEALTH, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	75-2402409
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4400 Biscayne Blvd., Suite 1180, Miami, FL 33137
(Address of Principal Executive Offices, Zip Code)

Registrant's Telephone Number, Including Area Code: (305) 575-4138

Securities registered pursuant to section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value per share	American Stock Exchange

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 Section 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 if disclosures 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 (as defined in Rule 12b-2 of the Exchange Act).

Large Accelerated filer ☐ Accelerated filer ☐ Non-Accelerated filer ☑ Smaller Reporting Company ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the Registrant's most recently completed second fiscal quarter was: $236,986,298.

As of March 21, 2008 the registrant had 182,150,969 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement for its 2008 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements," as that term is defined under the Private Securities Reform Act of 1995, or PSLRA, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements about our expectations, beliefs or intentions regarding our product development efforts, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described below and in "Item 1A-Risk Factors" of this Annual Report on Form 10-K. We do not undertake any obligation to update forward-looking statements. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance.

Risks and uncertainties, the occurrence of which could adversely affect our business, include the following:

- We have a history of operating losses and we do not expect to become profitable in the near future.
- Our technologies are in an early stage of development and are unproven.
- Our drug research and development activities may not result in commercially viable products.
- We are highly dependent on the success of our lead product candidate, bevasiranib, and we cannot give any assurance that it will receive regulatory approval or be successfully commercialized.
- The results of previous clinical trials may not be predictive of future results, and our current and planned clinical trials may not satisfy the requirements of the FDA or other non-United States regulatory authorities.
- We will require substantial additional funding, which may not be available to us on acceptable terms, or at all.
- If our competitors develop and market products that are more effective, safer or less expensive than our future product candidates, our commercial opportunities will be negatively impacted.
- The regulatory approval process is expensive, time consuming and uncertain and may prevent us or our collaboration partners from obtaining approvals for the commercialization of some or all of our product candidates.
- Failure to recruit and enroll patients for clinical trials may cause the development of our product candidates to be delayed.
- Even if we obtain regulatory approvals for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our product candidates, which could materially impair our ability to generate anticipated revenues.
- We may not meet regulatory quality standards applicable to our manufacturing and quality processes.
- We may be unable to resolve issues relating to an FDA warning letter in a timely manner.
- Even if we receive regulatory approval to market our product candidates, the market may not be receptive to our products.
- If we fail to attract and retain key management and scientific personnel, we may be unable to successfully develop or commercialize our product candidates.
- As we evolve from a company primarily involved in development to a company also involved in commercialization, we may encounter difficulties in managing our growth and expanding our operations successfully.

- If we fail to acquire and develop other products or product candidates at all or on commercially reasonable terms, we may be unable to diversify or grow our business.

- We have no experience manufacturing our pharmaceutical product candidates and we therefore rely on third parties to manufacture and supply our pharmaceutical product candidates, and would need to meet various standards necessary to satisfy FDA regulations when we commence manufacturing.

- We currently have no pharmaceutical marketing, sales or distribution organization. If we are unable to develop our sales and marketing and distribution capability on our own or through collaborations with marketing partners, we will not be successful in commercializing our pharmaceutical product candidates.

- Independent clinical investigators and contract research organizations that we engage to conduct our clinical trials may not be diligent, careful or timely.

- The success of our business may be dependent on the actions of our collaborative partners.

- If we are unable to obtain and enforce patent protection for our products, our business could be materially harmed.

- If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

- We will rely heavily on licenses from third parties.

- We license patent rights to certain of our technology from third-party owners. If such owners do not properly maintain or enforce the patents underlying such licenses, our competitive position and business prospects will be harmed.

- Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.

- Medicare prescription drug coverage legislation and future legislative or regulatory reform of the health care system may affect our ability to sell our products profitably.

- Failure to obtain regulatory approval outside the United States will prevent us from marketing our product candidates abroad.

- Acquisitions may disrupt our business, distract our management and may not proceed as planned; and we may encounter difficulties in integrating acquired businesses.

- Non-United States governments often impose strict price controls, which may adversely affect our future profitability.

- Our business may become subject to economic, political, regulatory and other risks associated with international operations.

- The market price of our common stock may fluctuate significantly.

- Directors, executive officers, principal stockholders and affiliated entities own a significant percentage of our capital stock, and they may make decisions that you do not consider to be in your best interests or in the best interests of our stockholders.

- Compliance with changing regulations concerning corporate governance and public disclosure may result in additional expenses.

- If we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as they apply to us, or our internal controls over financial reporting are not effective, the reliability of our financial statements may be questioned and our common stock price may suffer.

- We may be unable to maintain our listing on the American Stock Exchange, which could cause our stock price to fall and decrease the liquidity of our common stock.

- Future issuances of common stock and hedging activities may depress the trading price of our common stock.

- Provisions in our charter documents and Delaware law could discourage an acquisition of us by a third party, even if the acquisition would be favorable to you.

- We do not intend to pay cash dividends on our common stock in the foreseeable future.

PART I

Unless the context otherwise requires, all references in this Annual Report on Form 10-K to the "Company", "OPKO", "we", "our", "ours", and "us" refers to OPKO Health, Inc., a Delaware corporation, including our wholly-owned subsidiaries.

ITEM 1. BUSINESS

OVERVIEW

We are a specialty healthcare company focused on the discovery, development and commercialization of proprietary pharmaceuticals, drug delivery technologies, diagnostic systems, and instruments for the treatment, diagnosis and management of ophthalmic disorders. Our business presently consists of the development of ophthalmic pharmaceuticals and the development, commercialization and sale of ophthalmic diagnostic and imaging systems and instrumentation products. Our objective is to establish industry-leading positions in large and rapidly growing segments of ophthalmology by leveraging our preclinical and development expertise and our novel and proprietary technologies. We actively explore opportunities to acquire complementary pharmaceuticals, compounds, and technologies, which could, individually or in the aggregate, materially increase the scale of our business. We also intend to explore strategic opportunities in other medical markets that would allow us to benefit from our business and global distribution expertise, and which have operational characteristics that are similar to ophthalmology, such as dermatology. We intend to expand under the following strategic objectives.

Leverage R&D strengths to develop our pharmaceutical product pipeline. We plan to leverage our strengths in siRNA drug development, RNAi technology, and all phases of pharmaceutical research and development to further develop and commercialize a pipeline of pharmaceutical products used in the treatment of ophthalmic disorders with unmet medical needs, such as Age-Related Macular Degeneration, or AMD, glaucoma, diabetic retinopathy, and dry eye, among others.

Develop novel diagnostic and disease management technologies. We plan to invest in and develop novel technologies and products to diagnose ophthalmic disorders at the earliest stages and to monitor the disease state and track the impact of intervention over time and during the course of treatment. We believe these technologies will improve our understanding of disease processes, help individualize treatment options, improve clinical decision making and enhance clinical outcomes and quality of life for patients with a variety of ocular disorders, including AMD, diabetic retinopathy and glaucoma.

Utilize expertise and resources to develop other ophthalmic products. We also plan to use our expertise and resources to develop and commercialize other types of ophthalmic products beyond pharmaceutical products and diagnostic and imaging systems, including without limitation, drug delivery systems and other ophthalmic devices which aid in the management of ocular disorders.

Acquire additional ophthalmic businesses, therapies and technologies and expand into complementary businesses. We continue to seek to expand our current operations by acquiring additional ophthalmic businesses and therapeutic and diagnostic technologies. We also intend to explore strategic opportunities in other medical markets that would allow us to benefit from our business and global distribution expertise, and which have operational characteristics that are similar to ophthalmology, such as dermatology. While we have not yet made any definitive plans to acquire any dermatology-related businesses, we believe that there are opportunities to apply our expertise to this field.

Utilize expertise and resources to enhance our competitive position. We intend to utilize our wide-ranging technological innovation and proprietary position to enhance our competitive position in the ophthalmic products market. For example, we intend to utilize our diagnostic and instrumentation products to measure disease progression and treatment outcomes of our pharmaceutical products in clinical trials.

Key elements of our strategy are to:

- Obtain regulatory approval for our lead product candidate, bevasiranib, for Wet AMD;
- Develop a focused commercialization capability in the United States;
- Strategically utilize our R&D resources to advance our product pipeline;

- Develop and grow our instrumentation business beyond diagnostic and imaging systems to include drug delivery devices and other therapeutic devices and technologies;

- Utilize our ophthalmic expertise to identify and acquire companies with innovative ophthalmic technologies; and

- Expand into other medical markets, including dermatology, which we believe are complementary to and synergistic with our ophthalmology business.

Corporate Information

We were originally incorporated in Delaware in October 1991 under the name Cytoclonal Pharmaceutics, Inc., which was later changed to eXegenics, Inc. On March 27, 2007, we were part of a three-way merger with Froptix Corporation, or Froptix, a research and development company, and Acuity Pharmaceuticals, Inc., or Acuity, a research and development company. This transaction was accounted for as a reverse merger between Froptix and eXegenics, with the combined company then acquiring Acuity. eXegenics was previously involved in the research, creation, and development of drugs for the treatment and/or prevention of cancer and infectious diseases; however, eXegenics had been a public shell company without any operations since 2003. On June 8, 2007, we changed our name to OPKO Health, Inc.

On November 28, 2007, we acquired Ophthalmic Technologies, Inc., or OTI, an Ontario corporation pursuant to a definitive share purchase agreement with OTI and its shareholders. As a result of this agreement, we have entered into the ophthalmic instrumentation market and have begun generating revenue from this business.

Our shares are publicly traded on the American Stock Exchange under the ticker "OPK". Our principal executive offices are located in Miami, Florida. Our clinical operations are based in Morristown, New Jersey. OTI has offices in Toronto, Ontario, Canada, with a research and development branch office in Kingston, Ontario, Canada. OTI also maintains a research and development office in the United Kingdom at the University of Kent. We maintain a website at www.OPKO.com.

BUSINESS

We presently have eight compounds and technologies in research and development for the ophthalmic pharmaceutical market. Our most advanced drug candidate is bevasiranib, which we are developing for the treatment of Wet AMD. In July 2007, we initiated the first of two required pivotal Phase III trials for bevasiranib. Bevasiranib is the first therapy in late stage clinical development based on the Nobel Prize-winning RNA interference, or RNAi technology, and we believe it is the most advanced siRNA-based drug currently in development. Bevasiranib is administered locally to the eye through an intravitreal injection, and is designed to require administration every eight to 12 weeks. Lucentis®, an FDA approved treatment for the treatment of Wet AMD currently on the market, is recommended to be administered through intravitreal injection every four weeks. We are also researching and developing several novel pharmaceutical products for ophthalmic disorders, including Dry AMD, diabetic retinopathy and Diabetic Macular Edema, or DME, dry eye, viral conjunctivitis, and prevention of ocular infection. The following table lists our most advanced pharmaceutical product candidates, the initial indications that we plan to address through their development, and their development stage.

Product Candidate	Initial Indication	Development Stage
Bevasiranib	Wet AMD	Phase III
Bevasiranib	Diabetic Retinopathy/DME	Phase I / II
Civamide	Dry Eye	Phase I/II
ACU-HHY-011	Wet AMD, Diabetic Retinopathy/DME	Pre-Clinical
ACU-XSP-001	Allergy and Inflammation	Pre-Clinical
Wound Dressing	Post-surgical Wound Healing	Late Stage Research
ACU-HTR-028	Wound-Healing-Antifibrotic	Pre-Clinical
Dry-AMD Compound	AMD	Pre-Clinical
N-Chlorotaurine	Viral Conjunctivitis	Late Stage Research

In April 2007, we acquired 33% of Ophthalmic Technologies, Inc., or OTI, and in November 2007, we acquired the remaining 67% of OTI. Through OTI, we presently market four ophthalmic diagnostic systems and instrumentation products in over 60 countries worldwide. We offer innovative systems with advanced imaging capabilities and tools designed to meet the needs of eye care professionals.

We offer a full line of advanced imaging products and ultrasound used by eye care professionals for both routine and specialized care. These technologically advanced systems are routinely used in the screening and management of major eye diseases, provide key information for treatment decisions, and complement our therapeutic products. In the future, for example, we expect that patient outcomes will be significantly optimized by the use of our instrumentation products in individualizing treatment as well as monitoring and tracking disease progression and treatment outcomes. We believe our OCT / SLO system is an innovative product offering significant advantages over current technology and providing a flexible platform that can process a wide variety of diagnostic tests. OTI has offices in Canada and the United Kingdom, and a growing distributor network that currently covers more than 60 countries.

OPHTHALMIC PHARMACEUTICAL MARKET

In the developed world, major vision threatening disorders include cataracts, glaucoma, AMD, and diabetic retinopathy/DME. To date, we have primarily focused our resources on developing drugs to prevent and treat AMD, as well as diabetic retinopathy/DME.

The ophthalmic pharmaceutical market in the developed world is driven by:

- An aging population and increased life expectancy;
- Increased incidence of chronic and age-related disorders with vision destroying characteristics, such as Diabetes (Type I and II), and other metabolic syndromes;
- Better understanding of the pathophysiology of diseases;
- Emerging technologies to diagnose, treat and manage ophthalmic diseases; and
- Improved access to medical care.

Age Related Macular Degeneration ("AMD")

AMD is a back-of-the-eye disease involving the retina, macula and fovea, which is characterized by loss of central visual acuity. AMD affects the central part of the retina, known as the macula. The extent of vision loss is dependent on the degree to which the center of the macula, the fovea, is affected. The fovea is responsible for vision acuity. The rest of the retina outside of the macular area is responsible for peripheral vision, which is usually unaffected in AMD patients. Untreated AMD can significantly impact an affected individual's quality of life.

AMD accounts for approximately 55% of blindness in the United States. Direct and indirect costs attributed to the treatment of AMD in the United States are approximately $30 to $40 billion annually, according to the National Eye Institute, a division of the National Institutes of Health. Age is the primary risk factor for AMD, and the number of cases of AMD is expected to increase significantly as the population ages. AMD afflicts approximately 9 million Americans, and the current Wet AMD treatment market is approaching 2 million patients in the United States. There are two forms of AMD, Dry and Wet. Wet AMD is the result of the formation of new, leaky, poorly organized blood vessels under the retina, which is known as neovascularization. The blood vessels are delicate and break easily, causing bleeding, swelling and the formation of scar tissue, which results in visual impairment and/or blindness. Although more common than Wet AMD, Dry AMD typically results in a less severe, more gradual loss of vision. Wet AMD is considered a more serious disease, with clinically demonstrated vision loss occurring within three to six months of diagnosis. Currently there is no known proven pharmaceutical therapy for Dry AMD.

Diabetic Retinopathy/Diabetic Macular Edema

Diabetic retinopathy is the most common diabetic eye disease. It is caused by damage to blood vessels in the retina. Diabetic Macular Edema, or DME, a medical condition which occurs when the damaged blood vessels leak fluid and lipids onto the macula, the portion of the retina that allows us to see detail, is present in approximately 25% of all diabetic retinopathy cases. DME can occur at any stage in diabetic retinopathy development, and it is possible for advanced diabetic retinopathy and DME to occur simultaneously in the same patient. DME is the leading cause of visual impairment for people with diabetic retinopathy, and the population suffering from DME is expected to grow as a result of an increasing incidence of Type II diabetes in the United States.

OPHTHALMIC PHARMACEUTICAL BUSINESS

We have concentrated significant resources to address ophthalmic disease in large and growing markets by employing a powerful and rapidly progressing technology, known as RNAi, to develop our lead product candidate, bevasiranib. In October 2006, the Nobel prize in Medicine was awarded to the two individuals who discovered RNAi. We have taken advantage of this major scientific breakthrough by inventing and developing siRNAs that shut down the production of proteins that cause ophthalmic diseases. We believe we are a pioneer in this area as we conducted the first clinical trials ever with an siRNA and obtained the first clinical proof of concept with a siRNA. We intend to market bevasiranib, which is our most advanced therapeutic compound, as a treatment for Wet AMD. Bevasiranib is a first in class siRNA drug designed to silence the genes that cause vascular endothelial growth factor, or VEGF, which is believed to be largely responsible for the vision loss associated with Wet AMD and other related ocular conditions. We believe that bevasiranib is the most advanced siRNA-based drug currently in development. We believe that RNA-interference based drugs have the potential to be a significant advancement over the VEGF inhibitors presently on the market because they block the synthesis of VEGF a s opposed to merely neutralizing existing VEGF. In addition, RNA-interference based drugs should require less frequent administration than VEGF inhibitors and have a better safety profile.

We have utilized our expertise in ophthalmology and RNAi technology to take bevasiranib from the laboratory through animal models into clinical trials. We have completed two Phase II clinical trials studying the use of bevasiranib as a treatment for Wet AMD and DME. Bevasiranib demonstrated safety and potential to show efficacy in our Phase II clinical trial for Wet AMD in 129 patients. Results showed bevasiranib to be safe and well-tolerated, with a dose-related effect evident across multiple endpoints including near vision, choroidal neovascularization, or CNV, size and time to rescue.

In July 2007, we commenced our pivotal multi-national Phase III COBALT, or Combining Bevasiranib And Lucentis® Therapy, clinical trial of bevasiranib for the treatment of Wet AMD. The trial will include more than 330 Wet AMD patients and will assess whether bevasiranib administered every eight or 12 weeks is safe and has equivalent efficacy in preventing vision loss as Lucentis® administered every four weeks. Interim analysis of safety and efficacy will be made at week 60.

We believe that bevasiranib will be an improvement over existing and anticipated therapies for Wet AMD as it addresses the underlying source of VEGF production, rather than merely neutralizing existing VEGF. Currently marketed drugs for the treatment of Wet AMD are antagonist-based and are only designed to neutralize existing VEGF. We also believe bevasiranib has a better safety profile than VEGF inhibitors in that we do not believe it has the serious systemic side effects associated with VEGF inhibitors in some patients.

We are also developing product candidates for additional ophthalmic disorders, including the treatment of dry eye, diabetic retinopathy and DME, complications of ocular surgery, viral conjunctivitis, and the fibrotic component of Wet AMD and Dry AMD. In order to treat these disorders, we are using compounds that induce lacrimation, are anti-angiogenic, anti-inflammatory, anti-fibrotic and anti-Drusen. These products address eye diseases with large markets and major unmet medical needs, and range in developmental stage from clinical to preclinical.

Bevasiranib Commercial Potential

We have an exclusive license to commercialize bevasiranib. We believe there are three primary potential therapeutic profiles for bevasiranib in the marketplace: maintenance therapy, primary therapy and preventative treatment.

Maintenance Therapy. We anticipate that bevasiranib will be used by itself as a maintenance therapy t o inhibit VEGF production following an initiation therapy with an approved VEGF antagonist drug. After the antagonist has absorbed extracellular VEGF, bevasiranib could be used to suppress the formation of new VEGF and maintain a patient's vision.

Primary Therapy. It is possible that not all patients will require the VEGF antagonist initiation regimen due to low VEGF load at time of diagnosis. These patients may get the full benefit from bevasiranib alone. Additionally, not all patients respond favorably to the currently marketed VEGF antagonist. Finally, when used in combination with other therapies bevasiranib's sustained VEGF suppression may add to the antagonist's activity and provide a better outcome than that of the VEGF antagonist alone.

Preventative Therapy. Certain patients who do not yet have the wet form of AMD may be determined to be at high-risk for progressing to the wet form. Bevasiranib may prevent these high-risk patients from progressing to Wet AMD. The current VEGF antagonist products will not likely provide any benefit to this type of patient because of the lack of any VEGF to absorb.

Clinical Results and Program Status of Bevasiranib

The following table summarizes the status of our material clinical trials of bevasiranib to date:

Indication	Trial Name	Phase	Objectives	Number of Patients	Enrollment Status
Wet AMD	CARBON study	Phase III	Dose ranging, Safety and Efficacy	~500	Initiation planned for 2009
Wet AMD	COBALT study	Phase III	Safety and Efficacy	~330	Initiated July 2007
Wet AMD	CARE Trial	Phase II	Safety / Dosage / Efficacy	129	Complete
Wet AMD	NA	Phase I	Safety	15	Complete
DME	RACE Trial	Phase II	Safety / Dosage / Efficacy	48	Complete

Clinical Trials for the Treatment of Wet AMD

The COBALT Study. In July 2007, we initiated this pivotal Phase III study of bevasiranib for the treatment of Wet AMD. The multi-national COBALT study is currently open and enrolling patients. The trial will include approximately 330 wet AMD patients and will assess whether bevasiranib administered every eight or 12 weeks is safe and has equivalent efficacy in preventing vision loss as Lucentis® administered every four weeks. This study has been designed to show that bevasiranib is safe and efficacious for the treatment of wet AMD following an initiation with Lucentis®. Additionally, the study has been designed to demonstrate that in patients that receive an initiation therapy with Lucentis®, a less frequent administration of bevasiranib is equivalent or superior to monthly treatments of Lucentis®.

We currently anticipate initiating a second Phase III clinical trial of bevasiranib in or around 2009. This clinical trial of bevasiranib for the treatment of Wet AMD will be referred to as the CARBON study. The trial will include more than ~500 Wet AMD patients and will compare the safety and efficacy of three doses of bevasiranib administered every eight weeks to Lucentis®, an approved treatment for Wet AMD, administered every four weeks.

The CARE™ Trial, a Phase II Clinical Trial for Wet AMD. The "Cand5 Anti-VEGF RNAi Evaluation, or CARE study," a 129 patient Phase II clinical study in patients with predominantly and minimally classic Wet AMD, was completed successfully. The results of the CARE study demonstrated that bevasiranib is safe and well-tolerated for doses up to 3.0 mg/eye. An important measure of Wet AMD is choroidal neovascularization, or CNV. In the CARE study, bevasiranib was shown to inhibit the growth of CNV, and demonstrated the effects of RNA interference-based VEGF suppression.

Phase I Clinical Trial for Wet AMD. This Phase I trial was an open label, dose escalation study that included 15 patients and tested five dose levels administered by intravitreal injection at six-week intervals. Bevasiranib was shown to be safe and well-tolerated following repeated administration of escalating doses, up to 3.0 mg per eye. Further, this study indicated that the study drug was below the limit of detection in the peripheral blood at any of the doses tested. The absence of systemic exposure to bevasiranib is significant because anti-VEGF agents have been shown to have serious systemic side effects in some patients.

Clinical Trials for the Treatment of DME

The R.A.C.E.™ Trial, a Pilot Phase II Clinical Trial for DME. The RNAi Assessment of bevasiranib in Diabetic Macular Edema, or R.A.C.E. trial, was a pilot phase II investigation of the safety and preliminary efficacy of bevasiranib in patients with DME. This 48 patient multi-center, double-masked and randomized trial studied three dose levels of bevasiranib.

In this pilot study, there was a trend showing a decrease in macular thickness between weeks eight and twelve, where the higher doses result in a larger reduction in thickness than the lowest dose. This trial also showed no detectable levels of bevasiranib in patients at all doses and time-points. These results further support the findings of the CARE study and serve as a confirmation of the safety and biologic activity in a second VEGF-driven ocular condition.

ACU-HHY-011 for the Treatment of Wet AMD

We have a worldwide exclusive license to commercialize ACU-HHY-011, which is an siRNA targeting HIF-1α, believed to be the most important transcription factor involved in the cellular response to hypoxia, a key step in the neovascularization process which occurs in Wet AMD. HIF-1α is upstream of the target for bevasiranib and preclinical data suggests that targeting HIF-1α may have advantages over other approaches to treating Wet AMD. HIF-1α modulates the expression of more than 60 genes, including multiple angiogenic factors under hypoxic conditions, such as VEGF, angiopoietin-1, angiopoietin-2, placental growth factor, and platelet-derived growth factor-B.

ACU-HTR-028 for the Treatment of Fibrosis

We have a worldwide exclusive license to commercialize siRNAs targeting transforming growth factor-b receptor Type II, or TbRII, which is an important mediator of wound healing and has been shown to play a significant causative role in ocular inflammation and scarring. This compound may have a therapeutic application as an eye drop to prevent complications from ocular surgery, and will also be developed as an adjunct therapy to bevasiranib or ACU-HHY-011 in Wet AMD patients to reduce the damage caused by the fibrotic component of Wet AMD.

Compounds for the Treatment of Dry AMD

We have worldwide exclusive licenses to commercialize compounds from the University of Florida Research Foundation which have potential to treat Dry AMD by eliminating disease-causing accumulations of protein molecules at the back of the eye. Proteins must fold into their correct three-dimensional conformation to achieve their biological function. The loss of vision associated with Dry AMD is thought to be caused by the destructive effects of the misfolded protein and debris aggregates likes lipofuscin. Autophagy is a cellular process by which cellular protein aggregates and dysfunctional organelles like mitochondria are degraded. If methods for increasing autophagy were available, they might enhance the elimination of misfolded proteins, and eliminate the destructive effects associated with their accumulation. These compounds may mitigate retinal degeneration by causing the elimination or reduction of drusen in patients with Dry AMD.

Civamide for the Treatment of Dry Eye

In September 2007, we acquired worldwide rights to commercialize products containing civamide for the treatment of ophthalmic conditions in humans, particularly dry eye. There is only one FDA approved prescription product available for dry eye. Dry eye syndrome is caused by a variety of conditions, such as insufficient tear production. Nine million Americans are estimated to suffer from moderate to severe dry eye. An additional 20 to 30 million people may have a mild form of the condition. Dry eye syndrome is more common with advancing age and the incidence appears to be increasing with our aging population and the increasing popularity of procedures that can cause dry eye, such as vision-correction surgery and cosmetic eyelid surgery.

Wound Dressing

In October 2007, we acquired worldwide rights to commercialize an ocular product for use following invasive retinal procedures to prevent the development of endophthalmitis, a devastating complication that can lead to blindness and loss of the affected eye. There are estimated to be over 1.5 million invasive retinal procedures, including both surgeries and intravitreal injections, being currently performed in the U.S. alone. While most patients suffer no adverse effects from intravitreal injections, all patients who receive invasive retinal procedures are at risk of developing endophthalmitis. The product is in late-stage research.

N-chlorotaurine

In April 2006, we entered into a license agreement with Pathogenics, Inc. ("Pathogenics") under which we were granted an exclusive, irrevocable license, with the right to sublicense, under Pathogenics intellectual property to make, have made, use, sell, offer for sale, import, or otherwise commercialize N-chlorotaurine and licensed products for the treatment of ophthalmic disease or infection in any territory. We were also granted non-exclusive rights to all data resulting from a phase I clinical trial with N-chlorotaurine in Austria. We are obligated to use commercially reasonable efforts to develop and commercialize the licensed product, including commercially reasonable efforts to initiate pre-clinical activities necessary to file an IND with the FDA to initiate a phase I clinical trial for N-chlorotaurine for an ophthalmic indication. Pathogenics will have a non-exclusive right to such information for the treatment of non-ophthalmic diseases or infections.

OPHTHALMIC INSTRUMENTATION MARKET

The market for ophthalmic instrumentation, including imaging systems and other devices, is approximately $1.5 billion and growing at a rate of approximately 10% annually. This growth is primarily driven by an aging patient population, technological innovation and improvement in treatment options, as well as improved awareness in patients actively seeking treatment. Ophthalmic instruments, imaging products, and other medical devices are sold to a variety of eye care practitioners, including retinal and glaucoma specialists, ophthalmologists, optometrists, retail optometry chain outlets, teaching institutions, and military hospitals.

OPHTHALMIC INSTRUMENTATION BUSINESS

Our instrumentation business consists of the development, commercialization and sale of ophthalmic diagnostic and imaging systems and instrumentation products. Currently, the instrumentation business is primarily based on the technology platform established by Ophthalmic Technologies, Inc. (OTI), which offers innovative systems with advanced diagnostic imaging capabilities and tools that meet the needs of eye care professionals. We continue to build our presence in the international marketplace currently covering more than 60 countries using the distributor network built by OTI. Additionally, we are developing our own direct sales force in the United States to sell our products primarily to retinal and glaucoma specialists and ophthalmologists.

We plan to utilize our expertise and resources to expand our business to include other types of ophthalmic products. These efforts may lead to our acquiring or developing products which aid in the prevention, diagnosis, treatment, and management of ocular disorders. The product types may include diagnostic and imaging instruments, other instrumentation products, and drug delivery systems and technologies.

We plan to develop and sell novel technologies utilized to diagnose ophthalmic diseases at the earliest stages and track them for change over time, and during the course of treatment. We expect these technologies to improve physician treatment decisions and enhance outcomes for a variety of ocular disorders, including AMD, diabetic retinopathy, and glaucoma, among others.

Optical Coherence Tomography / Confocal Scanning Ophthalmoscopy

We have developed a spectral imaging system which combines Spectral Optical Coherence Tomography, together with a Confocal Scanning Ophthalmoscope, or OCT / SLO, in a single platform that is used in the diagnosis of a variety of ocular disorders. We believe this is an innovative product that offers significant advantages over current technology in resolution and functionality. OCT technology is being rapidly adopted by the eye care community for diagnosing AMD and diabetic retinopathy and also tracking the course of treatment. The OCT / SLO is unique in that it offers microperimetry capability, which provides the physician with the ability to correlate loss of visual function with abnormalities in the retina. Additionally, the OCT / SLO diagnostic platform offers a foundation upon which to build a multitude of diagnostic tests. In the future, we plan to incorporate a number of imaging and other diagnostic test modalities into the OCT / SLO platform.

Ultrasound

We develop, manufacture, market and sell a full line of advanced ophthalmic ultrasound systems used by eye care professionals for both routine and specialized care. Our ultrasound systems include A-scans, B-scans, and Ultrasound Bio-microscope, or UBM, high frequency B-scan systems. A-scan technology is principally used for eye axial length measurement in the calculation of the power for an intraocular lens implant. These systems are routinely used prior to cataract surgery.

The B-scan system displays internal structures of the eye, often when these structures are not visible by traditional light-based imaging methods. This system has the ability to pass through opacities and reveal internal structures.

The UBM system is a high frequency ultrasound device that provides detailed structural assessment of the anterior segment of the eye and is typically used in glaucoma evaluation and certain refractive surgeries that require precise positioning of lens implantation.

Research and development program expenses

To date, the majority of our research and development expenses have been incurred to develop our bevasiranib programs. During 2006, our research and development expenses of $0.5 million reflect the sponsored research between Froptix and the University of Florida. During 2007, we incurred $10.9 million in research and development expenses, a majority of which reflects costs to develop bevasiranib. In addition, during 2007 we recorded $243.8 million for acquired in process research and development related to our acquisition of Acuity.

INTELLECTUAL PROPERTY

We believe that technology innovation is driving breakthroughs in vision healthcare. We have adopted a comprehensive intellectual property strategy which blends the efforts to innovate in a focused manner with the efforts of our business development activities to strategically in-license intellectual property rights. We develop, protect, and defend our own intellectual property rights as dictated by the developing competitive environment. We value our intellectual property assets and believe we have benefited from early and insightful efforts at understanding the disease and the molecular basis of potential pharmaceutical intervention.

We actively seek, when appropriate and available, protection for our products and proprietary information by means of United States and foreign patents, trademarks, trade secrets, copyrights, and contractual arrangements. Patent protection in the pharmaceutical field, however, can involve complex legal and factual issues. Moreover, broad patent protection for new formulations or new methods of use of existing chemical entities is sometimes difficult to obtain, primarily because the active ingredient and many of the formulation techniques have been known for some time. Consequently, some patents claiming new formulations or new methods of use for old drugs may not provide meaningful protection against competition. There can be no assurance that any steps taken to protect such proprietary information will be effective.

We own or have exclusively licensed more than eight issued patents in the United States and five foreign patents, as well as more than 100 United States and foreign patent applications. Our acquisition of OTI has given us access to an additional seven U.S. patents in the field of ophthalmic instrumentation, as well as ten U.S. patent applications and 18 foreign patent applications.

We have exclusively licensed technology, patents, and patent applications from the University of Pennsylvania related to siRNA directed to specific mRNA targets for therapeutic use. These applications include targeting VEGF, HIF-1α, and intracellular adhesion molecules, or ICAM, among other therapeutic targets. In particular, we have exclusively licensed two issued U.S. patents that cover bevasiranib and methods of using bevasiranib.

In addition, we have exclusively licensed technology, patents, and patent applications related to (i) the treatment of ophthalmic disorders characterized by excessive neovascularization, angiogenesis or leakage, (ii) siRNA targeting TGF-bRI; and (iii) compounds or technologies to treat a variety of ocular disorders, including without limitation, Dry AMD and retinitis pigmentosa, viral conjunctivitis, dry eye, and ocular infection. See “Licenses and Collaborative Relationships”.

LICENSES AND COLLABORATIVE RELATIONSHIPS

Our strategy is to develop a portfolio of product candidates through a combination of internal development and external partnerships. Collaborations are key to our strategy and we continue to build relationships and forge partnerships with companies both inside and outside of ophthalmology. We have completed strategic deals with the Trustees of the University of Pennsylvania, the University of Illinois, the University of Florida Research Foundation, Pathogenics, Inc., and Intradigm Corporation, among others.

The Trustees of the University of Pennsylvania

In March 2003, we entered into two world-wide exclusive license agreements with The Trustees of the University of Pennsylvania to commercialize siRNA targeting VEGF, HIF-1α, ICAM, and other therapeutic targets. In consideration for the licenses, we are obligated to make certain milestone payments to the University of Pennsylvania. We also agreed to pay the University of Pennsylvania earned royalties based on the number of products we sell that use the inventions claimed in the licensed patents. We agreed to use commercially reasonable efforts to develop, commercialize, market, and sell such products covered by the license agreements.

The term of the agreements is for the later of the expiration or abandonment of the last patent or ten years after the first commercial sale of the first licensed product. We may terminate either of the agreements upon 60 days’ prior written notice. The University of Pennsylvania may terminate either of the agreements if we are more than 90 days late in a payment owed to the University of Pennsylvania, we breach the agreements and do not cure within 90 days after receiving written notice from the University of Pennsylvania, if we become insolvent or we are involved in bankruptcy proceedings.

Intradigm Corporation

In June 2005, we entered into a license and collaboration agreement with Intradigm Corporation, or Intradigm, for intellectual property covering the treatment of ophthalmic diseases characterized by excessive neovascularization, angiogenesis, or leakage. Under the terms of the agreement, we have agreed to jointly develop a topical siRNA compound. After selection the topical siRNA compound, we are obligated to use commercially reasonable efforts to market, distribute, and sell the topical siRNA in the United States and any selected foreign country. We have agreed to pay to Intradigm certain milestone payments upon the achievement of specified milestones and royalty payments on all net sales of the topical siRNA and other licensed products.

The term of the agreement is 20 years, unless earlier terminated in accordance with the agreement. Either party may terminate upon mutual written consent, upon written notice by a party if the other party dissolves or enters into bankruptcy or insolvency proceedings, or upon 90 days prior written notice of a material breach of the agreement without cure.

The Board of Trustees of the University of Illinois

In August 2006, we entered into an exclusive worldwide license agreement with The Board of Trustees of the University of Illinois to commercialize intellectual property related to ophthalmic siRNA targeting TGF-bRII for the treatment of ophthalmic disease. In September 2007, the license was amended to include all other fields of use beyond the treatment of ophthalmic disease. The license agreement obligates us to pay to the University of Illinois certain milestone payments and royalty payments on all net sales of licensed products and an annual license fee payment.

University of Florida Research Foundation

In April 2006, we entered into three world-wide exclusive license agreements with the University of Florida Research Foundation. The license agreements obligate us to pay to University of Florida Research Foundation royalty payments on all net sales of licensed products. We agreed to use our commercially reasonable activities to commercialize products. The technology licensed from the University of Florida Research Foundation includes autophagy inducing compounds which are designed to enhance the elimination of misfolded proteins, and eliminate the destructive effects associated with their accumulation, compounds that affect important intracellular pathways which lead to the accumulation of properly folded mutant proteins, and potential drug candidates that are designed to recruit stem cells which may aid in delaying or reversing the damage at the back of the eye associated with several retinal diseases including Dry AMD and retinitis pigmentosa. The term of each of the agreements is for the earlier of the date that no licensed patent remains an enforceable patent or the payment of earned royalties under the agreement once begun, ceases for more than two calendar quarters. We may terminate any of the agreements upon 60 days' prior written notice. The University of Florida Research Foundation may terminate any of the agreements if we are more than 60 days late, after written demand, for a payment owed to the University of Florida Research Foundation, if we breach the agreements and do not cure within 60 days after receiving written notice from the University of Florida Research Foundation, or if we become involved in bankruptcy proceedings.

Civamide License

In September 2007, we entered into an exclusive worldwide license to commercialize intellectual property related to pharmaceutical compositions or preparations containing civamide for the treatment of ophthalmic conditions in humans, particularly dry eye. The license agreement obligates us to pay the licensor certain milestone payments and royalty payments on all net sales of licensed products thereunder and all costs of research and development necessary to obtain marketing authorizations for such licensed products. There is only one FDA approved prescription product available for dry eye. Dry eye syndrome is caused by a variety of conditions, such as insufficient tear production. Nine million Americans are estimated to suffer from moderate to severe dry eye. An additional 20 to 30 million people may have a mild form of the condition. Dry eye syndrome is more common with advancing age and the incidence appears to be increasing with our aging population and the increasing popularity of procedures that can cause dry eye, such as vision-correction surgery and cosmetic eyelid surgery. We intend to evaluate the safety and efficacy of civamide in patients with moderate to severe dry eye. A Phase I/II proof of principal study in moderate to severe dry eye is being planned in 2008.

Theta Research Consultants

In October 2007, we entered into an exclusive worldwide license to commercialize intellectual property related to an ocular product for use following invasive retinal procedures to prevent the development of endophthalmitis, a devastating complication that can lead to blindness and loss of the affected eye. The license agreement obligates us to make royalty payments on all net sales of licensed products thereunder and all costs of research and development necessary to obtain marketing authorizations for such licensed products. Experts believe that the incidence of endophthalmitis is growing as a result of the rising number of ocular surgeries being performed, the widespread adoption of sutureless surgical techniques, and a significant increase in the number of intravitreal injections. While most patients suffer no adverse effects from intravitreal injections, all patients who receive invasive retinal procedures are at risk of developing endophthalmitis.

Pathogenics

In April 2006, we entered into a license agreement with Pathogenics under which we were granted an exclusive, irrevocable license, with the right to sublicense, under Pathogenics' intellectual property to make, have made, use, sell, offer for sale, import, or otherwise commercialize N-chlorotaurine and licensed products for the treatment of ophthalmic disease or infection in any territory. We were also granted non-exclusive rights to all data resulting from a phase I clinical trial with N-chlorotaurine in Austria. We are obligated to use commercially reasonable efforts to develop and commercialize the licensed product, including commercially reasonable efforts to initiate pre-clinical activities necessary to file an IND with the FDA to initiate a phase I clinical trial for N-chlorotaurine for an ophthalmic indication. Pathogenics will have a non-exclusive right to such information for the treatment of non-ophthalmic diseases or infections.

We are obligated to pay to Pathogenics certain milestone payments upon the achievement of specified milestones and royalty payments on all net sales of licensed products. We are also obligated to pay Pathogenics an annual minimum payment if the total payments made for such year are less than a specified minimum amount. The term of the agreement is for the shorter of twenty years or the last to expire of the Pathogenics intellectual property. We may terminate the agreement for any reason upon written notice. The agreement may be terminated upon mutual written consent of the parties, by either party upon written notice if either party dissolves or is involved in a bankruptcy or insolvency proceeding or upon ninety days prior written notice if the other party is in material breach and fails to cure.

COMPETITION

Wet AMD

The Wet AMD treatment market is highly competitive with each competitive company eager to expand market share. Several pharmaceutical and biotechnology companies are actively engaged in research and development related to new treatments for Wet AMD. We intend to leverage our technological innovation and proprietary position utilizing RNAi and other platform technologies to effectively compete in the ophthalmic drug market. Additionally, we intend to couple diagnostic tests together with therapeutics in clinical trials to further enhance our competitive position.

Genentech, Allergan, Alcon Laboratories, Novartis, Alnylam, Regeneron and QLT all have products or development programs for Wet AMD. For Wet AMD, we currently believe that Genentech and Allergan are or will be our primary competitors. Genentech's Lucentis® and Avastin® products are both based on antibody technology to block VEGF protein after it is produced. While both of the drugs provide most patients with an effective treatment, we believe that bevasiranib has distinct advantages over these approaches, which will result in its use and contribute to a significant market share.

Lucentis® and Avastin® block VEGF protein only after it is produced. Additionally, Lucentis® and Avastin® are designed to require monthly injections for optimal effectiveness and include cautions about potential arterial thromboembolic events. Bevasiranib is designed to reduce injection frequency to bi-monthly or quarterly, and we do not believe it has the systemic side effect risks associated with anti-VEGF antibodies. By using siRNA and stopping the production of VEGF, we believe bevasiranib will provide a Wet AMD patient with a longer-lasting and safer maintenance treatment following an initiation therapy with either Lucentis® or Avastin®.

Allergan is presently developing an siRNA based therapy with a product licensed from Merck (formerly Sirna). This siRNA based therapy targets a particular VEGF receptor and due to the fact that there are multiple receptors for VEGF, it is unclear whether that approach will yield a clinical benefit in Wet AMD. Additionally this program is at an earlier stage than our bevasiranib program.

Diabetic Retinopathy

We believe that the primary competitors in the diabetic retinopathy/DME market include Bausch & Lomb with its Fluocinolone acetonide product, Allergan with its Dexamethasone product, Surmodics with its Triamcinolone acetonide product, and Psividia/Alimeira Sciences with its Fluocinolone acetonide product. Many of these competitors have significantly greater financial resources than we do to fund further research and development.

Optical Coherence Tomography

We have several competitors located in the United States and abroad. These include companies with a far more diverse product offering than ours with significantly greater market presence. Our primary competition for medical devices include Carl Zeiss Meditec, Topcon Corporation, and Heidelberg Engineering. There are a number of competitors and smaller start-up companies that may also have competing technologies and products.

The ophthalmic device market is highly competitive. We intend to leverage our technological innovations to effectively compete in the ophthalmic device market. We differentiate our products on the basis of scan quality, precise image registration, software functionality, and on a diagnostic test known as microperimetry. Microperimetry allows the clinician to obtain both structure and function from a single device. Additionally, in the future we intend to utilize diagnostic tests to further refine and guide therapeutic treatments in clinical trials in order to further enhance our competitive position.

GOVERNMENT REGULATION OF OUR DRUG AND DEVICE DEVELOPMENT ACTIVITIES

The United States federal government regulates healthcare through various agencies, including but not limited to the following: (i) the FDA, which administers the FDCA, as well as other relevant laws; (ii) the Centers for Medicare & Medicaid Services, or CMS, which administers the Medicare and Medicaid programs; (iii) the Office of Inspector General, or OIG, which enforces various laws aimed at curtailing fraudulent or abusive practices, including by way of example, the Anti-Kickback Law, the Anti-Physician Referral Law, commonly referred to as the Stark law, the Anti-Inducement Law, the Civil Money Penalty Law, and the laws that authorize the OIG to exclude healthcare providers and others from participating in federal healthcare programs; and (iv) the Office of Civil Rights, which administers the privacy aspects of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). All of the aforementioned are agencies within the Department of Health and Human Services (HHS). Healthcare is also provided or regulated, as the case may be, by the Department of Defense through its TriCare program, the Department of Veterans Affairs, especially through the Veterans Health Care Act of 1992, the Public Health Service within HHS under Public Health Service Act § 340B (42 U.S.C. § 256b), the Department of Justice through the Federal False Claims Act and various criminal statutes, and state governments under the Medicaid and other state sponsored or funded programs and their internal laws regulating all healthcare activities.

The testing, manufacture, distribution, advertising, and marketing of drug products and medical devices are subject to extensive regulation by federal, state, and local governmental authorities in the United States, including the FDA, and by similar agencies in other countries. Any product that we develop must receive all relevant regulatory approvals or clearances, as the case may be, before it may be marketed in a particular country. The PMA clearance processes for drugs differ from those for devices.

The regulatory process, which includes overseeing preclinical studies and clinical trials of each pharmaceutical compound to establish its safety and efficacy and confirmation by the FDA that good laboratory, clinical, and manufacturing practices were maintained during testing and manufacturing, can take many years, requires the expenditure of substantial resources, and gives larger companies with greater financial resources a competitive advantage over us. Delays or terminations of clinical trials that we undertake would likely impair our development of product candidates. Delays or terminations could result from a number of factors, including stringent enrollment criteria, slow rate of enrollment, size of patient population, having to compete with other clinical trials for eligible patients, geographical considerations, and others.

The FDA review processes can be lengthy and unpredictable, and we may encounter delays or rejections of our applications when submitted. Generally, in order to gain FDA approval, we must first conduct preclinical studies in a laboratory and in animal models to obtain preliminary information on a compound and to identify any safety problems. The results of these studies are submitted as part of an IND application that the FDA must review before human clinical trials of an investigational drug can commence.

Clinical trials are normally done in three sequential phases and generally take two to five years or longer to complete. Phase I consists of testing the drug product in a small number of humans, normally healthy volunteers, to determine preliminary safety and tolerable dose range. Phase II usually involves studies in a limited patient population to evaluate the effectiveness of the drug product in humans having the disease or medical condition for which the product is indicated, determine dosage tolerance and optimal dosage, and identify possible common adverse effects and safety risks. Phase III consists of additional controlled testing at multiple clinical sites to establish clinical safety and effectiveness in an expanded patient population of geographically dispersed test sites to evaluate the overall benefit-risk relationship for administering the product and to provide an adequate basis for product labeling. Phase IV clinical trials may be conducted after approval to gain additional experience from the treatment of patients in the intended therapeutic indication.

After completion of clinical trials of a new drug product, FDA and foreign regulatory authority marketing approval must be obtained. Assuming that the clinical data support the product's safety and effectiveness for its intended use, an NDA is submitted to the FDA for its review. Generally, it takes one to three years to obtain approval. If questions arise during the FDA review process, approval may take a significantly longer period of time. The testing and approval processes require substantial time and effort and we may not receive approval on a timely basis, if at all, or the approval that we receive may be for a narrower indication than we had originally sought, potentially undermining the commercial viability of the product. Even if regulatory approvals are obtained, a marketed product is subject to continual review, and later discovery of previously unknown problems or failure to comply with the applicable regulatory requirements may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions. For marketing outside the United States, we also will be subject to foreign regulatory requirements governing human clinical trials and marketing approval for pharmaceutical products. The requirements governing the conduct of clinical trials, product licensing, pricing, and reimbursement vary widely from country to country.

None of our pharmaceutical products under development has been approved for marketing in the United States or elsewhere. We may not be able to obtain regulatory approval for any such products under development in a timely manner, if at all. Failure to obtain requisite governmental approvals or failure to obtain approvals of the scope requested will delay or preclude us, or our licensees or marketing partners, from marketing our products, or limit the commercial use of our products, and thereby would have a material adverse effect on our business, financial condition, and results of operations. See "Risk Factors—The results of previous clinical trials may not be predictive of future results, and our current and planned clinical trials may not satisfy the requirements of the FDA or other non-United States regulatory authorities."

Devices are subject to varying levels of premarket regulatory control, the most comprehensive of which requires that a clinical evaluation be conducted before a device receives approval for commercial distribution. The FDA classifies medical devices into one of three classes: Class I devices are relatively simple and can be manufactured and distributed with general controls; Class II devices are somewhat more complex and require greater scrutiny; Class III devices are new and frequently help sustain life.

In the United States, a company generally can obtain permission to distribute a new device in one of two ways. The first applies to any device that is substantially equivalent to a device first marketed prior to May 1976, or to another device marketed after that date, but which was substantially equivalent to a pre-May 1976 device. These devices are either Class I or Class II devices. To obtain FDA permission to distribute the device, the company generally must submit a section 510(k) submission, and receive an FDA order finding substantial equivalence to a predicate device (pre-May 1976 or post-May 1976 device that was substantially equivalent to a pre-May 1976 device) and permitting commercial distribution of that device for its intended use. A 510(k) submission must provide information supporting a claim of substantial equivalence to the predicate device. If clinical data from human experience are required to support the 510(k) submission, these data must be gathered in compliance with investigational device exemption, or IDE, regulations for investigations performed in the United States. The 510(k) process is normally used for products of the type that the Company proposes distributing. The FDA review process for premarket notifications submitted pursuant to section 510(k) takes, on average, about 90 days, but it can take substantially longer if the FDA has concerns, and there is no guarantee that the FDA will "clear" the device for marketing, in which case the device cannot be distributed in the United States. There is also no guarantee that the FDA will deem the applicable device subject to the 510(k) process, as opposed to the more time-consuming, resource-intensive and problematic, PMA process described below.

The second, more comprehensive, approval process applies to a new device that is not substantially equivalent to a pre-1976 product or that is to be used in supporting or sustaining life or preventing impairment. These devices are normally Class III devices. For example, most implantable devices are subject to the approval process. Two steps of FDA approval are generally required before a company can market a product in the United States that is subject to approval, as opposed to clearance. First, a company must comply with IDE regulations in connection with any human clinical investigation of the device. These regulations permit a company to undertake a clinical study of a "non-significant risk" device without formal FDA approval. Prior express FDA approval is required if the device is a significant risk device. Second, the FDA must review the company's PMA application, which contains, among other things, clinical information acquired under the IDE. The FDA will approve the PMA application if it finds there is reasonable assurance that the device is safe and effective for its intended use. The PMA process takes substantially longer than the 510(k) process and it is conceivable that the FDA would not agree with our assessment that a device that we propose to distribute should be a Class I or Class II device. If that were to occur we would be required to undertake the more complex and costly PMA process. However, for either the 510(k) or the PMA process, the FDA could require us to run clinical trials, which would pose all of the same risks and uncertainties associated with the clinical trials of drugs, described above.

Even when a clinical study has been approved by the FDA or deemed approved, the study is subject to factors beyond a manufacturer's control, including, but not limited to the fact that the institutional review board at a given clinical site might not approve the study, might decline to renew approval which is required annually, or might suspend or terminate the study before the study has been completed. Also, the interim results of a study may not be satisfactory; leading the sponsor to terminate or suspend the study on its own initiative or the FDA may terminate or suspend the study. There is no assurance that a clinical study at any given site will progress as anticipated; there may be an insufficient number of patients who qualify for the study or who agree to participate in the study or the investigator at the site may have priorities other than the study. Also, there can be no assurance that the clinical study will provide sufficient evidence to assure the FDA that the product is safe and effective, a prerequisite for FDA approval of a PMA, or substantially equivalent in terms of safety and effectiveness to a predicate device, a prerequisite for clearance under 510(k). Even if the FDA approves or clears a device, it may limit its intended uses in such a way that manufacturing and distributing the device may not be commercially feasible.

After clearance or approval to market is given, the FDA and foreign regulatory agencies, upon the occurrence of certain events, are authorized under various circumstances to withdraw the clearance or approval or require changes to a device, its manufacturing process or its labeling or additional proof that regulatory requirements have been met.

A manufacturer of a device approved through the PMA is not permitted to make changes to the device which affect its safety or effectiveness without first submitting a supplement application to its PMA and obtaining FDA approval for that supplement. In some instances, the FDA may require clinical trials to support a supplement application. A manufacturer of a device cleared through the 510(k) process must submit another premarket notification if it intends to make a change or modification in the device that could significantly affect the safety or effectiveness of the device, such as a significant change or modification in design, material, chemical composition, energy source or manufacturing process. Any change in the intended uses of a PMA device or a 510(k) device requires an approval supplement or cleared premarket notification. Exported devices are subject to the regulatory requirements of each country to which the device is exported, as well as certain FDA export requirements.

A company that intends to manufacture medical devices is required to register with the FDA before it begins to manufacture the device for commercial distribution. As a result, we and any entity that manufactures products on our behalf will be subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation requirements and other regulations. In the European Community, we will be required to maintain certain International Organization for Standardization ("ISO") certifications in order to sell products and we or our manufacturers undergo periodic inspections by notified bodies to obtain and maintain these certifications. These regulations require us or our manufacturers to manufacture products and maintain documents in a prescribed manner with respect to design, manufacturing, testing and control activities. Further, we are required to comply with various FDA and other agency requirements for labeling and promotion. The Medical Device Reporting regulations require that we provide information to the FDA whenever there is evidence to reasonably suggest that a device may have caused or contributed to a death or serious injury or, if a malfunction were to occur, could cause or contribute to a death or serious injury. In addition, the FDA prohibits us from promoting a medical device for unapproved indications.

The FDA in the course of enforcing the FD&C Act may subject a company to various sanctions for violating FDA regulations or provisions of the Act, including requiring recalls, issuing Warning Letters, seeking to impose civil money penalties, seizing devices that the agency believes are non-compliant, seeking to enjoin distribution of a specific type of device or other product, seeking to revoke a clearance or approval, seeking disgorgement of profits and seeking to criminally prosecute a company and its officers and other responsible parties.

The levels of revenues and profitability of biopharmaceutical companies may be affected by the continuing efforts of government and third party payers to contain or reduce the costs of health care through various means. For example, in certain foreign markets, pricing or profitability of therapeutic and other pharmaceutical products is subject to governmental control. In the United States, there have been, and we expect that there will continue to be, a number of federal and state proposals to implement similar governmental control. In addition, in the United States and elsewhere, sales of therapeutic and other pharmaceutical products are dependent in part on the availability and adequacy of reimbursement from third party payers, such as the government or private insurance plans. Third party payers are increasingly challenging established prices, and new products that are more expensive than existing treatments may have difficulty finding ready acceptance unless there is a clear therapeutic benefit. We cannot assure you that any of our products will be considered cost effective, or that reimbursement will be available or sufficient to allow us to sell them competitively and profitably.

Our instrumentation products are subject to regulation by the FDA and similar international health authorities. We also have an obligation to adhere to the FDA's cGMP regulations. Additionally, we are subject to periodic FDA inspections, quality control procedures, and other detailed validation procedures. If the FDA finds deficiencies in the validation of our manufacturing and quality control practices, they may impose restrictions on marketing specific products until corrected. On March 25, 2008, OTI received a warning letter in connection with an inspection of OTI's facilities. The warning letter cited several deficiencies in OTI's quality systems. We intend to fully cooperate with the FDA and have immediately begun to take corrective actions to remedy these deficiencies. See "Manufacturing and Quality" below.

We are also subject to various federal, state, and international laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal to solicit, offer, receive or pay any remuneration in exchange for, or to induce, the referral of business, including the purchase or prescription of a particular drug or the use of a service or device. Federal and state false claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to third-party payors (including Medicare and Medicaid), claims for reimbursed drugs or services that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. If the government were to allege against or convict us of violating these laws, there could be a material adverse effect on us, including our stock price. Even an unsuccessful challenge could cause adverse publicity and be costly to respond to, which could have a materially adverse effect on our business, results of operations and financial condition. We will consult counsel concerning the potential application of these and other laws to our business and our sales, marketing and other activities and will make good faith efforts to comply with them. However, given their broad reach and the increasing attention given by law enforcement authorities, we cannot assure you that some of our activities will not be challenged or deemed to violate some of these laws.

MANUFACTURING AND QUALITY

We currently have no pharmaceutical manufacturing facilities. We have entered into agreements with various third parties for the formulation and manufacture of our pharmaceutical clinical supplies. These suppliers and their manufacturing facilities must comply with FDA regulations, current good laboratory practices, or cGLPs, and current good manufacturing practices, or cGMPs. We plan to outsource the manufacturing and formulation of our clinical supplies.

OTI has an instrumentation manufacturing facility in Toronto, Canada which predominantly performs high level assembly. Certain of OTI's components and optical subsystems are produced by sub-contracted vendors that specialize in optical device manufacturing.

On March 25, 2008, OTI received a warning letter in connection with a FDA inspection of OTI's facilities in July and August of 2007. The warning letter cited several deficiencies in OTI's quality, record keeping, and reporting systems relating to certain of OTI's products, including the OTI Scan 1000, OTI Scan 2000, and OTI OCT/SLO combination imaging system. Based upon the observations noted in the warning letter, OTI is not currently in compliance with cGMP. The FDA indicated that it has issued an Import Alert and may refuse admission of these products. As a result, we will not be permitted to sell these devices in the United States, and the pre-market approval application for the Company's OCT/SLO product will be delayed until the violations have been corrected.

We plan to cooperate fully with the FDA, and upon receipt of the warning letter, we immediately began to take corrective action to address the FDA's concerns and to assure the quality of OTI's products. We are committed to providing high quality products to our customers, and we plan to meet this commitment by working diligently to remedy these deficiencies and to implement updated and improved quality systems and concepts throughout the OTI organization.

SALES & MARKETING

We currently do not have pharmaceutical sales or marketing personnel. In order to commercialize any pharmaceutical products that are approved for commercial sale, we must either build a sales and marketing infrastructure or collaborate with third parties with sales and marketing experience.

Our instrumentation division presently has an eight-person sales and marketing staff, including three salespersons calling on retinal specialists and ophthalmologists, that is beginning to market our OTI products. OTI has offices in Canada, the United States and the United Kingdom and a growing distributor network that currently covers more than 60 countries. Our strategy is to increase sales of existing products through expansion of our sales channel in the United States and to provide additional marketing resources to our international distributor network.

SERVICE & SUPPORT

We currently offer service and telephone support for all of our marketed instrumentation products. Warranties are given on all products against defects and performance for a period of one year. Extended Service Contracts are available for purchase. Product repairs are performed at our Toronto facility.

EMPLOYEES

As of December 31, 2007, we have 57 full-time employees. We plan to add to our headcount in key functional areas that will allow us to further the development of our product candidates. None of our employees are represented by a collective bargaining agreement.

MANAGEMENT

Executive Officers

The following table sets forth information concerning our current executive officers, including their ages:

Name	Age	Title
Phillip Frost, M.D.	71	Chief Executive Officer and Chairman of the Board
Jane H. Hsiao, Ph.D., MBA	60	Chief Technical Officer and Vice Chairman
Steven D. Rubin	47	Executive Vice President - Administration and Director
Rao Uppaluri, Ph.D.	58	Senior Vice President and Chief Financial Officer
Naveed K. Shams, M.D., Ph.D.	51	Senior Vice President - Research and Development and Chief Medical Officer

Phillip Frost, M.D. Dr. Frost became the CEO and Chairman of OPKO Health, Inc. upon the consummation of the merger of Acuity Pharmaceuticals Inc., Froptix Corporation and eXegenics, Inc. on March 27, 2007 (referred to as the "Acquisition"). Dr. Frost was named the Vice Chairman of the Board of Teva Pharmaceutical Industries, Limited, or Teva, in January 2006 when Teva acquired IVAX Corporation, or IVAX. Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX Corporation since 1987. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1986. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc., an investment banking, asset management, and securities brokerage firm providing services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann since March 2005. Dr. Frost also serves as Chairman of the Board of Directors of Ideation Acquisition Corp., a special purpose acquisition company formed for the purpose of acquiring businesses in digital media, and Modigene Inc., a development stage biopharmaceutical company. He serves on the Board of Regents of the Smithsonian Institution, a member of the Board of Trustees of the University of Miami, a Trustee of each of the Scripps Research Institutes, the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center and is Co-Vice Chairman of the Board of Governors of the American Stock Exchange. Dr. Frost is also a director of Continucare Corporation, a provider of outpatient healthcare and home healthcare services, and Northrop Grumman Corp., a global defense and aerospace company.

Jane H. Hsiao, Ph.D., MBA. Dr. Hsiao has served as Vice-Chairman and Chief Technical Officer of the Company since May 2007. Dr. Hsiao served as the Vice Chairman-Technical Affairs of IVAX from 1995 to January 2006, when Teva acquired IVAX. Dr. Hsiao served as IVAX's Chief Technical Officer since 1996, and as Chairman, Chief Executive Officer and President of IVAX Animal Health, IVAX's veterinary products subsidiary, since 1998. From 1992 until 1995, Dr. Hsiao served as IVAX's Chief Regulatory Officer and Assistant to the Chairman. Dr. Hsiao has served as Chairman of the Board of Safestitch Medical, Inc., a medical device company, since September 2007. Dr. Hsiao is also a director of Modigene, Inc., a development stage biopharmaceutical company.

Steven D. Rubin. Mr. Rubin has served as Executive Vice President - Administration since May 2007 and a director of the Company since February 2007. Mr. Rubin served as the Senior Vice President, General Counsel and Secretary of IVAX from August 2001 until September 2006. Prior to joining IVAX, Mr. Rubin was Senior Vice President, General Counsel and Secretary with privately-held Telergy, Inc., a provider of business telecommunications and diverse optical network solutions, from early 2000 to August 2001. In addition, he was with the Miami law firm of Stearns Weaver Miller Weissler Alhadeff & Sitterson from 1986 to 2000, in the Corporate and Securities Department. Mr. Rubin had been a shareholder of that firm since 1991 and a director since 1998. Mr. Rubin currently serves on the board of directors of Dreams, Inc., a vertically integrated sports licensing and products company, Safestitch Medical, Inc., a medical device company, Ideation Acquisition Corp., a special purpose acquisition company formed for the purpose of acquiring businesses in digital media, Modigene, Inc., a development stage biopharmaceutical company, and Longfoot Communications Corp., a public shell company seeking to identify a merger or business combination candidate.

Rao Uppaluri, Ph.D. Dr. Uppaluri has served as our Senior Vice President and Chief Financial Officer since May, 2007. Dr. Uppaluri served as the Vice President, Strategic Planning and Treasurer of IVAX from 1997 until December 2006. Before joining IVAX, from 1987 to August 1996, Dr. Uppaluri was Senior Vice President, Senior Financial Officer and Chief Investment Officer with Intercontinental Bank, a publicly traded commercial bank in Florida. In addition, he served in various positions, including Senior Vice President, Chief Investment Officer and Controller, at Peninsula Federal Savings & Loan Association, a publicly traded Florida S&L, from October 1983 to 1987. His prior employment, during 1974 to 1983, included engineering, marketing and research positions with multinational companies and research institutes in India and the United States. Dr. Uppaluri currently serves on the board of directors of Ideation Acquisition Corp., a special purpose acquisition company formed for the purpose of acquiring businesses in digital media, and Longfoot Communications Corp., a public shell company seeking to identify a merger or business combination candidate.

Naveed Shams, M.D., Ph.D. Dr. Shams has served as Chief Medical Officer and Senior Vice President of Research and Development since January 2008. Prior to joining the Company, Dr. Shams served from September 2003 through November 2007 as Senior Medical Director, Head Ophthalmic Medical Affairs and Post-Marketing Team Leader at Genentech, Inc., a pharmaceutical company, where he led the clinical team responsible for launching Lucentis®. Previously, Dr. Shams was also a Director, Clinical Science for Novartis Ophthalmics, Inc. from April 1998 through September 2003, and Senior Scientist and Glaucoma Group Leader-Discovery for Storz Ophthalmics from January 1995 through March 1998. Before joining industry, Dr. Shams was a member of the Research Faculty at the Schepen's Eye Research Institute and Department of Ophthalmology at Harvard Medical School.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics. We require all employees, including our principal executive officer and principal accounting officer and other senior officers and our employee directors, to read and to adhere to the Code of Business Conduct and Ethics in discharging their work-related responsibilities. Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at http://www.OPKO.com.

ITEM 1A. RISK FACTORS.

You should carefully consider the risks described below, as well as other information contained in this report, including the consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and results of operations." The occurrence of any of the events discussed below could significantly and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

RISKS RELATED TO OUR BUSINESS

The occurrence of any of the events discussed below could significantly and adversely affect our business, prospects, results of operations, financial condition, and cash flows:

We have a history of operating losses and we do not expect to become profitable in the near future.

We are a specialty healthcare company with a limited operating history. We are not profitable and have incurred losses since our inception. We do not anticipate that we will generate revenue from the sale of pharmaceutical products for the foreseeable future and we have generated limited revenue from our ophthalmic instrumentation business. We have not yet submitted any pharmaceutical products for approval or clearance by regulatory authorities and we do not currently have rights to any pharmaceutical product candidates that have been approved for marketing. We continue to incur research and development and general and administrative expenses related to our operations and, to date, we have devoted most of our financial resources to research and development, including our pre-clinical development activities and clinical trials. We expect to continue to incur losses from our operations for the foreseeable future, and we expect these losses to increase as we continue our research activities and conduct development of, and seek regulatory approvals and clearances for, our product candidates, and prepare for and begin to commercialize any approved or cleared products. If our product candidates fail in clinical trials or do not gain regulatory approval or clearance, or if our product candidates do not achieve market acceptance, we may never become profitable. In addition, if we are required by the U.S. Food and Drug Administration, or the FDA, to perform studies in addition to those we currently anticipate, our expenses will increase beyond expectations and the timing of any potential product approval may be delayed. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

Our technologies are in an early stage of development and are unproven.

We are engaged in the research and development of pharmaceutical products, drug delivery technologies, and diagnostic systems and instruments for the treatment and prevention of ophthalmic diseases. The effectiveness of our technologies is not well-known in, or accepted generally by, the clinical medical community. There can be no assurance that we will be able to successfully employ our technologies as therapeutic, diagnostic, or preventative solutions for any ophthalmic disease. Our failure to establish the efficacy or safety of our technologies would have a material adverse effect on our business.

In addition, we have a limited operating history. Our operations to date have been primarily limited to organizing and staffing our company, developing our technology, and undertaking pre-clinical studies and clinical trials of our product candidates. We have not yet obtained regulatory approvals for any of our pharmaceutical product candidates. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

Our product research and development activities may not result in commercially viable products.

Most of our product candidates are in the very early stages of development and are prone to the risks of failure inherent in drug and medical device product development. We will likely be required to complete and undertake significant additional clinical trials to demonstrate to the FDA that our product candidates are safe and effective to the satisfaction of the FDA and other non-United States regulatory authorities or for their intended uses, or are substantially equivalent in terms of safety and effectiveness to an existing, lawfully marketed non-premarket approved device. Clinical trials are expensive and uncertain processes that often take years to complete. Failure can occur at any stage of the process, and successful early positive results do not ensure that the entire clinical trial or later clinical trials will be successful. Product candidates in clinical-stage trials may fail to show desired efficacy and safety traits despite early promising results.

We are highly dependent on the success of our lead product candidate, bevasiranib, and our failure to commercialize bevasiranib, or the experience of significant delays in doing so, would have a material adverse effect on our business, results of operation, and financial condition.

We have invested a significant portion of our efforts and financial resources in the development of bevasiranib. Bevasiranib has been studied in a Phase II clinical drug trial for the treatment of Wet AMD, and we are presently studying bevasiranib in Phase III clinical trials. Our Phase III clinical trials may not be successful, and bevasiranib may never receive regulatory approval or be successfully commercialized. Our clinical development program for bevasiranib may not receive regulatory approval if we fail to demonstrate that it is safe and effective in clinical trials and, consequently, fail to obtain necessary approvals from the FDA, or similar non-United States regulatory agencies, or if we have inadequate financial or other resources to advance bevasiranib through the clinical trial process. Even if bevasiranib receives regulatory approval, its approved labeling may be insufficient to permit adequate marketing. We may not be successful in marketing it for a number of other reasons, including the introduction by our competitors of more clinically-effective or cost-effective alternatives or failure in our sales and marketing efforts. Any failure to obtain approval of bevasiranib and successfully commercialize it would have a material and adverse impact on our business.

The results of pre-clinical trials and previous clinical trials may not be predictive of future results, and our current and planned clinical trials may not satisfy the requirements of the FDA or other non-United States regulatory authorities.

Positive results from pre-clinical studies and early clinical trial experience should not be relied upon as evidence that later-stage or large-scale clinical trials will succeed. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates either (i) are safe and effective for use in a diverse population of their intended uses or (ii) with respect to Class I or Class II devices only, are substantially equivalent in terms of safety and effectiveness to devices that are already marketed under section 510(k) of the Food, Drug and Cosmetic Act. Success in early clinical trials does not mean that future clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and other non-United States regulatory authorities despite having progressed through initial clinical trials.

Further, our drug candidates may not be approved or cleared even if they achieve their primary endpoints in Phase III clinical trials or registration trials nor may our device candidates be approved or cleared, as the case may be, even though clinical or other data are, in our view, adequate to support a device approval or clearance. The FDA or other non-United States regulatory authorities may disagree with our trial design and our interpretation of data from pre-clinical studies and clinical trials. In addition, any of these regulatory authorities may change requirements for the approval or clearance of a product candidate even after reviewing and providing comment on a protocol for a pivotal clinical trial that has the potential to result in FDA approval. In addition, any of these regulatory authorities may also approve or clear a product candidate for fewer or more limited indications or uses than we request or may grant approval or clearance contingent on the performance of costly post-marketing clinical trials. In addition, the FDA or other non-United States regulatory authorities may not approve the labeling claims necessary or desirable for the successful commercialization of our product candidates.

In addition, the results of our clinical trials may show that our product candidates may cause undesirable side effects, which could interrupt, delay or halt clinical trials, resulting in the denial of regulatory approval by the FDA and other regulatory authorities.

In light of widely publicized events concerning the safety risk of certain drug products, regulatory authorities, members of Congress, the Government Accounting Office, medical professionals, and the general public have raised concerns about potential drug safety issues. These events have resulted in the withdrawal of drug products, revisions to drug labeling that further limit use of the drug products, and establishment of risk management programs that may, for instance, restrict distribution of drug products. The increased attention to drug safety issues may result in a more cautious approach by the FDA to clinical trials. Data from clinical trials may receive greater scrutiny with respect to safety, which may make the FDA or other regulatory authorities more likely to terminate clinical trials before completion, or require longer or additional clinical trials that may result in substantial additional expense and a delay or failure in obtaining approval or approval for a more limited indication than originally sought.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all.

We are advancing and intend to continue to advance multiple product candidates through clinical and pre-clinical development. We believe that our existing cash and cash equivalents and short-term investments will be sufficient to enable us to fund our operating expenses and capital expenditure requirements at least for the next twelve months. We have based this estimate on assumptions that may prove to be wrong or subject to change, and we may be required to use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials. Our future capital requirements will depend on a number of factors, including the continued progress of our research and development of product candidates, the timing and outcome of clinical trials and regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing, and our success in developing markets for our product candidates.

We will need to raise substantial additional capital to engage in and continue our clinical and pre-clinical development, and commercialization activities. Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through public or private equity offerings, debt financings, or strategic collaborations. We do not know whether additional funding will be available on acceptable terms, or at all. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of, or eliminate one or more of our clinical trials or research and development programs. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience additional significant dilution, and debt financing, if available, may involve restrictive covenants. To the extent that we raise additional funds through collaboration and licensing arrangements, it may be necessary to relinquish some rights to our technologies or our product candidates or grant licenses on terms that may not be favorable to us. We may seek to access the public or private capital markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time.

If our competitors develop and market products that are more effective, safer or less expensive than our future product candidates, our commercial opportunities will be negatively impacted.

The life sciences industry is highly competitive, and we face significant competition from many pharmaceutical, biopharmaceutical, biotechnology, and medical device companies that are researching and marketing products designed to address AMD and other ophthalmic diseases and conditions our products are designed to diagnose, treat, or prevent. We are currently developing therapeutic, diagnostic, and preventative products that will compete with other drugs, therapies, and medical devices that currently exist or are being developed. Products we may develop in the future are also likely to face competition from other drugs, therapies, and medical devices. Many of our competitors have significantly greater financial, manufacturing, marketing, and drug development resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing and in obtaining regulatory approvals or clearances for drugs or medical devices. These companies also have significantly greater research and marketing capabilities than we do. Some of the pharmaceutical companies we expect to compete with include Genentech, Allergan, Alcon Laboratories, Regeneron, QLT, Pfizer, Alnylam, and Bausch & Lomb. In addition, many universities and private and public research institutions may become active in ophthalmic disease research. Compared to us, many of our potential competitors have substantially greater capital resources, development resources, including personnel and technology, clinical trial experience, regulatory experience, expertise in prosecution of intellectual property rights, manufacturing and distribution experience, and sales and marketing experience. The development of other promising drugs for the treatment of Dry AMD, which in certain patients is the precursor to Wet AMD, could materially adversely affect the prospects for bevasiranib and other treatments for Wet AMD.

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

- the results of our clinical trials;
- our ability to recruit and enroll patients for our clinical trials;
- the efficacy, safety and reliability of our product candidates;
- the speed at which we develop our product candidates;

- our ability to commercialize and market any of our product candidates that may receive regulatory approval or clearance;
- our ability to design and successfully execute appropriate clinical trials;
- the timing and scope of regulatory approvals or clearances;
- appropriate coverage and adequate levels of reimbursement under private and governmental health insurance plans, including Medicare;
- our ability to protect intellectual property rights related to our products;
- our ability to have our partners manufacture and sell commercial quantities of any approved products to the market; and
- acceptance of future product candidates by physicians and other health care providers.

If our competitors market products that are more effective, safer, easier to use or less expensive than our future product candidates, if any, or that reach the market sooner than our future product candidates, if any, we may not achieve commercial success. In addition, both the biopharmaceutical and medical device industries are characterized by rapid technological change. Because our research approach integrates many technologies, it may be difficult for us to stay abreast of the rapid changes in each technology. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete or less competitive.

Our product development activities could be delayed or stopped.

We do not know whether our planned clinical trials will be completed on schedule, or at all, and we cannot guarantee that our planned clinical trials will begin on time or at all. The commencement of our planned clinical trials could be substantially delayed or prevented by several factors, including:

- a limited number of, and competition for, suitable patients with the particular types of ophthalmic disease required for enrollment in our clinical trials or that otherwise meet the protocol's inclusion criteria and do not meet any of the exclusion criteria;
- a limited number of, and competition for, suitable sites to conduct our clinical trials;
- delay or failure to obtain FDA approval or agreement to commence a clinical trial;
- delay or failure to obtain sufficient supplies of the product candidate for our clinical trials;
- requirements to provide the drugs or medical devices required in our clinical trial protocols or clinical trials at no cost or cost, which may require significant expenditures that we are unable or unwilling to make;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators; and
- delay or failure to obtain institutional review board, or IRB, approval to conduct or renew a clinical trial at a prospective or accruing site.

The completion of our clinical trials could also be substantially delayed or prevented by several factors, including:

- slower than expected rates of patient recruitment and enrollment;
- failure of patients to complete the clinical trial;
- unforeseen safety issues;
- lack of efficacy evidenced during clinical trials;

- termination of our clinical trials by one or more clinical trial sites;
- inability or unwillingness of patients or medical investigators to follow our clinical trial protocols; and
- inability to monitor patients adequately during or after treatment.

Our clinical trials may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB for any given site, or us. Additionally, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes with appropriate regulatory authorities. Amendments may require us to resubmit our clinical trial protocols to IRBs for re-examination, which may impact the costs, timing, or successful completion of a clinical trial. Any failure or significant delay in completing clinical trials for our product candidates could materially harm our financial results and the commercial prospects for our product candidates.

The regulatory approval process is expensive, time consuming and uncertain and may prevent us or our collaboration partners from obtaining approvals for the commercialization of some or all of our product candidates.

The research, testing, manufacturing, labeling, approval, selling, marketing, and distribution of drug products or medical devices are subject to extensive regulation by the FDA and other non-United States regulatory authorities, which regulations differ from country to country. We are not permitted to market our product candidates in the United States until we receive approval of a new drug application, or NDA, a clearance letter under the premarket notification process, or 510(k) process, or an approval of a pre-market approval, or PMA, from the FDA. We have not submitted an NDA or PMA application or premarket notification, nor have we received marketing approval or clearance for any of our pharmaceutical product candidates. Obtaining approval of an NDA or PMA can be a lengthy, expensive, and uncertain process. With respect to medical devices, while the FDA reviews and clears a premarket notification in as little as three months, there is no guarantee that our products will qualify for this more expeditious regulatory process, which is reserved for Class I and II devices, nor is there any assurance that even if a device is reviewed under the 510(k) process that the FDA will review it expeditiously or determine that the device is substantially equivalent to a lawfully marketed non-PMA device. If the FDA fails to make this finding, then we cannot market the device. In lieu of acting on a premarket notification, the FDA may seek additional information or additional data which would further delay our ability to market the product. Furthermore, we are not permitted to make changes to a device approved through the PMA or 510(k) which affects the safety or efficacy of the device without first submitting a supplement application to the PMA and obtaining FDA approval or cleared premarket notification for that supplement. In some cases, the FDA may require clinical trials to support a supplement application. In addition, failure to comply with FDA, non-United States regulatory authorities, or other applicable United States and non-United States regulatory requirements may, either before or after product approval or clearance, if any, subject our company to administrative or judicially imposed sanctions, including, but not limited to the following:

- restrictions on the products, manufacturers, or manufacturing process;
- adverse inspectional observations (Form 483), warning letters, or non-warning letters incorporating inspectional observations;
- civil and criminal penalties;
- injunctions;
- suspension or withdrawal of regulatory approvals or clearances;
- product seizures, detentions, or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- total or partial suspension of production;
- imposition of restrictions on operations, including costly new manufacturing requirements; and

- refusal to approve or clear pending NDAs or supplements to approved NDAs, applications or pre-market notifications.

Regulatory approval of an NDA or NDA supplement, PMA, PMA supplement or clearance pursuant to a pre-market notification is not guaranteed, and the approval or clearance process, as the case may be, is expensive and may, especially in the case of an NDA or PMA application, take several years. The FDA also has substantial discretion in the drug and medical device approval and clearance process. Despite the time and expense exerted, failure can occur at any stage, and we could encounter problems that cause us to abandon clinical trials or to repeat or perform additional pre-clinical studies and clinical trials. The number of pre-clinical studies and clinical trials that will be required for FDA approval or clearance varies depending on the drug or medical device candidate, the disease or condition that the drug or medical device candidate is designed to address, and the regulations applicable to any particular drug or medical device candidate. The FDA can delay, limit or deny approval or clearance of a drug or medical device candidate for many reasons, including:

- a drug candidate may not be deemed safe or effective;
- a medical device candidate may not be deemed to be substantially equivalent to a lawfully marketed non-PMA device, in the case of a premarket notification.
- FDA officials may not find the data from pre-clinical studies and clinical trials sufficient;
- the FDA might not approve our or our third-party manufacturer's processes or facilities; or
- the FDA may change its approval or clearance policies or adopt new regulations.

The Company may, at some future date, seek approval of one or more drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, § 505(b)(2) which permits a manufacturer to submit an NDA for an existing drug compound for intended uses that have already been approved by the FDA, but with certain different characteristics, such as a different route of administration. Section 505(b)(2) allows a company to reference the clinical data already collected by the NDA of the drug supplemented by clinical trial results that address the change (e.g., route of administration). The Company is not presently involved in clinical trials for a section 505(b)(2) drug or the submission of an NDA for such a drug, but could be in the future. If the Company were to submit an NDA under that section, the Company could be sued for patent infringement by the pharmaceutical company that owns the patent on the existing approved NDA drug. Such a suit would automatically preclude the FDA from processing our NDA for 30 months and possibly longer. Defending such a suit would be costly. If we were to lose the litigation, we could be precluded from marketing the product until the NDA holder's patent expires. Such an adverse result would interfere without strategic plans and would therefore have adverse financial implications for the company.

Our product candidates may have undesirable side effects and cause our approved drugs to be taken off the market.

If a product candidate receives marketing approval and we or others later identify undesirable side effects caused by such products:

- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication, or field alerts to physicians and pharmacies;
- regulatory authorities may withdraw their approval of the product and require us to take our approved drug off the market;
- we may be required to change the way the product is administered, conduct additional clinical trials, or change the labeling of the product;
- we may have limitations on how we promote our drugs;
- sales of products may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product or could substantially increase our commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenues from its sale.

We may be unable to resolve issues related to an FDA warning letter in a timely manner, which could delay the production and sale of our instrumentation products.

We are currently taking remedial action in response to certain deficiencies in OTI's quality systems as cited by the FDA in a warning letter to OTI dated March 25, 2008. The warning letter noted several deficiencies in OTI's quality control systems relating to certain products. As stated in the warning letter, the FDA issued an Import Alert and may refuse admission of OTI's Scan 1000, Scan 2000, and OCT/SLO combination imaging system products. As a result, we will not permitted to sell these devices in the United States, and pre-market approval applications for the Company's OCT/SLO product will be delayed until the violations have been corrected.

While we intend to work with the FDA to resolve these issues, this work will require the dedication of significant incremental internal and external resources and will impede our ability to sell these products in the United States. There can be no assurances regarding the length of time or cost it will take us to resolve these quality issues to our satisfaction and to the satisfaction of the FDA. If our remedial actions are not satisfactory to the FDA, we may have to devote additional financial and human resources to our efforts, and the FDA may take further regulatory actions against us including, but not limited to, assessing civil monetary penalties or imposing a consent decree on us, which could result in further regulatory constraints, including the governance of our quality system by a third party. Our inability to resolve these issues or the taking of further regulatory action by the FDA may weaken our competitive position and have a material adverse effect on our operations.

We may not meet regulatory quality standards applicable to our manufacturing and quality processes, which could have an adverse effect on our business, financial condition and results of operations.

As a medical device manufacturer, we are required to register with the FDA and are subject to periodic inspection by the FDA for compliance with its Quality System Regulation (QSR) requirements, which require manufacturers of medical devices to adhere to certain regulations, including testing, quality control and documentation procedures. Compliance with applicable regulatory requirements is subject to continual review and is monitored rigorously through periodic inspections by the FDA. In addition, most international jurisdictions have adopted regulatory approval and periodic renewal requirements for medical devices, and we must comply with these requirements in order to market our products in these jurisdictions. In the European Community, we are required to maintain certain ISO certifications in order to sell our products and must undergo periodic inspections by notified bodies to obtain and maintain these certifications. Further, some emerging markets rely on the FDA's Certificate for Foreign Government (CFG) in lieu of their own regulatory approval requirements. Our FDA warning letter prevents our ability to obtain CFGs; therefore, our ability to market new products or renew marketing approvals in countries that rely on CFGs may be impacted until the warning letter is resolved.

If we, or our manufacturers, fail to adhere to quality system regulations or ISO requirements, this could delay production of our products and lead to fines, difficulties in obtaining regulatory clearances, recalls or other consequences, which could, in turn, have a material adverse effect on our financial condition or results of operations.

Even if we obtain regulatory approvals or clearances for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our product candidates, which could materially impair our ability to generate anticipated revenues.

Once regulatory approval has been granted, the approved or cleared product and its manufacturer are subject to continual review. Any approved or cleared product may only be promoted for its indicated uses. In addition, if the FDA or other non-United States regulatory authorities approve any of our product candidates, the labeling, packaging, adverse event reporting, storage, advertising, and promotion for the product will be subject to extensive regulatory requirements. We and the manufacturers of our products are also required to comply with current Good Manufacturing Practicing, or cGMP regulations, or the FDA's QSR regulations, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation. Moreover, device manufacturers are required to report adverse events by filing Medical Device Reports with the FDA, which reports are publicly available. Further, regulatory agencies must approve manufacturing facilities before they can be used to manufacture our products, and these facilities are subject to ongoing regulatory inspection. If we fail to comply with the regulatory requirements of the FDA and other non-United States regulatory authorities, or if previously unknown problems with our products, manufacturers, or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions.

In addition, the FDA and other non-United States regulatory authorities may change their policies and additional regulations may be enacted that could prevent or delay regulatory approval or clearance of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are not able to maintain regulatory compliance, we would likely not be permitted to market our future product candidates and we may not achieve or sustain profitability.

Even if we receive regulatory approval or clearance to market our product candidates, the market may not be receptive to our products.

Even if our product candidates obtain regulatory approval or clearance, resulting products may not gain market acceptance among

physicians, patients, health care payors and/or the medical community. We believe that the degree of market acceptance will depend on a number of factors, including:

- timing of market introduction of competitive products;
- the safety and efficacy of our product compared to other products;
- prevalence and severity of any side effects;
- potential advantages or disadvantages over alternative treatments;
- strength of marketing and distribution support;
- price of our future product candidates, both in absolute terms and relative to alternative treatments;
- availability of coverage and reimbursement from government and other third-party payors;
- potential product liability claims;
- limitations or warnings contained in a product's FDA-approved labeling; and
- changes in the standard of care for the targeted indications for any of our product candidates, which could reduce the marketing impact of any claims that we could make following FDA approval.

In addition, our efforts to educate the medical community and health care payors on the benefits of our product candidates may require significant resources and may never be successful.

If our future product candidates fail to achieve market acceptance, we may not be able to generate significant revenue or achieve or sustain profitability.

The coverage and reimbursement status of newly approved or cleared drugs or medical devices is uncertain, and failure of our pharmaceutical products and procedures using our medical devices to be adequately covered by insurance and eligible for adequate reimbursement could limit our ability to market any future product candidates we may develop and decrease our ability to generate revenue from any of our existing and future product candidates that may be approved or cleared.

There is significant uncertainty related to the third-party coverage and reimbursement of newly approved or cleared drugs or medical devices. Many medical devices are not directly covered by insurance; instead, the procedure using the device is subject to a coverage determination by the insurer. The commercial success of our existing and future product candidates in both domestic and international markets will depend in part on the availability of coverage and adequate reimbursement from third-party payors, including government payors, such as the Medicare and Medicaid programs, managed care organizations, and other third-party payors. The government and other third-party payors are increasingly attempting to contain health care costs by limiting both insurance coverage and the level of reimbursement for new drugs or devices and, as a result, they may not cover or provide adequate payment for our existing and future product candidates. These payors may conclude that our future product candidates are less safe, less effective, or less cost-effective than existing or later-introduced products. These payors may also conclude that the overall cost of the procedure using one of our devices exceeds the overall cost of the competing procedure using another type of device, and third-party payors may not approve our future product candidates for insurance coverage and adequate reimbursement. The failure to obtain coverage and adequate or any reimbursement for our existing and future product candidates, or health care cost containment initiatives that limit or restrict reimbursement for our existing and future product candidates, may reduce any future product revenue. Even though a drug (not administered by a physician) may be approved by the FDA, this does not mean that a Prescription Drug Plan, or PDP, a private insurer operating under Medicare part D, will list that drug on its formulary or will set a reimbursement level. PDPs are not required to make every FDA-approved drug available on their formularies. If our drug products are not listed on sufficient number of PDP formularies or if the PDPs' levels of reimbursement are inadequate, the Company could be materially adversely affected.

If we fail to attract and retain key management and scientific personnel, we may be unable to successfully develop or commercialize our product candidates.

We will need to expand and effectively manage our managerial, operational, financial, development, and other resources in order to successfully pursue our research, development, and commercialization efforts for our existing and future product candidates. Our success depends on our continued ability to attract, retain, and motivate highly qualified management and pre-clinical and clinical personnel. The loss of the services or support of any of our senior management, particularly Dr. Phillip Frost, our Chairman of the Board and Chief Executive Officer, could delay or prevent the development and commercialization of our product candidates. We do not maintain "key man" insurance policies on the lives of any of our employees. We will need to hire additional personnel as we continue to expand our research and development activities and build a sales and marketing function.

We have scientific and clinical advisors who assist us in formulating our research, development, and clinical strategies. These advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. In addition, these advisors may have arrangements with other companies to assist those companies in developing products or technologies that may compete with ours.

We may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical, medical device, and other similar businesses. If we are unable to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that will impede significantly the achievement of our research and development objectives, our ability to raise additional capital and our ability to implement our business strategy. In particular, if we lose any members of our senior management team, we may not be able to find suitable replacements in a timely fashion or at all and our business may be harmed as a result.

As we evolve from a company primarily involved in development to a company also involved in commercialization, we may encounter difficulties in managing our growth and expanding our operations successfully.

As we advance our product candidates through clinical trials, research, and development we will need to expand our development, regulatory, manufacturing, marketing, and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with such third parties, as well as additional collaborators and suppliers. Maintaining these relationships and managing our future growth will impose significant added responsibilities on members of our management. We must be able to: manage our development efforts effectively; manage our clinical trials effectively; hire, train and integrate additional management, development, administrative and sales and marketing personnel; improve our managerial, development, operational and finance systems; and expand our facilities, all of which may impose a strain on our administrative and operational infrastructure.

Furthermore, we may acquire additional businesses, products or product candidates that complement or augment our existing business. Integrating any newly acquired business or product could be expensive and time-consuming. We may not be able to integrate any acquired business or product successfully or operate any acquired business profitably. Our future financial performance will depend, in part, on our ability to manage any future growth effectively and our ability to integrate any acquired businesses. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

If we fail to acquire and develop other products or product candidates at all or on commercially reasonable terms, we may be unable to diversify or grow our business.

We intend to continue to rely on acquisitions and in-licensing as the source of our products and product candidates for development and commercialization. The success of this strategy depends upon our ability to identify, select, and acquire pharmaceutical products, drug delivery technologies, and medical device product candidates. Proposing, negotiating, and implementing an economically viable product acquisition or license is a lengthy and complex process. We compete for partnering arrangements and license agreements with pharmaceutical, biotechnology and medical device companies, and academic research institutions. Our competitors may have stronger relationships with third parties with whom we are interested in collaborating and/or may have more established histories of developing and commercializing products. As a result, our competitors may have a competitive advantage in entering into partnering arrangements with such third parties. In addition, even if we find promising product candidates, and generate interest in a partnering or strategic arrangement to acquire such product candidates, we may not be able to acquire rights to additional product candidates or approved products on terms that we find acceptable, or at all.

We expect that any product candidate to which we acquire rights will require additional development efforts prior to commercial sale, including extensive clinical testing and approval or clearance by the FDA and other non-United States regulatory authorities. All product candidates are subject to the risks of failure inherent in pharmaceutical or medical device product development, including the possibility that the product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. Even if the product candidates are approved or cleared, we cannot be sure that they would be capable of economically feasible production or commercial success.

We have no experience or capability manufacturing large clinical-scale or commercial-scale products and have no pharmaceutical manufacturing facility; we therefore rely on third parties to manufacture and supply our pharmaceutical product candidates.

We believe we currently have, or can access, sufficient supplies of bevasiranib to conduct and complete our planned Phase III clinical trials. If our manufacturing partners are unable to produce bevasiranib or our other products in the amounts that we require, we may not be able to establish a contract and obtain a sufficient alternative supply from another supplier on a timely basis and in the quantities we require. We expect to continue to depend on third-party contract manufacturers for the foreseeable future.

Our product candidates require precise, high quality manufacturing. Any of our contract manufacturers will be subject to ongoing periodic unannounced inspection by the FDA and other non-United States regulatory authorities to ensure strict compliance with QSR regulations for devices or cGMPs for drugs, and other applicable government regulations and corresponding standards relating to matters such as testing, quality control, and documentation procedures. If our contract manufacturers fail to achieve and maintain high manufacturing standards in compliance with QSR or cGMPs, we may experience manufacturing errors resulting in patient injury or death, product recalls or withdrawals, delays or interruptions of production or failures in product testing or delivery, delay or prevention of filing or approval of marketing applications for our products, cost overruns, or other problems that could seriously harm our business.

Any performance failure on the part of our contract manufacturers could delay clinical development or regulatory approval or clearance of our product candidates or commercialization of our future product candidates, depriving us of potential product revenue and resulting in additional losses. In addition, our dependence on a third party for manufacturing may adversely affect our future profit margins. Our ability to replace an existing manufacturer may be difficult because the number of potential manufacturers is limited and the FDA must approve any replacement manufacturer before it can begin manufacturing our product candidates. Such approval would result in additional non-clinical testing and compliance inspections. It may be difficult or impossible for us to identify and engage a replacement manufacturer on acceptable terms in a timely manner, or at all.

We currently have limited marketing staff, no pharmaceutical sales or distribution capabilities and have only recently commenced developing medical device sales capabilities in the United States. If we are unable to develop our pharmaceutical sales and marketing and distribution capability and our medical device sales and marketing capabilities in the United States on our own or through collaborations with marketing partners, we will not be successful in commercializing our pharmaceutical product candidates or our medical device product candidates in the United States.

We currently have no pharmaceutical marketing, sales or distribution capabilities. We have only recently commenced developing medical device sales capabilities in the United States. If our pharmaceutical product candidates are approved, we intend to establish our sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time-consuming. Any failure or delay in the development of any of our internal sales, marketing, and distribution capabilities would adversely impact the commercialization of our products. With respect to our existing and future pharmaceutical product candidates, we may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. To the extent that we enter into co-promotion or other licensing arrangements, our product revenue is likely to be lower than if we directly marketed or sold our products. In addition, any revenue we receive will depend in whole or in part upon the efforts of such third parties, which may not be successful and are generally not within our control. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our existing and future product candidates. If we are not successful in commercializing our existing and future product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

Independent clinical investigators and contract research organizations that we engage to conduct our clinical trials may not be diligent, careful or timely.

We depend on independent clinical investigators to conduct our clinical trials. Contract research organizations may also assist us in the collection and analysis of data. These investigators and contract research organizations will not be our employees, and we will not be able to control, other than by contract, the amount of resources, including time, that they devote to products that we develop. If independent investigators fail to devote sufficient resources to the development of product candidates or clinical trials, or if their performance is substandard, it will delay the approval or clearance and commercialization of any products that we develop. Further, the FDA requires that we comply with standards, commonly referred to as good clinical practice, for conducting, recording and reporting clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity, and confidentiality of trial subjects are protected. If our independent clinical investigators and contract research organizations fail to comply with good clinical practice, the results of our clinical trials could be called into question and the clinical development of our product candidates could be delayed. Failure of clinical investigators or contract research organizations to meet their obligations to us or comply with federal regulations and good clinical practice procedures could adversely affect the clinical development of our product candidates and harm our business.

The success of our business may be dependent on the actions of our collaborative partners.

We expect to enter into collaborative arrangements with established multinational pharmaceutical and medical device companies, which will finance or otherwise assist in the development, manufacture and marketing of products incorporating our technology. We anticipate deriving some revenues from research and development fees, license fees, milestone payments, and royalties from collaborative partners. Our prospects, therefore, may depend to some extent upon our ability to attract and retain collaborative partners and to develop technologies and products that meet the requirements of prospective collaborative partners. In addition, our collaborative partners may have the right to abandon research projects and terminate applicable agreements, including funding obligations, prior to or upon the expiration of the agreed-upon research terms. There can be no assurance that we will be successful in establishing collaborative arrangements on acceptable terms or at all, that collaborative partners will not terminate funding before completion of projects, that our collaborative arrangements will result in successful product commercialization, or that we will derive any revenues from such arrangements. To the extent that we are unable to develop and maintain collaborative arrangements, we would need substantial additional capital to undertake research, development, and commercialization activities on our own.

If we are unable to obtain and enforce patent protection for our products, our business could be materially harmed.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under the patent and other intellectual property laws of the United States and other countries, so that we can prevent others from unlawfully using our inventions and proprietary information. However, we may not hold proprietary rights to some patents required for us to commercialize our proposed products. Because certain United States patent applications are confidential until patents issue, such as applications filed prior to November 29, 2000, or applications filed after such date for which nonpublication has been requested, third parties may have filed patent applications for technology covered by our pending patent applications without our being aware of those applications, and our patent applications may not have priority over those applications. For this and other reasons, we or our third-party collaborators may be unable to secure desired patent rights, thereby losing desired exclusivity. If licenses are not available to us on acceptable terms, we may not be able to market the affected products or conduct the desired activities, unless we challenge the validity, enforceability, or infringement of the third-party patent or otherwise circumvent the third-party patent.

Our strategy depends on our ability to rapidly identify and seek patent protection for our discoveries. In addition, we will rely on third-party collaborators to file patent applications relating to proprietary technology that we develop jointly during certain collaborations. The process of obtaining patent protection is expensive and time-consuming. If our present or future collaborators fail to file and prosecute all necessary and desirable patent applications at a reasonable cost and in a timely manner, our business will be adversely affected. Despite our efforts and the efforts of our collaborators to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary.

The issuance of a patent does not guarantee that it is valid or enforceable. Any patents we have obtained, or obtain in the future, may be challenged, invalidated, unenforceable, or circumvented. Moreover, the United States Patent and Trademark Office, or USPTO, may commence interference proceedings involving our patents or patent applications. Any challenge to, finding of unenforceability or invalidation or circumvention of, our patents or patent applications would be costly, would require significant time and attention of our management, and could have a material adverse effect on our business. In addition, court decisions may introduce uncertainty in the enforceability or scope of patents owned by biotechnology, pharmaceutical, and medical device companies.

Our pending patent applications may not result in issued patents. The patent position of pharmaceutical, biotechnology, and medical device companies, including ours, is generally uncertain and involves complex legal and factual considerations. The standards that the USPTO and its foreign counterparts use to grant patents are not always applied predictably or uniformly and can change. There is also no uniform, worldwide policy regarding the subject matter and scope of claims granted or allowable in pharmaceutical, biotechnology, or medical device patents. Accordingly, we do not know the degree of future protection for our proprietary rights or the breadth of claims that will be allowed in any patents issued to us or to others. The legal systems of certain countries do not favor the aggressive enforcement of patents, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Therefore, the enforceability or scope of our owned or licensed patents in the United States or in foreign countries cannot be predicted with certainty, and, as a result, any patents that we own or license may not provide sufficient protection against competitors. We may not be able to obtain or maintain patent protection for our pending patent applications, those we may file in the future, or those we may license from third parties, including the University of Pennsylvania, the University of Illinois, the University of Florida Research Foundation, Pathogenics, and Intradigm.

While we believe that our patent rights are enforceable, we cannot assure you that any patents that have issued, that may issue, or that may be licensed to us will be enforceable or valid, or will not expire prior to the commercialization of our product candidates, thus allowing others to more effectively compete with us. Therefore, any patents that we own or license may not adequately protect our product candidates or our future products.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patent protection, we also rely on other proprietary rights, including protection of trade secrets, know-how, and confidential and proprietary information. To maintain the confidentiality of trade secrets and proprietary information, we will seek to enter into confidentiality agreements with our employees, consultants, and collaborators upon the commencement of their relationships with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees also generally provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants, or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in related inventions.

Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition, and results of operations.

We will rely heavily on licenses from third parties.

Many of the patents and patent applications in our patent portfolio are not owned by us, but are licensed from third parties. For example, we rely on technology licensed from the University of Pennsylvania, the University of Illinois, the University of Florida Research Foundation, Pathogenics and Intradigm. Such license agreements give us rights for the commercial exploitation of the patents resulting from the respective patent applications, subject to certain provisions of the license agreements. Failure to comply with these provisions could result in the loss of our rights under these license agreements. Our inability to rely on these patents and patent applications, which are the basis of our technology, would have a material adverse effect on our business.

We license patent rights to certain of our technology from third-party owners. If such owners do not properly maintain or enforce the patents underlying such licenses, our competitive position and business prospects will be harmed.

We have obtained licenses from, among others, the University of Pennsylvania, the University of Illinois, the University of Florida Research Foundation, Pathogenics, and Intradigm that are necessary or useful for our business. In addition, we intend to enter into additional licenses of third-party intellectual property in the future.

Our success will depend in part on our ability or the ability of our licensors to obtain, maintain, and enforce patent protection for our licensed intellectual property and, in particular, those patents to which we have secured exclusive rights in our field. We or our licensors may not successfully prosecute the patent applications which are licensed to us. Even if patents issue in respect of these patent applications, we or our licensors may fail to maintain these patents, may determine not to pursue litigation against other companies that are infringing these patents, or may pursue such litigation less aggressively than we would. Without protection for the intellectual property we have licensed, other companies might be able to offer substantially identical products for sale, which could adversely affect our competitive business position and harm our business prospects.

Some jurisdictions may require us, or those from whom we license patents, to grant licenses to third parties. Such compulsory licenses could be extended to include some of our product candidates, which may limit our potential revenue opportunities.

Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, most countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may be limited to monetary relief from an infringement and may be unable to enjoin infringement, which could materially diminish the value of the patent.

Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.

Other entities may have or obtain patents or proprietary rights that could limit our ability to manufacture, use, sell, offer for sale or import products, or impair our competitive position. In addition, to the extent that a third party develops new technology that covers our products, we may be required to obtain licenses to that technology, which licenses may not be available or may not be available on commercially reasonable terms, if at all. If licenses are not available to us on acceptable terms, we will not be able to market the affected products or conduct the desired activities, unless we challenge the validity, enforceability or infringement of the third-party patent, or circumvent the third-party patent, which would be costly and would require significant time and attention of our management. Third parties may have or obtain valid and enforceable patents or proprietary rights that could block us from developing products using our technology. Our failure to obtain a license to any technology that we require may materially harm our business, financial condition, and results of operations.

Additionally, RNAi is a relatively new scientific technology that has generated many different patent applications from organizations and individuals seeking to obtain important patents in the field. These applications claim many different methods, compositions, and processes relating to the discovery, development, and commercialization of RNAi therapeutics. Because the field is so new, very few of these patent applications have been fully processed by government patent offices around the world, and there is a great deal of uncertainty about which patents will issue, when, to whom, and with what claims. It is likely that there will be significant litigation and other proceedings, such as interference and opposition proceedings in various patent offices, relating to patent rights in RNAi technology. Others may attempt to invalidate our intellectual property rights. Even if our rights are not directly challenged, disputes among third parties could impact our intellectual property rights.

If we become involved in patent litigation or other proceedings related to a determination of rights, we could incur substantial costs and expenses, substantial liability for damages or be required to stop our product development and commercialization efforts.

Third parties may sue us for infringing their patent rights. Likewise, we may need to resort to litigation to enforce a patent issued or licensed to us or to determine the scope and validity of proprietary rights of others. In addition, a third-party may claim that we have improperly obtained or used its confidential or proprietary information. Furthermore, in connection with our third-party license agreements, we generally have agreed to indemnify the licensor for costs incurred in connection with litigation relating to intellectual property rights. The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial, and the litigation would divert our management's efforts. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of any litigation could limit our ability to continue our operations.

If any parties successfully claim that our creation or use of proprietary technologies infringes upon their intellectual property rights, we might be forced to pay damages, potentially including treble damages, if we are found to have willfully infringed on such parties' patent rights. In addition to any damages we might have to pay, a court could require us to stop the infringing activity or obtain a license. Any license required under any patent may not be made available on commercially acceptable terms, if at all. In addition, such licenses are likely to be non-exclusive and, therefore, our competitors may have access to the same technology licensed to us. If we fail to obtain a required license and are unable to design around a patent, we may be unable to effectively market some of our technology and products, which could limit our ability to generate revenues or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

Medicare legislation and future legislative or regulatory reform of the health care system may affect our ability to sell our products profitably.

In the United States, there have been a number of legislative and regulatory initiatives, at both the federal and state government levels, to change the healthcare system in ways that, if approved, could affect our ability to sell our products profitably. For example, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA, extended Medicare, effective January 1, 2006, to cover most outpatient prescription drugs that are not administered by physicians and modified, effective January 1, 2004, the methodology used by Medicare to reimburse for those drugs administered by physicians. Our business could be harmed by the MMA, by the possible effect of this legislation on amounts that private payors will pay, and by other healthcare reforms that may be enacted or adopted in the future. To the extent that our products are deemed to be durable medical equipment, they may be subject to distribution under the new Competitive Acquisition regulations, also part of MMA, and this could adversely affect the amount that patients or medical providers can seek from payors. Non-durable medical equipment devices used in surgical procedures are normally paid directly by the hospital or health care provider and not reimbursed separately by third-party payors. As a result, these types of devices are subject to intense price competition that can place a small manufacturer at a competitive disadvantage.

We are unable to predict what additional legislation or regulation, if any, relating to the health care industry or third-party coverage and reimbursement may be enacted in the future or what effect such legislation or regulation would have on our business. Any cost containment measures or other health care system reforms that are adopted could have a material adverse effect on our ability to commercialize our existing and future product candidates successfully.

Failure to obtain regulatory approval outside the United States will prevent us from marketing our product candidates abroad.

We intend to market certain of our existing and future product candidates in non-United States markets. In order to market our existing and future product candidates in the European Union and many other non-United States jurisdictions, we must obtain separate regulatory approvals. We have had limited interactions with non-United States regulatory authorities, the approval procedures vary among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval or clearance. Approval or clearance by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one or more non-United States regulatory authority does not ensure approval by other regulatory authorities in other countries or by the FDA. The non-United States regulatory approval process may include all of the risks associated with obtaining FDA approval or clearance. We may not obtain non-United States regulatory approvals on a timely basis, if at all. We may not be able to file for non-United States regulatory approvals and may not receive necessary approvals to commercialize our existing and future product candidates in any market.

Acquisitions may result in disruptions to our business or distractions of our management and may not proceed as planned.

We intend to continue to expand our business through the acquisition of companies, technologies, products, and services. Acquisitions involve a number of special problems and risks, including, but not limited to:

- difficulty integrating acquired technologies, products, services, operations, and personnel with the existing businesses;
- diversion of management's attention in connection with both negotiating the acquisitions and integrating the businesses;
- strain on managerial and operational resources as management tries to oversee larger operations;
- exposure to unforeseen liabilities of acquired companies;
- potential costly and time-consuming litigation, including stockholder lawsuits;
- potential issuance of securities to equity holders of the company being acquired with rights that are superior to the rights of holders of our common stock, or which may have a dilutive effect on our stockholders;
- the need to incur additional debt or use cash; and
- the requirement to record potentially significant additional future operating costs for the amortization of intangible assets.

As a result of these or other problems and risks, businesses we acquire may not produce the revenues, earnings, or business synergies that we anticipated, and acquired products, services, or technologies might not perform as we expected. As a result, we may incur higher costs and realize lower revenues than we had anticipated. We may not be able to successfully address these problems and we cannot assure you that the acquisitions will be successfully identified and completed or that, if acquisitions are completed, the acquired businesses, products, services, or technologies will generate sufficient revenue to offset the associated costs or other harmful effects on our business.

Any of these risks can be greater if an acquisition is large relative to our size. Failure to manage effectively our growth through acquisitions could adversely affect our growth prospects, business, results of operations, and financial condition.

Non-United States governments often impose strict price controls, which may adversely affect our future profitability.

We intend to seek approval to market certain of our existing and future product candidates in both the United States and in non-United States jurisdictions. If we obtain approval in one or more non-United States jurisdictions, we will be subject to rules and regulations in those jurisdictions relating to our product. In some countries, particularly countries of the European Union, each of which has developed its own rules and regulations, pricing is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a drug or medical device candidate. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our existing and future product candidates to other available products. If reimbursement of our future product candidates is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

Our business may become subject to economic, political, regulatory and other risks associated with international operations.

Our business is subject to risks associated with conducting business internationally, in part due to a number of our suppliers being located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- difficulties in compliance with non-United States laws and regulations;
- changes in non-United States regulations and customs;
- changes in non-United States currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements, or other restrictive actions by United States or non-United States governments;
- negative consequences from changes in tax laws; and
- difficulties associated with staffing and managing foreign operations, including differing labor relations.

The market price of our common stock may fluctuate significantly.

The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the announcement of new products or product enhancements by us or our competitors;
- developments concerning intellectual property rights and regulatory approvals;
- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if our common stock is covered by analysts;
- developments in the biotechnology, pharmaceutical, and medical device industry;
- the results of product liability or intellectual property lawsuits;
- future issuances of common stock or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments, or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the stock market in general, and the market for biotechnology, pharmaceutical, and medical device companies in particular, has recently experienced extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock.

Trading of our common stock is limited and restrictions imposed by securities regulation and certain lockup agreements may further reduce our trading, making it difficult for our stockholders to sell shares.

Our common stock began trading on the American Stock Exchange in June 2007. To date, the liquidity of our common stock is limited, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and changes in security analyst and media coverage, if at all.

A substantial percentage of the outstanding shares of our common stock (including outstanding shares of our preferred stock on an as converted basis) are restricted securities and/or are subject to lockup agreements which limit sales during a two-year period ending March 27, 2009. These factors may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and ask prices for our common stock. In addition, without a large float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In the absence of an active public trading market, an investor may be unable to liquidate his investment in our common stock. Further, the limited liquidity could be an indication that the trading price is not reflective of the actual fair market value of our common stock. Trading of a relatively small volume of our common stock may have a greater impact on the trading price of our stock than would be the case if our public float were larger.

Future sales of our common stock could reduce our stock price.

Some or all of the "restricted" shares of our common stock issued to former stockholders of Froptix and Acuity in connection with the acquisition or held by other of our stockholders may be offered from time to time in the open market pursuant to an effective registration statement, or after April 2, 2008, pursuant to Rule 144. In addition, as described herein, a substantial number of our shares of common stock are subject to lockup agreements expiring on March 27, 2009, provided that (i) one third of the shares subject to the lockup shall be exempt from lockup restrictions beginning March 27, 2008, (ii) one third of the shares subject to lockup shall be exempt from lockup restrictions beginning September 27, 2008, and (iii) the restrictions on the remaining shares subject to lockup shall lapse on March 27, 2009. Future sales of a substantial number of shares of our common stock in the public market pursuant to Rule 144 or after the lockup agreements lapse, or the perception that such sales could occur, could adversely affect the price of our common stock.

Directors, executive officers, principal stockholders and affiliated entities own a majority of our capital stock, and they may make decisions that you do not consider to be in the best interests of our stockholders.

As of March 21, 2008, our directors, executive officers, principal stockholders, and affiliated entities beneficially owned, in the aggregate a majority of our outstanding voting securities. As a result, if some or all of them acted together, they would have the ability to control the election of our Board of Directors and the outcome of issues requiring approval by our stockholders. This concentration of ownership may also have the effect of delaying or preventing a change in control of our company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise recover a premium for their shares over current market prices.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and operating results. In addition, current and potential shareholders could lose confidence in our financial reporting, which could have a material adverse effect on the price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our results of operation could be harmed.

Section 404 of the Sarbanes-Oxley Act of 2002 requires annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm on the effectiveness of internal control over financial reporting as of December 31, 2008. We continuously monitor our existing internal control over financial reporting systems to confirm that they are compliant with Section 404, and we may identify deficiencies that we may not be able to remediate in time to meet the deadlines imposed by the Sarbanes-Oxley Act. This process may divert internal resources and will take a significant amount of time and effort to complete.

If, at any time, it is determined that we are not in compliance with Section 404, we may be required to implement new internal control procedures and reevaluate our financial reporting. We may experience higher than anticipated operating expenses as well as increased independent auditor fees during the implementation of these changes and thereafter. Further, we may need to hire additional qualified personnel. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act, which could result in our being unable to obtain an unqualified report on internal control from our independent auditors. Failure to maintain an effective internal control environment could also cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of our common stock.

Compliance with changing regulations concerning corporate governance and public disclosure may result in additional expenses.

There have been changing laws, regulations, and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new regulations promulgated by the Securities and Exchange Commission and rules promulgated by the American Stock Exchange, the other national securities exchanges and the NASDAQ. These new or changed laws, regulations, and standards are subject to varying interpretations in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations, and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. Our board members, Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business. If our efforts to comply with new or changed laws, regulations, and standards differ from the activities intended by regulatory or governing bodies, we could be subject to liability under applicable laws or our reputation may be harmed.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our principal corporate office is located at 4400 Biscayne Blvd, Suite 1180, Miami, Florida. We lease this space from Frost Real Estate Holdings, LLC, an entity which is controlled by Dr. Phillip Frost, our Chairman of the Board and Chief Executive Officer. Pursuant to the lease agreement with Frost Real Estate Holdings, we lease approximately 8,300 square feet, which encompasses space for our corporate offices, administrative services, preclinical research and development, project management and pharmacology. The lease is for a five-year term and currently requires annual rent of approximately $221,000, which amount increases by approximately 4.5% per year.

We also lease approximately 2,000 square feet of office space in Morristown, New Jersey, where additional clinical research and development is performed, and an animal research facility at Mount Sinai Hospital in Miami Beach, Florida. Our OTI subsidiary maintains offices in Toronto, Ontario, Canada and research and development branch offices in Kingston, Ontario, and in the United Kingdom at the University of Kent.

ITEM 3. LEGAL PROCEEDINGS.

We are not currently a party to any material litigation. From time to time, we may be involved in litigation arising in the ordinary course of our business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Effective as of December 4, 2007, stockholders holding a majority of the voting power of our outstanding stock approved the issuance to members of The Frost Group, LLC, or the Frost Group, a private investment group controlled by Dr. Phillip Frost, M.D., our Chairman and CEO, of an aggregate of 10,869,565 shares of our common stock in exchange for a $20 million investment in the Company. Stockholder approval was in the form of a written consent of stockholders in lieu of a special meeting in accordance with the relevant sections of the Delaware General Corporation Law, and included those of our stockholders holding a majority of the voting power of our issued and outstanding shares of common stock and preferred stock, voting together as a group. Stockholder approval was sought solely in order to comply with applicable rules of the American Stock Exchange, on which our common stock is listed.

The foregoing is merely a summary of those matters submitted to a stockholder vote during the fourth quarter of 2007, and is qualified in its entirety by the full text of our Definitive Information Statement on Schedule 14C, filed with the SEC on January 8, 2008, which is incorporated by reference into this Item 4 to our Annual Report on Form 10-K.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

We changed our name from eXegenics, Inc. to OPKO Health, Inc in June 2007. Our common stock has been traded publicly on the American Stock Exchange under the symbol "OPK" since June 11, 2007. Prior to June 11, 2007, our common stock was quoted on the over-the-counter bulletin board, or the OTCBB, under the symbol "EXEG." Quotes on the OTCBB may have reflected inter-dealer prices without retail markups, markdowns, or commissions and may not necessarily have represented actual transactions. The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock during each of the quarters set forth below as reported on the OTCBB for the periods from January 1, 2006 through June 8, 2007 and on the American Stock Exchange from June 11, 2007 through December 31, 2007:

	High	Low
2007		
First Quarter	$ 4.10	$ 0.87
Second Quarter	5.50	3.20
April 1 - June 8, 2007	5.50	3.20
June 11, 2007 - June 30, 2007	4.33	3.42
Third Quarter	4.94	3.36
Fourth Quarter	4.53	2.50
2006		
First Quarter	$ 0.46	$ 0.39
Second Quarter	0.45	0.38
Third Quarter	1.09	0.38
Fourth Quarter	0.99	0.72

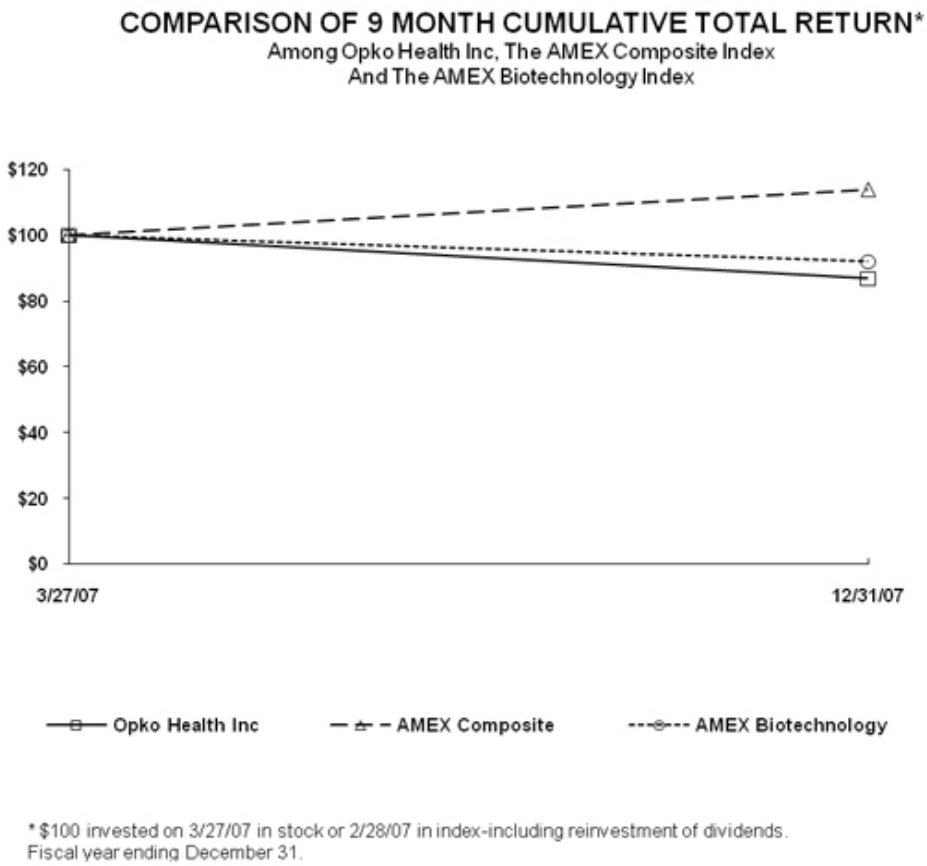
As of March 21, 2008, there were approximately 436 holders of record of our common stock.

The Company has not declared or paid any cash dividends on its common stock. No cash dividends have been previously paid on our common stock and none are anticipated in fiscal 2008.

Recent Sales of Unregistered Securities

On December 5, 2007, members of The Frost Group, LLC, a private investment group controlled by Dr. Phillip Frost, M.D., our Chairman and CEO, made a $20 million investment in the Company. Under the terms of the investment, we issued 10,869,565 shares of common stock, par value $.01, at $1.84 per share, representing an approximately 40% discount to the average trading price of the Company's stock on the American Stock Exchange for the five trading days immediately preceding the effective date of board and stockholder approval of the investment. The shares issued in the investment are restricted securities, subject to a two year lockup, and no registration rights were granted. The issuance of the shares was exempt from the registration requirements under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof, because the transaction did not involve a public offering.

Stock Performance Graph



ITEM 6. SELECTED FINANCIAL DATA.

As a result of the reverse merger between Froptix Corporation, or Froptix and eXegenics, Inc., or eXegenics, historical comparative results are those of Froptix. Froptix was incorporated on June 23, 2006. The following selected historical consolidated statement of operations data for the year ended December 31, 2007 and for the period from inception (June 23, 2006) through December 31, 2006 and the consolidated balance sheet data as of December 31, 2007 and December 31, 2006, below are derived from our audited consolidated financial statements and related notes thereto. The results of operations for the period from inception (June 23, 2006) to December 31, 2006 include Froptix's operating results for the full period. The year ended December 31, 2007 includes the results of operations from Froptix for the full year, the operating results of Acuity Pharmaceuticals, Inc., or Acuity, subsequent to our acquisition on March 27, 2007, and the operating results from Ophthalmic Technologies, Inc., or OTI, subsequent to our acquisition on November 28, 2007. In addition, the results for the 2007 period includes the minority interest loss of $0.6 million for a portion of OTI's operating loss from the date of our investment in OTI on April 13, 2007 through the date of our acquisition on November 28, 2007.

This data should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operation" and our consolidated financial statements and the related notes thereto.

(in thousands, except share and per shares information)	For the year ended December 31, 2007 (unaudited)	Period from inception (June 23, 2006) to December 31, 2006 (unaudited)
Statement of operations data		
Revenue	$ 847	$ -
Cost of goods sold	808	-
Gross margin	39	-
Operating expenses:		
Selling, general and administrative	12,466	375
Research and development	10,850	508
Write-off of acquired in-process research and development	243,761	-
Other operating expenses; primarily amortization of intangible assets	150	

Total operating expenses	267,227	883
Operating loss	(267,188)	(883)
Other (expense) income, net	(671)	6
Loss before income taxes and loss from OTI	(267,859)	(877)
Income taxes	83	-
Net loss before loss from OTI	(267,776)	(877)
Loss from OTI	(629)	-
Net loss	(267,405)	(877)
Preferred stock dividend	(217)	-
Net loss attributable to common shareholders	$ (268,622)	$ (877)
Loss per share, basic and diluted	$ (2.09)	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	128,772,080	58,733,556
Balance sheet data		
Total assets	$ 39,568	$ 116
Working capital	$ 19,489	$ 21
Notes payable, credit line with related party and capital lease obligations, net	$ 14,235	$ -
Stockholders' equity	$ 16,784	$ 21

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), about our expectations, beliefs, or intentions regarding our product development efforts, business, financial condition, results of operations, strategies, or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends, or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those contained in "Item 1A - Risk Factors" of this Annual Report on Form 10-K. We do not undertake any obligation to update forward-looking statements. We intend that all forward-looking statements be subject to the safeharbor provisions of PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance.

OVERVIEW

We are a specialty healthcare company focused on the discovery, development, and commercialization of proprietary pharmaceuticals, imaging and diagnostic systems, and instruments for the treatment, diagnosis, and management of ophthalmic disorders. Our business presently consists of the development of ophthalmic pharmaceuticals and the development, commercialization and sale of ophthalmic diagnostic and imaging systems and instrumentation products. Our objective is to establish industry-leading positions in large and rapidly growing segments of ophthalmology by leveraging our preclinical and development expertise and our novel and proprietary technologies. We actively explore opportunities to acquire complementary pharmaceuticals, compounds, and technologies, which could, individually or in the aggregate, materially increase the scale of our business. We also intend to explore strategic opportunities in other medical markets that would allow us to benefit from our business and global distribution expertise, and which have operational characteristics that are similar to ophthalmology, such as dermatology.

We expect to incur substantial losses as we continue the development of our product candidates, particularly bevasiranib, continue our other research and development activities, and establish a sales and marketing infrastructure in anticipation of the commercialization of our product candidates. We currently have limited commercialization capabilities, and it is possible that we may never successfully commercialize any of our pharmaceutical product candidates. To date, we have devoted substantially all of our efforts towards research and development. As of December 31, 2007, we had an accumulated deficit of $269.3 million. Since we do not generate revenue from any of our pharmaceutical product candidates and have only generated limited revenue from our instrumentation business, we expect to continue to generate losses in connection with the continued clinical development of bevasiranib and the research and development activities relating to our technology and other product candidates. Such research and development activities are budgeted to expand over time and will require further resources if we are to be successful. As a result, we believe that our operating losses are likely to be substantial over the next several years. We will need to obtain additional funds to further develop our research and development programs, and there can be no assurance that additional capital will be available to us on acceptable terms, or at all.

On June 8, 2007, we changed our name to OPKO Health, Inc., or OPKO, from eXegenics, Inc., or eXegenics. On March 27, 2007, we were part of a three-way merger (the "Mergers") between Froptix Corporation, or Froptix, a research and development company, eXegenics, a public shell company, and Acuity Pharmaceuticals, Inc., or Acuity, a research and development company. This transaction was accounted for as a reverse merger between Froptix and eXegenics, with the combined company then acquiring Acuity. eXegenics, Inc., formerly known as Cytoclonal Pharmaceuticals Inc., was previously involved in the research, creation, and development of drugs for the treatment and/or prevention of cancer and infectious diseases; however, eXegenics had been a public shell company without any operations since 2003.

On November 28, 2007, we acquired Ophthalmic Technologies, Inc., or OTI, an Ontario corporation pursuant to a definitive Share Purchase Agreement with OTI and its shareholders. As a result of this agreement, we have entered into the ophthalmic instrumentation market and have begun generating revenue from this business.

On March 25, 2008, OTI received a warning letter citing several deficiencies in OTI's quality systems relating to three of its products, including the OCT/SLO combination imaging system. Until we resolve these deficiencies to the satisfaction of the FDA, we will not be permitted to sell these products in the United States.

RESULTS OF OPERATIONS

For The Years Ended December 31, 2007 and From Inception (June 23, 2006) Through December 31, 2006

The results of operations for the period from inception (June 23, 2006) through December 31, 2006 include only the operating results of Froptix. The results of operations for 2007 include those of Froptix for the full period as well as the results of operations of Acuity from March 27, 2007 through December 31, 2007, and of OTI from November 28, 2007 through December 31, 2007. We had limited operating activities during the 2006 period since our inception was on June 23, 2006. During 2007, we increased the level of activities in our research and development programs to include the initiation of our first of two required Phase III clinical trials for bevasiranib, our lead compound in development and the most clinically advanced siRNA drug in development. Further, during 2007, we began to build a commercial presence in the ophthalmic instrumentation business in the U.S. as we prepared for the acquisition of OTI, and we assumed the operations of OTI for instrumentation sales internationally in November. In addition, our general and administrative expenses have increased in line with the operations of our ophthalmic pharmaceutical and instrumentation business as well as incurring the costs associated with being a public company.

Revenue. Revenue for the year ended December 31, 2007 was $0.8 million. All revenue generated relates to product sold after our acquisition of OTI on November 28, 2007. Until the acquisition of OTI, we did not generate any revenue. During 2007, all revenue relates to products that were shipped internationally. There were no product sales in the U.S.

Gross margin. Gross margin for the year ended December 31, 2007 was $39 thousand. The gross margin related to product sold after our acquisition of OTI on November 28, 2007. The gross margin was negatively impacted by manufacturing costs associated with the introduction of our new OCT / SLO model. We anticipate that our margin will increase as we begin manufacturing more components in-house.

Selling, General and Administrative Expense. Selling, general and administrative expense in 2007 was $12.5 million and increased from $0.4 million during the 2006 period, primarily as a result of increased personnel costs, including equity-based compensation, directors' and officers' insurance, professional fees and other costs related to building infrastructure as a public company. In addition, during 2007 we incurred professional fees related to various business transactions, including the acquisitions of Acuity and OTI. During 2007, we also incurred expenses related to building a commercial presence in the ophthalmic instrumentation market in the United States, including personnel and tradeshow costs. During the 2006 period, selling, general and administrative expense primarily included equity-based compensation expense related to a consultant and professional fees. We did not have any employees during 2006. Equity based compensation expense for the year ended December 31, 2007 was $7.4 million, of which, $4.4 million was included in selling, general and administrative expense and $3.0 million was included in research and development expense. During the period from our inception (June 23, 2006) through December 31, 2006, equity based compensation expense was $0.3 million, all of which was recorded in selling, general and administrative expense.

Research and Development Expense. Research and development expense for 2007 was $10.9 million and increased from $0.5 million during the 2006 period, primarily as a result of the expense related to our Phase III clinical trial for bevasiranib, which was initiated in July 2007. Research and development expenses for the year ended December 31, 2007 include personnel costs, including equity-based compensation and professional fees as we initiated our Phase III clinical trial for bevasiranib. During the third quarter of 2007, a reversal of equity-based compensation expense of $8.1 million was recorded as a result of the termination of a consulting agreement prior to the vesting of any of the equity based awards issued under the consulting agreement. Originally, we accrued $0.3 million for this expense during 2006 and $7.8 million during the first six months of 2007. Research and development expense during 2006 was related to our sponsored research agreement with the University of Florida and costs related to the prosecution of related patents.

We anticipate that research and development expense during 2008 will primarily relate to our bevasiranib program, including on-going costs for our initial Phase III clinical trial. The trial was initiated in July 2007 and is expected to last approximately 60 weeks once the trial is fully enrolled. We currently anticipate enrollment will take approximately eighteen months. We currently expect the total cost of this trial to be approximately $25 million, although this estimate could vary significantly as the Phase III clinical trial progresses.

Write-off of Acquired In-Process Research and Development. On March 27, 2007, we acquired Acuity in a stock for stock transaction. We valued our common stock issued to Acuity shareholders at the average closing price of the common stock on the date of the transaction and two days prior to the transaction. We recorded the assets and liabilities acquired at fair value. Approximately $243.8 million of the purchase price was allocated to in-process research and development projects, which was immediately charged to expense. We record expense for in-process research and development projects which have not reached technological feasibility and which have no alternative future use. At the time of our acquisition of Acuity, Acuity's lead product, bevasiranib, had not begun the first of two required Phase III clinical trials and as such, had not reached a stage of technological feasibility and had no alternative future use.

Other Income and Expenses. Other expense was $0.7 million, net of $0.3 million of interest income for the year ended December 31, 2007. Other expenses primarily consist of interest expense incurred on our $4.0 million term loan and our $12.0 million line of credit, partially offset by interest earned on our cash and cash equivalents. Other income during the 2006 period reflected the interest earned on our cash and cash equivalents. We did not have any outstanding debt during that period. In addition, the 2007 period includes the minority interest loss of $0.6 million for a prorated portion of OTI's operating loss from the date of our investment in OTI on April 13, 2007 through the date of our acquisition on November 28, 2007.

Liquidity And Capital Resources

At December 31, 2007, we had cash and cash equivalents of approximately $23.4 million. Cash used in operations primarily reflects our net loss, offset by our non-cash operating expenses including the write-off of in-process research and development acquired in the acquisition of Acuity and equity-based compensation expense. Since our inception, we have not generated significant revenue and our primary source of cash has been from the private placement of stock and through credit facilities available to us.

In connection with the acquisition of Acuity, we assumed the rights and obligations under Acuity's $4.0 million term loan ($2.4 million outstanding at December 31, 2007) with Horizon Financial Funding Company, LLC. The term loan bears interest at 12.23% and is payable monthly. The principal is payable in 12 equal monthly installments which commenced August 2007. On January 11, 2008, we repaid in full all outstanding amounts and terminated all of our commitments under the term loan with Horizon. The total amount repaid in satisfaction of our obligations under the term loan was $2.4 million. We realized a net savings by avoiding future interest charges over the remaining term of the obligation.

We also assumed the rights and obligations of Acuity under the $7 million line of credit with The Frost Group, LLC, or the Frost Group, a related party. The Frost Group members include a trust controlled by Dr. Phillip Frost, who is the Company's Chief Executive Officer and Chairman of the board of directors, Dr. Jane H. Hsiao, who is the Vice Chairman of the board of directors and Chief Technical Officer, Steven D. Rubin who is Executive Vice President - Administration and a director of the Company, and Rao Uppaluri who is the Chief Financial Officer of the Company. At the time of the acquisition of Acuity, we amended and restated the Frost Group line of credit to provide additional available borrowing capacity up to a total of $12 million, and we assumed Acuity's existing obligation to repay $4.0 million outstanding under the line of credit. During 2007, we drew down the available amount under this credit line of $8.0 million for a total of $12.0 million borrowed. We are obligated to pay interest upon maturity, capitalized quarterly, on outstanding borrowings under the line of credit at a 10% annual rate, which is due July 11, 2009. The line of credit is collateralized by all of our personal property except our intellectual property.

On December 5, 2007, in exchange for a $20 million cash investment in the Company, we agreed to issue 10,869,565 shares of our common stock, par value $.01, to members of the Frost Group. The shares were issued at a price of $1.84 per share, representing an approximately 40% discount to the average trading price of our stock on the American Stock Exchange for the five trading days immediately preceding the date the board of directors and stockholders approved the issuance of the shares. The shares issued in the private placement are restricted securities, subject to a two year lockup, and no registration rights have been granted.

We expect to incur losses from operations for the foreseeable future. We expect to incur substantial research and development expenses, including expenses related to the hiring of personnel and additional clinical trials. We expect that selling, general and administrative expenses will also increase as we expand our sales, marketing and administrative staff, add infrastructure and incur additional costs related to being a public company, including the costs of directors' and officers' insurance, investor relations programs and increased professional fees.

We believe the cash and cash equivalents on hand at December 31, 2007 will be sufficient to meet our anticipated cash requirements for operations and debt service for at least the next 12 months. We based this estimate on assumptions that may prove to be wrong or subject to change, and we may be required to use our available cash resources sooner than we currently expect. If we accelerate our product development programs or initiate additional clinical trials, we will need additional funds. Our future cash requirements will depend on a number of factors, including the continued progress of our research and development of product candidates, the timing and outcome of clinical trials and regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing, and our success in developing markets for our product candidates. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of, or eliminate one or more of our clinical trials or research and development programs.

We intend to finance additional research and development projects, clinical trials and our future operations with a combination of private placements, payments from potential strategic research and development, licensing and/or marketing arrangements, public offerings, debt financing and revenues from future product sales, if any. There can be no assurance, however, that additional capital will be available to us on acceptable terms, or at all.

The following table provides information as of December 31, 2007 with respect to the amounts and timing of our known contractual obligation payments due by period.

Contractual obligations

(in thousands)	2008	2009	2010	2011	2012	After 2012	Total
Open purchase orders	$ 1,469	$ -	$	$	$ -	$ -	$ 1,469
Operating leases	333	351	338	350	226	-	1,598
Term loan	2,392	-	-	-	-	-	2,392
Credit line	-	12,000	-	-	-	-	12,000
Total	4,194	12,351	338	350	226	-	17,459

The preceding table does not include information where the amounts of the obligations are not currently determinable, including contractual obligations in connection with clinical trials, which are payable on a per-patient basis and product license agreements that include payments upon achievement of certain milestones. In addition to the principal balance as shown on our credit line, we also must pay interest upon the maturity of the credit line in July 2009.

Critical Accounting Policies and Estimates

Accounting Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Equity Based Compensation. As of June 23, 2006 (the date of inception), we adopted Statement of Financial Accounting Standards, or SFAS No. 123(R). Share-Based Payments SFAS No. 123(R) replaces SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes APB No. 25. SFAS No. 123(R) requires that all stock-based compensation be recognized as an expense in the financial statements and that such cost be measured at the fair value of the award. We adopted SFAS No. 123(R) upon our inception. Equity-based compensation arrangements to non-employees are accounted for in accordance with SFAS No. 123(R) and Emerging Issues Task Force Issue No. 96-18 (EITF 96-18), "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," which requires that these equity instruments are recorded at their fair value on the measurement date. As prescribed under SFAS 123(R), we estimate the grant-date fair value of our stock option grants using a valuation model known as the Black-Scholes-Merton formula or the "Black-Scholes Model" and allocate the resulting compensation expense over the corresponding requisite service period associated with each grant. The Black-Scholes Model requires the use of several variables to estimate the grant-date fair value of stock options including expected term, expected volatility, expected dividends and risk-free interest rate. We perform significant analyses to calculate and select the appropriate variable assumptions used in the Black-Scholes Model. We also perform significant analyses to estimate forfeitures of equity-based awards as required by SFAS 123(R). We are required to adjust our forfeiture estimates on at least an annual basis based on the number of share-based awards that ultimately vest. The selection of assumptions and estimated forfeiture rates is subject to significant judgment and future changes to our assumptions and estimates may have a material impact on our Consolidated Financial Statements.

As of December 31, 2007, we had $15.9 million of unrecognized compensation expense related to unvested stock options that is expected to be recognized over a weighted average period of 3 years.

Goodwill and Intangible Assets. The allocation of the purchase price for acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the identifiable tangible and intangible assets acquired, including in-process research and development, and liabilities assumed based on their respective fair values under the provisions of SFAS No. 141, Business Combinations (SFAS No. 141). Additionally, we must determine whether an acquired entity is considered to be a business or a set of net assets, because a portion of the purchase price can only be allocated to goodwill in a business combination.

Appraisals inherently require significant estimates and assumptions, including but not limited to, determining the timing and estimated costs to complete the in-process R&D projects, projecting regulatory approvals, estimating future cash flows, and developing appropriate discount rates. We believe the estimated fair values assigned to the Acuity and OTI assets acquired and liabilities assumed are based on reasonable assumptions. However, the fair value estimates for the purchase price allocation may change during the allowable allocation period under SFAS No. 141, which is up to one year from the acquisition date, if additional information becomes available that would require changes to our estimates.

Allowance for Doubtful Accounts and Revenue Recognition. Generally, we recognize revenue from product sales when goods are shipped and title and risk of loss transfer to our customers. Certain of our products are sold directly to end-users and require that we deliver, install and train the staff at the end-users' facility. As a result, we do not recognize revenue until the product is delivered, installed and training has occurred. Return policies in certain international markets for our medical device products provide for stringent guidelines in accordance with the terms of contractual agreements with customers. Our estimates for sales returns are based upon the historical patterns of products returned matched against the sales from which they originated, and management's evaluation of specific factors that may increase the risk of product returns. The allowance for doubtful accounts recognized in our consolidated balance sheets at December 31, 2007 was $0.5 million. The allowance for doubtful accounts at December 31, 2007 was due to the acquired OTI medical device products.

New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board, or FASB, issued Interpretation Number 48, Accounting for Uncertainty in Income Taxes, or FIN 48. FIN 48 applies to all tax positions within the scope of SFAS 109, applies a "more likely than not" threshold for tax benefit recognition, identifies a defined methodology for measuring benefits, and increases the disclosure requirements for companies. FIN 48 is mandatory for years beginning after December 15, 2006; accordingly, we adopted FIN 48 effective January 1, 2007. As a result of our full valuation allowance on our net deferred income tax assets, there was no impact of adoption.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, or SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies to other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS 157 beginning in the first quarter of our 2008 fiscal year and do not expect the impact to be material to our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, or SFAS 159, which gives companies the option to measure eligible financial assets, financial liabilities, and firm commitments at fair value (i.e., the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We will adopt SFAS 159 beginning in the first quarter of our 2008 fiscal year and do not expect the impact to be material to our financial position or results of operations.

In June 2007, the EITF issued EITF Issue 07-03, Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development, or EITF 07-03. EITF 07-03 addresses the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. Under EITF 07-03, an entity would defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF 07-03 is effective for fiscal years beginning after December 15, 2007. We plan to adopt EITF 07-03 beginning in the first quarter of our 2008 fiscal year and do not expect the impact to be material to our financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141R, Business Combinations. SFAS 141R will require, among other things, the expensing of direct transaction costs, including deal costs and restructuring costs as incurred, acquired IPR&D assets to be capitalized, certain contingent assets and liabilities to be recognized at fair value and earn-our arrangements, including contingent consideration, may be required to be measured at fair value until settled, with changes in fair value recognized each period into earnings. In addition, material adjustments made to the initial acquisition purchase accounting will be required to be recorded back to the acquisition date. This will cause companies to revise previously reported results when reporting comparative financial information in subsequent filings. SFAS No. 141R is effective for the Company on a prospective basis for transactions occurring in 2009 and earlier adoption is not permitted. SFAS No. 141R may have a material impact on the Company's consolidated financial position, results of operations and cash flows if we enter into material business combinations after the standard's effective date.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of doing business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates. We do not engage in trading market risk sensitive instruments or purchasing hedging instruments or "other than trading" instruments that are likely to expose us to significant market risk, whether interest rate, foreign currency exchange, commodity price, or equity price risk.

Our exposure to market risk relates to our cash and investments and to our borrowings. We maintain an investment portfolio of money market funds and qualified purchaser funds. The securities in our investment portfolio are not leveraged, and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that a change in market interest rates would have a significant negative impact on the value of our investment portfolio except for reduced income in a low interest rate environment. At December 31, 2007, we had cash and cash equivalents of $23.4 million. The weighted average interest rate related to our cash and cash equivalents for the year ended December 31, 2007 was 4.9%. As of December 31, 2007, the principal value of our term loan and credit line was $14.6 million, which bear a weighted average interest rate of 10.7%.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest our excess cash in debt instruments of the U.S. Government and its agencies, bank obligations, repurchase agreements and high-quality corporate issuers, and, by policy, restrict our exposure to any single corporate issuer by imposing concentration limits. To minimize the exposure due to adverse shifts in interest rates, we maintain investments at an average maturity of generally less than one month.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of OPKO Health, Inc.

We have audited the accompanying consolidated balance sheets of OPKO Health, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity and cash flows for the year ended December 31, 2007 and for the period from inception (June 23, 2006) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 OPKO Health, Inc. and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the year ended December 31, 2007 and for the period from inception (June 23, 2006) to December 31, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
March 28, 2008

OPKO Health, Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands except share data)

	December 31,	
	2007	2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,373	$ 116
Accounts receivable, net	1,689	-
Inventory	2,214	-
Prepaid expenses and other current assets	1,936	-
Total current assets	29,212	116
Property and equipment, net	410	-
Intangible assets, net	9,931	-
Other assets	15	-
Total assets	$ 39,568	$ 116
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accrued expenses	$ 3,858	$ 95
Accounts payable	3,319	-
Current portion of notes payable, net unamortized discount of $8 and capital lease obligations	2,546	-
Total current liabilities	9,723	95
Long-term liabilities and capital lease obligations	1,372	-
Line of credit with related party, net unamortized discount of $311	11,689	-
Total liabilities	22,784	95
Commitments and contingencies		
Shareholders' equity		
Series A Preferred stock - $0.01 par value, 4,000,000 shares authorized; 954,799 and 0 shares issued and outstanding (liquidation value of $2,387 and $0) December 31, 2007 and 2006, respectively	10	-
Series C Preferred Stock - $0.01 par value, 500,000 shares authorized; no shares issued or outstanding	-	-
Common Stock - $0.01 par value, 500,000,000 shares authorized; 178,344,608 and 61,775,002 shares issued and outstanding at December 31, 2007 and 2006, respectively	1,783	618
Additional paid-in-capital	284,273	280
Accumulated deficit	(269,282)	(877)
Total shareholders' equity	16,784	21
Total liabilities and shareholders' equity	$ 39,568	$ 116

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except share data)

	For the year ended December 31, 2007	For the period from inception (June 23, 2006) to December 31, 2006
Revenue	$ 847	$ -
Cost of goods sold	808	-
Gross margin	39	-
Operating expenses		
Selling, general and administrative	12,466	375
Research and development	10,850	508
Write-off of acquired in-process research and development	243,761	-
Other operating expenses, principally amortization of intangible assets	150	-
Total operating expenses	267,227	883
Operating loss	(267,188)	(883)
Other (expense) income, net	(671)	6
Loss before income taxes and investment loss from OTI	(267,859)	(877)
Income taxes	83	-
Loss before investment loss from OTI	(267,776)	(877)
Loss from investment in OTI	(629)	-
Net loss	(268,405)	(877)
Preferred stock dividend	(217)	-
Net loss attributable to common shareholders	$ (268,622)	$ (877)
Loss per share, basic and diluted	$ (2.09)	$ (0.01)
Weighted average number of shares outstanding, basic and diluted	128,772,080	58,733,556

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands except share data)
For the period from inception (June 23, 2006) to December 31, 2007

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-In	Accumulated	
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Capital	Deficit	Total
Issuance of capital stock to founders of Froptix, $0.01 per share	-	$ -	-	$ -	61,775,002	$ 618	$ 20	$ -	$ 638
Equity-based compensation expense	-	-	-	-	-	-	260	-	260
Net loss for the period from inception (June 23, 2006) to December 31, 2006	-	-	-	-	-	-	-	(877)	(877)
Balance at December 31, 2006	-	-	-	-	61,775,002	618	280	(877)	21
Equity-based compensation expense	-	-	-	-	-	-	7,373	-	7,373
Issuance of equity securities for net monetary assets at $0.43 per share	1,081,750	11	-	-	36,607,023	366	15,626	-	16,003
Issuance of equity securities to acquire Acuity Pharmaceuticals, Inc. at $2.65 per share	-	-	457,603	5	14,778,556	148	234,470	-	234,623
Issuance of equity securities to acquire Ophthalmic Technologies, Inc. at $2.57 per share	-	-	-	-	2,682,928	27	6,905	-	6,932
Issuance of equity securities to acquire software at $3.79 per share	-	-	-	-	30,000	-	114	-	114
Issuance of common stock in private placement to related party at $1.84 per share	-	-	-	-	10,869,565	109	19,891	-	20,000
Issuance of common stock upon automatic conversion of Series C preferred stock	-	-	(457,603)	(5)	45,760,300	457	(452)	-	-
Conversion of Series A preferred stock	(213,751)	(2)	-	-	213,751	2	-	-	-
Exercise of common stock options	-	-	-	-	641,972	6	117	-	123
Exercise of common warrants	-	-	-	-	4,985,511	50	(50)	-	-
Preferred stock dividend	86,800	1	-	-	-	-	(1)	-	-
Net loss for the year ended December 31, 2007	-	-	-	-	-	-	-	(268,405)	(268,405)
Balance at December 31, 2007	954,799	$ 10	-	$ -	178,344,608	$ 1,783	$ 284,273	$ (269,282)	$ 16,784

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31, 2007	For the period from inception (June 23, 2006) to December 31, 2006
Cash flows from operating activities		
Net loss	$ (268,405)	$ (877)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	184	-
Write-off of acquired in-process research and development	243,761	-
Accretion of debt discount related to notes payable	279	-
Loss from investment in OTI	629	-
Equity based compensation - employees and non-employees	7,373	260
Changes in:		
Accounts receivable	(554)	-
Inventory	(317)	-
Prepaid expenses and other current assets	(789)	-
Accounts payable	(607)	95
Accrued expenses	1,497	-
Net cash used in operating activities	(16,949)	(522)
Cash flows from investing activities		
Investment in 33% of Ophthalmic Technologies, Inc.	(5,000)	-
Acquisition of businesses, net of cash	2,751	-
Capital expenditures	(489)	-
Net cash used in investing activities	(2,738)	-
Cash flows from financing activities:		
Issuance of common stock for cash to related party	20,000	638
Issuance of common stock	16,284	-
Borrowings under line of credit with related party	8,000	-
Insurance financing	152	-
Proceeds from the exercise of stock options	123	-
Repayments of notes payable and capital lease obligations	(1,615)	-
Net cash provided by financing activities	42,944	638
Net change in cash and cash equivalents	23,257	116
Cash and cash equivalents at beginning of period	116	-
Cash and cash equivalents at end of period	$ 23,373	$ 116

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1 Business and Organization

OPKO Health, Inc. ("we" or the "Company") is a specialty healthcare company focused on the discovery, development, and commercialization of proprietary pharmaceuticals, diagnostic and imaging systems and instrumentation products for the treatment, diagnosis and management of ophthalmic diseases. We continue to seek to expand our current operations by acquiring additional ophthalmic businesses and pharmaceutical and instrumentation technologies, as well as exploring opportunities in other medical markets that have operational characteristics similar to ophthalmology, such as dermatology. We are a Delaware corporation, headquartered in Miami, Florida, with instrumentation operations in Toronto, Ontario and our clinical operations in Morristown, New Jersey.

On June 8, 2007, we changed our name to OPKO Health, Inc. from eXegenics, Inc. Through March 26, 2007, eXegenics was a public shell company whose assets consisted of cash and nominal other assets. On February 9, 2007, eXegenics, completed the sale of 19,440,491 shares of its common stock for $8.0 million, constituting 51% of its issued and outstanding shares of capital stock on a fully diluted basis, to a small group of investors led by The Frost Group, LLC, or the Frost Group, a related party. The Frost Group members include a trust controlled by Dr. Phillip Frost, who is the Company's Chief Executive Officer and Chairman of the board of directors, Dr. Jane H. Hsiao, who is the Company's Vice Chairman of the board of directors and Chief Technical Officer, Steven D. Rubin who is the Company's Executive Vice President - Administration and a director, and Rao Uppaluri who is the Company's Chief Financial Officer. On March 27, 2007, pursuant to the terms of a Merger Agreement and Plan of Reorganization, Froptix Corporation, or Froptix, a development stage research and development company, controlled by the Frost Group, and Acuity Pharmaceuticals, Inc., or Acuity, a development stage research and development company, and eXegenics were part of a three-way merger. Per that agreement, eXegenics issued new capital stock to acquire all of the issued and outstanding capital stock of Froptix and Acuity. Per that agreement, eXegenics issued new capital stock to acquire all of the issued and outstanding capital stock of Froptix and Acuity. Froptix was the accounting acquirer in the three-way merger which was accounted for as:

- a reverse merger between Froptix and eXegenics (a public shell company). For accounting purposes Froptix has been treated as the continuing registrant. As a result, all post merger comparative historical financials statements filed by us will be those of Froptix. Froptix was incorporated on June 23, 2006. Further, Froptix' historical shareholders' equity prior to the merger has been retroactively restated (recapitalized) for the equivalent number of shares received in the reverse merger. Earnings and loss per share calculations have also been retroactively restated to give effect to the recapitalization for all periods presented. Lastly, the merger between Froptix and eXegenics has been accounted for as a capital transaction equivalent to the issuance of capital stock by Froptix for the net monetary assets of eXegenics.

- an asset acquisition of Acuity by Froptix. Refer to Note 2

As a result, at the closing of the Mergers, we issued (a) an aggregate of 61,775,002 shares of our common stock to the former holders of Froptix common stock, (b) an aggregate of 14,778,556 shares of our common stock to the former holders of Acuity common stock and Acuity Series A preferred stock, and (c) an aggregate 45,760,300 shares of our common stock, to the former holders of Acuity Series B preferred stock which had converted into 457,603 shares of our Series C preferred stock prior to the Series C preferred stock converting into our common stock on June 23, 2007. We also granted 28,358,857 warrants to purchase shares of our common stock to former shareholders of Froptix and Acuity and 15,810,115 options to purchase our common stock to former option holders of Froptix and Acuity and 1,686,600 warrants to purchase our common stock, which had been warrants to purchase our Series C preferred stock prior to our Series C preferred stock converting to common stock on June 23, 2007. As consideration for an increase in our credit line with the Frost Group, we granted to the Frost Group an additional 4,000,000 warrants to purchase our common stock in connection with the Mergers.

On November 28, 2007, we completed the acquisition of Ophthalmic Technologies, Inc., or OTI and as a result we are no longer a development-stage company. Refer to Note 2.

Note 2 Acquisitions

On March 27, 2007, we acquired Acuity in a stock for stock transaction. Refer to Note 1. We valued our common stock issued to Acuity shareholders at the average closing price of the common stock on the date of acquisition and the two days prior to the transaction. Acuity's primary focus prior to our acquisition had been on the development of its lead compound, bevasiranib, for the treatment of Wet Age-Related Macular Degeneration, or Wet AMD. We believe the acquisition of Acuity was complementary to our platform of compounds for ophthalmic diseases and that Acuity had an advanced clinical product.

On April 13, 2007, we invested $5 million in exchange for common shares of Ophthalmic Technologies, Inc., or OTI, equaling one-third of the outstanding equity of OTI. On November 28, 2007, we acquired the remaining outstanding shares of OTI and issued approximately 2.7 million shares of our common stock based upon a purchase price of $10,000,000 and a value of $3.55 per share. OTI provides diagnostic and imaging systems to eye care professionals worldwide through its distributor network which covers over 60 countries. We believe our acquisition of OTI will provide a complementary product line to our pharmaceutical business that will improve physician treatment decisions and enhance outcomes for a variety of ocular disorders. The minority interest results in OTI from April 13, 2007 through our acquisition of OTI on November 28, 2007 have been included in our financial statements.

The following table summarizes the estimated fair value of the net assets acquired and liabilities assumed in the acquisition of Acuity and OTI at the dates of acquisition:

(in thousands)	
Current assets (including cash of $ 2,751)	$ 6,032
Property and equipment	85
In-process research and development	243,761
Intangible assets	8,087
Other assets	602
Goodwill	1,732
Accounts payable and accrued expenses	(6,528)
Line of credit and term loan	(7,419)
Total purchase price	$ 246,352

The portion of the purchase price allocated to in-process research and development of $243.8 million relates to the acquisition of Acuity and was immediately expensed. The purchase price of Acuity includes $1.5 million of costs incurred by us to acquire Acuity, including $1.3 million of costs associated with the issuance of warrants to the Frost Group as a result of the increase of the credit line with Acuity. Refer to Note 5. The purchase consideration issued and the purchase price allocation are preliminary pending completion of related valuation procedures and as a result, the amounts are subject to change.

The following table summarizes that fair value assigned to our major intangible assets classes:

(in thousands)	Fair value assigned	Weighted average amortization period
Technology	$ 4,597	10 years
Customer relationships	2,978	3 years
Covenants not to compete	317	3 years
Tradename	195	3 years
Total amortizing intangible assets	8,087	
Goodwill	1,732	Indefinite
Total intangible assets acquired	$ 9,819	

All of the intangible assets acquired and goodwill acquired relate to our acquisition of OTI.

The following table includes the pro forma results for the year ended December 31, 2007 and the period from inception (June 23, 2006) to December 31, 2006 of the combined companies as though the acquisitions of Acuity and OTI had been completed as of the beginning of each period, respectively.

(in thousands, except per share amounts)	For the year ended December 31, 2007	Period from inception (June 23, 2006) through December 31, 2006
Revenue	$ 12,148	$ 5,570
Net loss	$ (278,097)	$ (7,577)
Basic and diluted loss per share	$ (2.06)	$ (0.10)

This unaudited pro forma financial information is presented for informational purposes only. The unaudited pro forma financial information may not necessarily reflect our future results of operations or what the results of operations would have been had we owned and operated each company as of the beginning of the periods presented.

Note 3 Summary of Significant Accounting Policies

Basis of Presentation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-K and of Regulation S-X.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. We consider all non-restrictive, highly liquid short-term investments purchased with a maturity of three months or less on the date of purchase to be cash equivalents.

Inventories. Inventories are valued at the lower of cost or market (net realizable value). Cost is determined by the first-in, first-out method.

Property and Equipment. Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to ten years and includes amortization expense for assets capitalized under capital leases. Expenditures for repairs and maintenance are charged to expense as incurred, while betterments are capitalized. Depreciation expense for the year ended December 31, 2007 was $35 thousand. We did not have any property or equipment for the period from inception (June 23, 2006) to December 31, 2006 and as a result did not incur depreciation expense for that period.

Goodwill and Other Intangible Assets. Goodwill represents the difference between the purchase price and the estimated fair value of the net assets acquired when accounted for by the purchase method of accounting and arises from our acquisition of OTI. Refer to Note 2. In accordance with SFAS 142, "Goodwill and Intangible Assets," we do not amortize goodwill. Also in accordance with FAS 142, we will perform an annual impairment test of goodwill. We test for impairment annually during the fourth quarter. We will continue to evaluate our goodwill for impairment annually and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable.

We amortize intangible assets with definite lives on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years, and review for impairment at least annually, or sooner when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Amortization expense for the year ended December 31, 2007 was $0.2 million. We did not have any intangible assets for the period from inception to December 31, 2006 and as a result did not incur amortization expense for that period. Amortization expense for the years ended December 31, 2008, 2009, 2010, 2010 and 2011 is expected to be $1.6 million, $1.6 million, $1.5 million, $0.5 million and $0.5 million, respectively.

Impairment of Long-Lived Assets. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for Impairment or Disposal of Long-Lived Assets, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Research and Development. Research and development costs are charged to expense as incurred. We record expense for in-process research and development projects acquired which have not reached technological feasibility and which have no alternative future use.

Income Taxes. Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. We periodically evaluate the realizability of our net deferred tax assets. Our tax accruals are analyzed periodically and adjustments are made as events occur to warrant such adjustment.

Loss Per Common Share. Basic and diluted earnings or loss per common share is based on the net loss increased by dividends on preferred stock divided by the weighted average number of common shares outstanding during the period. In the periods in which their effect would be anti-dilutive, no effect has been given to outstanding options, warrants or convertible preferred stock in the diluted computation. As of December 31, 2007, we have 178,344,608 common shares outstanding, in addition, we have options, warrants and convertible preferred stock outstanding at December 31, 2007 that, if converted or exercised would result in the issuance of an additional 45,934,615 shares of common stock, resulting in 224,279,223 potential common shares outstanding. The diluted loss per share does not include the weighted average impact of the outstanding options and warrants of 30,508,179 for the year ended December 31, 2007 because their inclusion would have been anti-dilutive.

Revenue Recognition and Allowance for Doubtful Accounts. Generally, we recognize revenue from product sales when goods are shipped and title and risk of loss transfer to our customers. Certain of our products are sold directly to end-users and require that we deliver, install and train the staff at the end-users' facility. As a result, we do not recognize revenue until the product is delivered, installed and training has occurred.

Estimated allowances for sales returns are based upon our history of product returns. The amount of allowance for doubtful accounts at December 31, 2007 was $0.5 million.

Equity-Based Compensation. We follow the provisions of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("Statement") No. 123 (revised 2004), Share-Based Payment ("SFAS 123R"), which requires that a company measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized in the statement of operations over the period during which an employee is required to provide service in exchange for the award. SFAS 123R also requires that excess tax benefits, as defined, realized from the exercise of stock options be reported as a financing cash inflow rather than as a reduction of taxes paid in cash flow from operations. Refer to Note 8. Equity-based compensation arrangements to non-employees are accounted for in accordance with SFAS No. 123R and Emerging Issues Task Force Issue No. 96-18 (EITF 96-18), "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," which requires that these equity instruments be recorded at their fair value on the measurement date. The measurement of equity-based compensation is subject to periodic adjustment as the underlying equity instruments vest.

Comprehensive income or loss. Our comprehensive loss has no components other than net loss for all periods presented.

Segment reporting. Our chief operating decision-maker (or "CODM") is comprised of our executive management with the oversight of our board of directors. Our CODM review our operating results and operating plans and make resource allocation decisions on a company-wide or aggregate basis. Accordingly, we operate as one segment. Our products are being used by and developed for retina specialists, ophthalmologists, and optometrists. During 2007, all of our instrumentation products were sold internationally.

New accounting pronouncements: In July 2006, the FASB issued Interpretation Number 48, Accounting for Uncertainty in Income Taxes, or FIN 48. FIN 48 applies to all tax positions within the scope of SFAS 109, applies a "more likely than not" threshold for tax benefit recognition, identifies a defined methodology for measuring benefits, and increases the disclosure requirements for companies. FIN 48 is mandatory for years beginning after December 15, 2006; accordingly, we adopted FIN 48 effective January 1, 2007. Refer to Note 9.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, or SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies to other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS 157 beginning in the first quarter of our 2008 fiscal year and do not expect the impact to be material to our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, or SFAS 159, which gives companies the option to measure eligible financial assets, financial liabilities, and firm commitments at fair value (i.e., the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We will adopt SFAS 159 beginning in the first quarter of our 2008 fiscal year and do not expect the impact to be material to our financial position or results of operations.

In June 2007, the EITF issued EITF Issue 07-03, Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development, or EITF 07-03. EITF 07-03 addresses the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. Under EITF 07-03, an entity would defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF 07-03 is effective for fiscal years beginning after December 15, 2007. We plan to adopt EITF 07-03 beginning in the first quarter of our 2008 fiscal year and do not expect the impact to be material to our financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141R, Business Combinations. SFAS 141R will require, among other things, the expensing of direct transaction costs, including deal costs and restructuring costs as incurred, acquired IPR&D assets to be capitalized, certain contingent assets and liabilities to be recognized at fair value and earn-our arrangements, including contingent consideration, may be required to be measured at fair value until settled, with changes in fair value recognized each period into earnings. In addition, material adjustments made to the initial acquisition purchase accounting will be required to be recorded back to the acquisition date. This will cause companies to revise previously reported results when reporting comparative financial information in subsequent filings. SFAS No. 141R is effective for the Company on a prospective basis for transactions occurring in 2009 and earlier adoption is not permitted. SFAS No. 141R may have a material impact on the Company's consolidated financial position, results of operations and cash flows if we enter into material business combinations after the standard's effective date.

Note 4 Composition of Certain Financial Statement Captions

(in thousands)	December 31, 2007	2006
Accounts receivable, net		
Accounts receivable	$ 2,154	$ -
Less allowance for doubtful accounts	(465)	-
	$ 1,689	$ -
Inventories		
Raw materials (components)	$ 1,913	-
Finished products	301	-
Less provision for inventory reserve	-	-
	$ 2,214	$ -
Prepaid expenses and other current assets		
Prepaid clinical trial expenses	$ 511	$ -
Prepaid insurance	426	-
Prepaid supplies	456	-
Canadian tax credit recoverable	225	-
Other	318	-
	$ 1,936	$ -
Property and equipment, net		
Machinery and equipment	$ 153	$ -
Furniture and fixtures	207	-
Software	117	-
Leasehold improvements	27	-
Less accumulated depreciation	(94)	-
	$ 410	$ -
Intangible assets		
Technology	$ 4,597	$ -
Customer relationships	2,978	-
Covenants not to compete	317	-
Tradename	195	-
Other	262	-
Less amortization	(150)	-
Goodwill	1,732	-
	$ 9,931	$ -
Accrued expenses		
Accrued royalties	$ 313	$ -
Accrued distributor commissions	187	-
Product warranties - medical device products	221	-
Clinical trials	1,495	-
Customer deposits	511	-
Other	1,131	95
	$ 3,858	$ 95

Note 5 Debt

On January 11, 2007, Acuity entered into an agreement with the Frost Group whereby the Frost Group provided a subordinated secured line of credit of up to $7.0 million to Acuity. In exchange for entering into this agreement, Acuity agreed to grant to the Frost Group a warrant to purchase Acuity Series B Preferred Stock which after the Merger became warrants to acquire up to 647,800 shares of our common stock at an exercise price of approximately $0.3854 per share and warrants to acquire Acuity common stock which after the Merger become warrants to acquire 81,085 shares of our common stock at an exercise price of $0.0019 per share.

In connection with the acquisition of Acuity, we assumed the rights and obligations of Acuity under this line of credit. We also amended and restated this line of credit to increase the borrowing capacity to $12.0 million and assume Acuity's existing obligation to repay $4.0 million outstanding under the prior line of credit. During 2007, we drew down the remaining available funds of $8.0 million for a total of $12.0 million borrowed. We are obligated to pay interest upon maturity, compounded quarterly on borrowings under the line of credit at a 10% annual rate, which is due on July 11, 2009. The line of credit is collateralized by all of our personal property, except

intellectual property. In connection with the assumption and amendment of the line of credit, we granted warrants to purchase 4,000,000 shares of our common stock to the Frost Group. The fair value of the warrants was determined to be $12.4 million using the Black-Scholes option valuation model. Because the issuance of the warrants and the increase in the line of credit were conditioned upon the completion of the Mergers, the value of the warrants has been allocated on a relative fair value basis to the cost of the Acuity acquisition ($1.3 million), the cost of the reverse merger between Froptix and eXegenics ($11.0 million) and debt commitment fee ($0.1 million).

We also assumed the rights and obligations of Acuity's $4.0 million term loan ($2.4 million outstanding of December 31, 2007) with Horizon Financial, Inc., in connection with the Mergers. The term loan bears interest at 12.23%, which is payable monthly. The principal is payable in 12 equal monthly installments which began August 2007. On January 11, 2008, we repaid in full all outstanding amounts and terminated all of our commitments under the term loan with Horizon.

Note 6 Equity Offering

On December 5, 2007, in exchange for a $20 million cash investment in the Company, we issued 10,869,565 shares of our common stock, par value $.01, to members of the Frost Group. The shares were issued at a price of $1.84 per share, representing an approximately 40% discount to the average trading price of our stock on the American Stock Exchange for the five trading days immediately preceding the date the board of directors and stockholders approved the issuance of the shares. The shares issued in the private placement are restricted securities, subject to a two year lockup, and no registration rights have been granted. Refer to Note 11.

Note 7 Stockholders' Equity

Our authorized capital stock consists of 500,000,000 shares of common stock, par value $.01 per share, and 10,000,000 shares of preferred stock, par value $.01 per share.

Common Stock

Subject to the rights of the holders of any shares of preferred stock currently outstanding or which may be issued in the future, the holders of the common stock are entitled to receive dividends from our funds legally available when, as and if declared by our board of directors, and are entitled to share ratably in all of our assets available for distribution to holders of common stock upon the liquidation, dissolution or winding-up of our affairs subject to the liquidation preference, if any, of any then outstanding shares of preferred stock. Holders of our common stock do not have any preemptive, subscription, redemption or conversion rights. Holders of our common stock are entitled to one vote per share on all matters which they are entitled to vote upon at meetings of stockholders or upon actions taken by written consent pursuant to Delaware corporate law. The holders of our common stock do not have cumulative voting rights, which means that the holders of a plurality of the outstanding shares can elect all of our directors. All of the shares of our common stock currently issued and outstanding are fully-paid and nonassessable. No dividends have been paid to holders of our common stock since our incorporation, and no cash dividends are anticipated to be declared or paid in the reasonably foreseeable future.

In addition to our equity-based compensation plans, we have warrants to purchase our common stock. Refer to Note 8 for additional information on our share-based compensation plans. The table below provides additional information for warrants outstanding as of December 31, 2007. In connection with the Mergers, we issued a total of:

Warrants	Number of warrants	Weighted average exercise price	Expiration date
Outstanding at December 31, 2006	-	-	-
Issued to former Acuity warrant holders'	6,472,652	$ 0.02	Various 2015-2016
Issued to Acuity shareholders'	6,253,236	$ 0.86	March 27, 2017
Issued to Acuity Series B warrant holders	1,686,000	$ 0.39	Various 2015-2017
Issued to Froptix shareholders'	15,632,969	$ 0.86	March 27, 2017
Issued in conjunction with debt commitment	4,000,000	$ 0.50	March 27, 2017
Issued to eXegenics warrant holders	290,000	$ 0.75	August 13, 2007 through March 5, 2008
Exercised	(5,537,475)		
Expired	(125,000)		
Outstanding at December 31, 2007	28,672,382		
Exercisable at December 31, 2007	28,672,382		

Of the 5,537,475 warrants exercised to purchase common stock, 551,964 shares were surrendered in lieu of a cash payment via the net exercise feature of the warrant agreements.

Preferred Stock

Under our certificate of incorporation, our board of directors has the authority, without further action by stockholders, to designate up to 10 million shares of preferred stock in one or more series and to fix or alter, from time to time, the designations, powers and rights of each series of preferred stock and the qualifications, limitations or restrictions of any series of preferred stock, including dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and the liquidation preference of any wholly issued series of preferred stock, any or all of which may be greater than the rights of the common stock, and to establish the number of shares constituting any such series.

Series A Preferred Stock

Of the authorized preferred stock, 4,000,000 shares have been designated Series A preferred stock. Dividends are payable on the Series A preferred stock in the amount of $0.25 per share, payable annually in arrears. At the option of our board of directors, dividends will be paid either (i) wholly or partially in cash or (ii) in newly issued shares of Series A preferred stock valued at $2.50 per share to the extent cash dividend is not paid.

Holders of Series A preferred stock have the right to convert their shares, at their option exercisable at any time, into shares of our common stock on a one-for-one basis subject to anti-dilution adjustments. These anti-dilution adjustments are triggered in the event of any subdivision or combination of our outstanding common stock, any payment by us of a stock dividend to holders of our common stock or other occurrences specified in the certificate of designations relating to the Series A preferred stock. We may elect to convert the Series A preferred stock into common stock or a substantially equivalent preferred stock in the case of a merger or consolidation in which we do not survive, a sale of all or substantially all of our assets or a substantial reorganization of us.

Each share of Series A preferred stock is entitled to one vote on all matters on which the common stock has the right to vote. Holders of Series A preferred stock are also entitled to vote as a separate class on any proposed adverse change in the rights, preferences or privileges of the Series A preferred stock and any increase in the number of authorized shares of Series A preferred stock. In the event of any liquidation or winding up of the Company, the holders of the Series A preferred stock will be entitled to receive $2.50 per share plus any accrued and unpaid dividends before any distribution to the holders of the common stock and any other class of series of preferred stock ranking junior to it.

We may redeem the outstanding shares of Series A preferred stock for $2.50 per share (plus accrued and unpaid dividends), at any time.

Series C Preferred Stock

Of the authorized preferred stock, 500,000 shares were designated Series C preferred stock. On June 22, 2007, 457,603 Series C preferred stock were issued and outstanding and held by 30 stockholders. Cumulative dividends were payable on the Series C preferred stock in the amount of $1.54 per share when declared by the board of directors. On June 22, 2007, all of the shares of Series C preferred stock automatically converted into shares of common stock, on a one-hundred-for-one basis.

Note 8 Equity-Based Compensation

We maintain equity-based incentive compensation plans that provide for grants of stock options to our directors, officers, key employees and certain outside consultants. Our 2007 Equity Incentive Plan includes all options assumed from the companies combined in the Merger discussed in Note 1. Options granted under the 1996 Stock Option Plan, 2000 Stock Option Plan and the plans assumed from Froptix and Acuity are exercisable for a period of up to 10 years from date of grant. Options granted under the 2007 Equity Incentive Plan are exercisable for a period up to 7 years. Vesting periods range from immediate to 4 years.

Adoption of New Accounting Guidance and Transition

Upon our incorporation in June 2006, we adopted the fair value recognition provisions of SFAS No. 123R, which is a revision of SFAS No. 123, using the prospective transition method.

SFAS No. 123R requires that we classify the cash flows resulting from the tax benefit that arises when the tax deductions exceed the compensation cost recognized for those options (excess tax benefits) as financing cash flows. There were no excess tax benefits for the year ended December 31, 2007 or the period from inception (June 23, 2006) to December 31, 2006.

Equity-based compensation arrangements to non-employees are accounted for in accordance with SFAS No. 123R and Emerging Issues Task Force Issue No. 96-18 (EITF 96-18), "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," which requires that these equity instruments are recorded at their fair value on the measurement date. The measurement of equity-based compensation is subject to periodic adjustment over the waiting time of the equity instruments.

Valuation and Expense Information

We recorded equity based compensation expense of $7.4 million and $0.3 million, for the year ended December 31, 2007 and the period from inception (June 23, 2006) to December 31, 2006, respectively, all of which were reflected as operating expense. Of the $7.4 million of expense recorded during the year ended December 31, 2007, $4.4 million was included as selling, general and administration expense and $3.0 million was recorded as research and development expense. During the third quarter of 2007, a reversal of equity-based compensation expense of $8.1 million was recorded as a result of the termination of a consulting agreement prior to the vesting of any of the equity based awards issued under a consulting agreement. Originally, we accrued $0.3 million for this expense during 2006 and $7.8 million during the first six months of 2007. During the 2006 period, all of the equity-based compensation was recorded as selling, general and administration expense. As of December 31, 2007, there was $16.0 million of total unrecognized compensation cost related to non-vested stock options, which will be expensed over a weighted-average period of 3.0 years. We did not recognize a tax benefit for equity-based compensation arrangements during the year ended December 31, 2007.

As required by SFAS No. 123R, we estimate forfeitures of stock options and recognize compensation cost only for those awards expected to vest. Forfeiture rates are determined for all employees and non-employee directors based on historical experience and our estimate of future vesting. Estimated forfeiture rates are adjusted from time to time based on actual forfeiture experience.

Stock Options

In accordance with SFAS No. 123R, we estimate the fair value of each stock option on the date of grant using a Black-Scholes option-pricing formula, applying the following assumptions, and amortized the fair value to expense over the option's vesting period using the straight-line attribution approach for employees and non-employee directors, and the amortization method allowed by Financial Accounting Standards Board Interpretation 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans an interpretation of APB Opinions No. 15 and 25", for awards issued to non-employees which allows for recognizing compensation expense on a graded basis, with most of the compensation expense being recorded during the initial period of vesting:

	Year Ended	
	December 31, 2007	December 31, 2006
Expected term (in years)	3.5 - 9.7	9.5
Risk-free interest rate	3.2% - 5.2%	4.5%
Expected volatility	73% - 76%	35%
Expected dividend yield	0%	0%

Expected Term: The expected term of the stock options to employees and non-employee directors was calculated using the shortcut method allowed by the provisions of SFAS No. 123R and interpreted by Staff Accounting Bulletin No. 110 (SAB 110). We believe this method is appropriate as our equity shares have been publicly trade for a limited period of time and as such we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The expected term of stock options issued to non-employee consultants is the remaining contractual life of the options issued.

Risk-Free Interest Rate: The risk-free interest rate is based on the rates paid on securities issued by the U.S. Treasury with a term approximating the expected life of the option.

Expected Volatility: The expected volatility was based on a peer group of publicly-traded stocks' historical trading which we believe will be representative of the volatility over the expected term of the options. We believe the peer group's historical volatility is appropriate as our equity shares have been publicly traded for a limited period of time. The expected volatility for the 2006 period utilized a different peer group than the year ended December 31, 2007 and as a result had a lower volatility.

Expected Dividend Yield: We do not intend to pay dividends on common stock for the foreseeable future. Accordingly, we used a dividend yield of zero in the assumptions.

We maintain incentive stock plans that provide for the grants of stock options to our directors, officers, employees and outside consultants. For the year ended, December 31, 2007, there were 18,038,329 shares of common stock reserved for issuance under our 2007 Incentive Plan. We intend to issue new shares upon the exercise of options. Stock options granted under these plans have been granted at an option price equal to the closing market value of the stock on the date of the grant. Options granted under these plans to employees typically become exercisable over four years in equal annual installments after the date of grant, and to non-employee directors become exercisable in full after one-year after the grant date, subject to, in each case, continuous service with the Company during the applicable vesting period. The Company assumed options to grant common stock as part of the Merger, which reflected various vesting schedules, including monthly vesting to employees and contractors.

A summary of option activity under our stock plans as of December 31, 2007 and the changes during the year is presented below:

Options	Number of options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2006	4,436,878	$ 0.01		
Assumed from Acuity Pharmaceuticals	11,373,237	0.14		
Assumed from eXegenics	305,000	0.59		
Granted	5,220,000	4.45		
Conversion of Series C Stock Options to Common Stock Options	731,700	0.32		
Exercised	(654,220)	0.26		
Forfeited	(5,103,216)	0.04		
Expired	(1,945)	0.04		
Outstanding at December 31, 2007	16,307,434	$ 1.53	6.2	$ 29,979
Vested and expected to vest at December 31, 2007	15,172,394	$ 1.45	6.1	$ 28,826
Exercisable at December 31, 2007	8,529,411	$ 0.20	5.2	$ 22,571

The amount of compensation costs recorded in 2007 related to stock options awards is $7.4 million and $0.3 million was recorded during 2006. As of December 31, 2007, there was $15.9 million of unrecognized compensation cost related to the stock options granted under our stock plans. That cost is expected to be recognized over a weighted-average period of 3 years. The per share weighted-average fair value of stock options granted during 2007 was $2.73. The total intrinsic value of stock options exercised was $2.3 million during 2007. There were no stock option exercises during 2006, our year of inception.

Of the 654,220 stock options exercised, 12,248 shares were surrendered in lieu of a cash payment via the net exercise feature of the option agreements.

Note 9 Income Taxes

Income before income taxes was taxed in the U.S. and Canada.

The provision (benefit) for incomes taxes consists of the following:

(in thousands)	For the Year Ended December 31, 2007	For the period from inception (June 23, 2006) through December 31, 2006
Current		
Federal	$ -	$ -
State	-	-
Foreign	(83)	-
	(83)	-
Deferred		
Federal	(5,274)	(199)
State	(333)	(30)
Foreign	(106)	-
	(5,714)	(229)
Total	(5,797)	(229)
Change in valuation allowance	5,714	229
Total, net	$ (83)	$ -

Deferred income tax assets and liabilities as of December 31, 2007 and December 31, 2006 are comprised of the following:

(in thousands)	December 31, 2007	December 31, 2006
Deferred income tax assets		
Federal net operating loss	$ 8,726	$ 229
State net operating loss	1,665	-
Foreign net operating loss	509	
Capitalized research and development expense	4,916	
Research and development tax credit	781	-
Canadian research and development pool	1,269	-
Amortization and depreciation	304	-
Other	983	-
Deferred income tax assets	19,153	229
Deferred income tax liabilities		
Intangible assets	(3,090)	-
Other	(3)	-
Deferred income tax liabilities	(3,093)	-
Net deferred income tax assets	16,060	229
Valuation allowance	(16,924)	(229)
Net deferred income tax liabilities	$ (864)	$ -

The increase in deferred income tax assets, liabilities and valuation allowances at December 31, 2007 reflect the acquisition of various legal entities, including the tax attributes. The acquisitions were accounted for under U.S. GAAP as asset acquisitions. As of December 31, 2007, we have net operating loss carryforwards of approximately $31.2 million that expire at various dates through 2027. We have research and development tax credit carryforwards of $0.8 million that expire in varying amounts through 2027. We have determined a full valuation allowance is required against all of our tax assets that we do not expect to be utilized by the turn around of deferred income tax liabilities and recorded a deferred tax liability for the temporary differences arising from the acquisition of non-deductible identifiable intangible assets of OTI that are in excess of OTI's tax assets.

Under Section 382 of the Internal Revenue Code of 1986, as amended, certain significant changes in ownership may restrict the future utilization of our income tax loss carryforwards and income tax credit carryforwards in the United States. The annual limitation is equal to the value of our stock immediately before the ownership change, multiplied by the long-term tax-exempt rate (i.e., the highest of the adjusted Federal long-term rates in effect for any month in the three-calendar-month period ending with the calendar month in

which the change date occurs). This limitation may be increased under the IRC§ 338 Approach (IRS approved methodology for determining recognized Built-In Gain). As a result, federal net operating losses and tax credits may expire before we are able to fully utilize them. As we have recorded a full valuation allowance against our net deferred income tax assets, there is no current impact of this limitation for financial reporting purposes. We are currently undergoing a study to determine what, if any limitations we have on our income tax loss carry forwards and income tax credit carryforwards.

Adoption of FIN 48

Prior to January 1, 2007, we recognized income taxes with respect to uncertain tax positions based upon SFAS No. 5, " Accounting for Contingencies" , or SFAS No. 5. Under SFAS No. 5, we would record a liability associated with an uncertain tax position if the liability was both probable and estimable. Prior to January 1, 2007, the liabilities recorded under SFAS No. 5 including interest and penalties related to income tax exposures, would have been recognized as incurred within "income taxes" in our consolidated statements of operations. We recorded no such liabilities in 2006.

Effective January 1, 2007, we adopted FIN 48, "Accounting for Uncertainty in Income Taxes." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that we determine whether the benefit of our tax positions are more likely than not to be sustained upon audit, based on the technical merits of the tax position. For tax positions that are more likely than not to be sustained upon audit, we recognize the greatest amount of the benefit that is more likely than not to be sustained in our consolidated financial statements. For tax positions that are not more likely than not to be sustained upon audit, we do not recognize any portion of the benefit in our consolidated financial statements. The provisions of FIN 48 also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

Our policy for interest and penalties under FIN 48, related to income tax exposures, was not impacted as a result of the adoption of the recognition and measurement provisions of FIN 48. Therefore, we continue to recognize interest and penalties as incurred within "income taxes" in our consolidated statements of operations, when applicable.

There was no change to our accumulated deficit as of January 1, 2007 as a result of the adoption of the recognition and measurement provisions of FIN 48.

Uncertain Income Tax Positions

We file income tax returns in the U.S. federal jurisdiction, Canada federal jurisdiction and with various U.S. states and the Ontario province in Canada. We are subject to tax audits in all jurisdictions for which we file tax returns. Tax audits by their very nature are often complex and can require several years to complete. There are currently no tax audits that have commenced with respect to income returns in any jurisdiction.

U.S. Federal: Under the tax statute of limitations applicable to the Internal Revenue Code, we are no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for years before 2003. However, because we are carrying forward income tax attributes, such as net operating losses and tax credits from 2002 and earlier tax years, these attributes can still be audited when utilized on returns filed in the future.

State: Under the statutes of limitation applicable to most state income tax laws, we are no longer subject to state income tax examinations by tax authorities for years before 2003 in states in which we have filed income tax returns. Certain states may take the position that we are subject to income tax in such states even though we have not filed income tax returns in such states and, depending on the varying state income tax statutes and administrative practices, the statute of limitations in such states may extend to years before 2003.

Foreign: Under the statutes of limitations applicable to our foreign operations, we are no longer subject to tax examination for years before 2003 in jurisdictions we have filed income tax returns.

As a result of our January 1, 2007 implementation of FIN 48, the total amount of gross tax benefits, excluding the offsetting full valuation allowance, that became unrecognized, was approximately $0.4 million. There were no accrued interest and penalties resulting from such unrecognized tax benefits. As of December 31, 2007, the total amount of gross unrecognized tax benefits was approximately $0.9 million, and accrued interest and penalties on such unrecognized tax benefits was $0.

The following table reconciles the activity in our gross unrecognized income tax benefits.

(in thousands)		
Unrecognized tax benefits January 1, 2007	$	412
Gross increases - tax positions in prior period		468
Gross decreases - tax positions in prior period		-
Unrecognized tax benefits at December 31, 2007	$	880

The net unrecognized tax benefits that, if recognized, would impact the effective tax rate as of December 31, 2007 and December 31, 2006, were $0 and $0, respectively.

Other Income Tax Disclosures

The significant elements contributing to the difference between the federal statutory tax rate and the effective tax rate are as follows:

	For the Year Ended December 31, 2007	For the period from inception (June 23, 2006) through December 31, 2006 December 31, 2006
Federal statutory rate	(35.0)%	(35.0)%
State income taxes, net of federal benefit	(3.9)	(3.3)
Acquired in-process research and development	35.3	—
Valuation allowance	2.1	38.3
Other	1.5	—
Total	0.0%	—%

We paid no income taxes in 2007 or 2006.

The following table reconciles our losses before income taxes by jurisdiction:

(in thousands)	For the Year Ended December 31, 2007	For the Period from Inception (June 23, 2006) through December 31, 2006
Pre-tax loss		
U.S.	$ (267,542)	$ (877)
Foreign	(317)	-
Total	$ (267,859)	$ (877)

Note 10 Supplemental Cash Flow Information

Supplemental cash flow information is summarized as follows:

(in thousands)	For the Year Ended December 31, 2007	For the Period From Inception (June 23, 2006) through December 31, 2006
Interest paid	$ 370	$ -
Non-cash financing		
Issuance of capital stock to acquire Acuity	$ 243,623	$ -
Issuance of capital stock to acquire OTI	6,932	-
Issuance of capital stock to acquire other	114	-
Total non-cash financing	$ 250,669	$ -

Note 11 Related Party Transactions

In June 2007, we paid the $125,000 filing fee to the Federal Trade Commission in connection with filings made by us and Dr. Frost, our Chairman and Chief Executive Officer, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR”). The filings permitted Dr. Frost and his affiliates to acquire additional shares of our common stock upon expiration of the HSR waiting period on July 12, 2007.

In November 2007, we entered into an office lease with Frost Real Estate Holdings, LLC, an entity affiliated with Dr. Frost, the Company's Chairman of the Board and Chief Executive Officer. The lease is for approximately 8,300 square feet of space in an office building in Miami, Florida, where the Company's principal executive offices are located. We had previously been leasing this space from

Frost Real Estate Holdings on a month-to-month basis while the parties were negotiating the lease. The lease provides for payments of approximately $18,000 per month in the first year increasing annually to $24,000 per month in the fifth year, plus applicable sales tax. The rent is inclusive of operating expenses, property taxes and parking. The rent for the first year has been reduced to reflect a $30,000 credit for the costs of tenant improvements.

On December 5, 2007, we issued 10,869,565 shares of the our common stock, par value $.01, to members of the Frost Group in exchange for a $20 million cash investment, or $1.84 per share, representing an approximately 40% discount to the average trading price of our stock on the American Stock Exchange for the five days preceding the date our board of directors and stockholders approved the issuance of the shares. The shares issued in the private placement were restricted securities, subject to a two year lockup, and no registration rights have been granted.

As part of the Mergers, we assumed a line of credit with the Frost Group from Acuity and amended and restated that line of credit to increase borrowing availability. In connection with the increase of the borrowing availability, we issued 4,000,000 warrants to the Frost Group. Refer to Note 5.

Note 12 Employee Benefit Plans

Effective January 1, 2007, the OPKO Health Savings and Retirement Plan, or the Plan, permits employees to contribute up to 50% of qualified pre-tax annual compensation up to annual statutory limitations. The discretionary company match for employee contributions to the Plan is 100% of up to the first 4% of the participant's earnings contributed to the Plan. Our matching contributions to the plan were approximately $0.1 million in 2007.

Note 13 Commitments and Contingencies

We have agreed to indemnify one of our former employees for damages or losses incurred by such employee in connection with a lawsuit by the employee's previous employer for alleged breach of fiduciary duty and tortious interference with contractual relationships and prospective business. The plaintiff in this matter has also sought leave to amend its complaint to add the Company and the Frost Group, LLC as defendants. We are opposing this motion, and intend to vigorously defend the matter in the event we are named as a defendant. It is too early to assess the probability of a favorable or unfavorable outcome, or the loss or range of loss or indemnification obligation, if any, and therefore, no amounts have been accrued relating to this action.

We are a party to litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial condition, or results of operations.

Note 14 Strategic Alliances

Our strategy is to develop a portfolio of product candidates through a combination of internal development and external partnerships. We have completed strategic deals with the Trustees of the University of Pennsylvania, the University of Illinois, the University of Florida Research Foundation, Pathogenics, Inc., and Intradigm Corporation, among others.

The Trustees of the University of Pennsylvania

In March 2003, we entered into two world-wide exclusive license agreements with The Trustees of the University of Pennsylvania to commercialize siRNA targeting VEGF, HIF-1α, ICAM, and other therapeutic targets. In consideration for the licenses, we are obligated to make certain milestone payments to the University of Pennsylvania. We also agreed to pay the University of Pennsylvania earned royalties based on the number of products we sell that use the inventions claimed in the licensed patents. We agreed to use commercially reasonable efforts to develop, commercialize, market, and sell such products covered by the license agreements.

The term of the agreements is for the later of the expiration or abandonment of the last patent or ten years after the first commercial sale of the first licensed product. We may terminate either of the agreements upon 60 days' prior written notice. The University of Pennsylvania may terminate either of the agreements if we are more than 90 days late in a payment owed to the University of Pennsylvania, we breach the agreements and do not cure within 90 days after receiving written notice from the University of Pennsylvania, if we become insolvent, or we are involved in bankruptcy proceedings.

Intradigm Corporation

In June 2005, we entered into a license and collaboration agreement with Intradigm Corporation, or Intradigm, for intellectual property covering the treatment of ophthalmic diseases characterized by excessive neovascularization, angiogenesis, or leakage. Under the terms of the agreement, we have agreed to jointly develop a topical siRNA compound. After selection the topical siRNA compound, we are obligated to use commercially reasonable efforts to market, distribute, and sell the topical siRNA in the United States and any selected foreign country. We have agreed to pay to Intradigm certain milestone payments upon the achievement of specified milestones and royalty payments on all net sales of the topical siRNA and other licensed products.

The term of the agreement is 20 years, unless earlier terminated in accordance with the agreement. Either party may terminate upon mutual written consent, upon written notice by a party if the other party dissolves or enters into bankruptcy or insolvency proceedings, or upon 90 days prior written notice of a material breach of the agreement without cure.

The Board of Trustees of the University of Illinois

In August 2006, we entered into an exclusive worldwide license agreement with The Board of Trustees of the University of Illinois to commercialize intellectual property related to ophthalmic siRNA targeting TGF-bRII for the treatment of ophthalmic disease. In September 2007, the license was amended to include all other fields of use beyond the treatment of ophthalmic disease. The license agreement obligates us to pay to the University of Illinois certain milestone payments and royalty payments on all net sales of licensed products and an annual license fee payment.

University of Florida Research Foundation

In April 2006, we entered into three world-wide exclusive license agreements with the University of Florida Research Foundation. The license agreements obligate us to pay to University of Florida Research Foundation royalty payments on all net sales of licensed products. We agreed to use our commercially reasonable activities to commercialize products. The term of each of the agreements is for the earlier of the date that no licensed patent remains an enforceable patent or the payment of earned royalties under the agreement once begun, ceases for more than two calendar quarters. We may terminate any of the agreements upon 60 days' prior written notice. The University of Florida Research Foundation may terminate any of the agreements if we are more than 60 days late, after written demand, for a payment owed to the University of Florida Research Foundation, if we breach the agreements and do not cure within 60 days after receiving written notice from the University of Florida Research Foundation, or if we become involved in bankruptcy proceedings.

Civamide License

In September 2007, we entered into an exclusive worldwide license to commercialize intellectual property related to pharmaceutical compositions or preparations containing civamide for the treatment of ophthalmic conditions in humans, particularly dry eye. The license agreement obligates us to pay the licensor certain milestone payments and royalty payments on all net sales of licensed products thereunder and all costs of research and development necessary to obtain marketing authorizations for such licensed products.

Wound Dressing

In October 2007, we entered into an exclusive worldwide license to commercialize intellectual property related to a novel ocular product for use following invasive retinal procedures to prevent the development of endophthalmitis, a devastating complication that can lead to blindness and loss of the affected eye. The license agreement obligates us to make royalty payments on all net sales of licensed products thereunder and all costs of research and development necessary to obtain marketing authorizations for such licensed products.

Pathogenics

In April 2006, we entered into a license agreement with Pathogenics, Inc. ("Pathogenics") under which we were granted an exclusive, irrevocable license, with the right to sublicense, under Pathogenics intellectual property to make, have made, use, sell, offer for sale, import, or otherwise commercialize N-chlorotaurine and licensed products for the treatment of ophthalmic disease or infection in any territory. We were also granted non-exclusive rights to all data resulting from a phase I clinical trial with N-chlorotaurine in Austria. We are obligated to use commercially reasonable efforts to develop and commercialize the licensed product, including commercially reasonable efforts to initiate pre-clinical activities necessary to file an IND with the FDA to initiate a phase I clinical trial for N-chlorotaurine for an ophthalmic indication. Pathogenics will have a non-exclusive right to such information for the treatment of non-ophthalmic diseases or infections.

We are obligated to pay to Pathogenics certain milestone payments upon the achievement of specified milestones and royalty payments on all net sales of licensed products. We are also obligated to pay Pathogenics an annual minimum payment if the total payments made for such year are less than a specified minimum amount. The term of the agreement is for the shorter of twenty years or the last to expire of the Pathogenics intellectual property. We may terminate the agreement for any reason upon written notice. The agreement may be terminated upon mutual written consent of the parties, by either party upon written notice if either party dissolves or is involved in a bankruptcy or insolvency proceeding or upon ninety days prior written notice if the other party is in material breach and fails to cure.

Note 15 Leases

We conduct certain of our operations under operating lease agreements. Rent expense was approximately $0.3 million for the year ended December 31, 2007. We did not have any lease expense from the period from inception (June 23, 2006) through December 31, 2006.

As of December 31, 2007, the aggregate future minimum lease payments under all non-cancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

Year Ending	(in thousands)
2008	$ 333
2009	351
2010	338
2011	350
2012	226
Total minimum lease commitments	$ 1,598

The following schedule summarizes future minimum lease payments under capital leases with terms greater than one year as of December 31, 2007.

Year Ending	(in thousands)
2008	9
2009	6
2010	2
Total minimum lease payments	17
Less imputed interest	(2)
Present value of minimum lease payments	15
Current portion	9
Long-term portion	$ 6

Note 16 Selected Quarterly Financial Data (Unaudited)

	For the 2007 Quarters Ended			
(in thousands)	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Revenue	$ -	$ -	$ -	$ 847
Gross margin	-	-	-	39
Net (loss) income attributable to common shareholders	(249,945)	(11,086)	1,440	(9,031)
Basic and diluted (loss) income per share	$ (3.87)	$ (0.09)	$ 0.01	$ (0.05)

	For the 2006 Quarters Ended		
(in thousands)	Period from inception (June 23, 2006) to June 30, 2006	September 30, 2006	December 31, 2006
Revenue	$ -	$ -	$ -
Gross margin	-	-	-
Net loss attributable to common shareholders	(250)	(7)	(620)
Basic and diluted loss per share	$ (3.68)	$ (0.00)	$ (0.01)

Due to rounding, the quarterly per share amounts may not mathematically compute to the annual amount.

Until our acquisition of OTI on November 28, 2007, we did not record any revenue or gross margin. The net loss for the first quarter of 2007 includes in-process research and development expense of $243.7 million related to the acquisition of Acuity. The third quarter of 2007 reflects the reversal of $8.1 million of equity-based compensation expense due to the termination of a consulting agreement prior to the shares vesting. The equity-based compensation expense had previously been recorded as follows: $7.8 million during the first six months of 2007, and $0.3 million during 2006. Our inception was on June 23, 2006, and as a result, there was no activity in the first quarter of 2006, and only eight days of activity in the second quarter of 2006.

Note 17 Subsequent Events

On March 25, 2008, OTI received a warning letter in connection with a FDA inspection of OTI's facilities in July and August of 2007. The warning letter cited several deficiencies in OTI's quality, record keeping, and reporting systems relating to certain of OTI's products, including the OTI Scan 1000, OTI Scan 2000, and OTI OCT/SLO combination imaging system. Based upon the observations noted in the warning letter, OTI is not currently in compliance with cGMP. The FDA indicated that it has issued an Import Alert and may refuse admission of these products. As a result, we will not be permitted to sell these devices in the United States, and the pre-market approval application for the Company's OCT/SLO product will be delayed until the violations have been corrected.

We plan to cooperate fully with the FDA, and upon receipt of the warning letter, we immediately began to take corrective action to address the FDA's concerns and to assure the quality of OTI's products. We are committed to providing high quality products to our customers, and we plan to meet this commitment by working diligently to remedy these deficiencies and to implement updated and improved quality systems and concepts throughout the OTI organization.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A(T). CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Securities and Exchange Commission ("SEC") Rule 13a-15(e) as of December 31, 2007. Based on that evaluation, management has concluded that the Company's disclosure controls and procedures are effective to ensure that information the Company is required to disclose in reports that it files or submits under the Securities Exchange Act is communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is

defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective could provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2007, based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As permitted, our management's assessment of and conclusion on the effectiveness of our internal control over financial reporting did not include the internal controls of Ophthalmic Technologies, Inc., because it was acquired by us in a purchase business combination during the fourth quarter of fiscal 2007. OTI constituted approximately 15% of our consolidated total assets at December 31, 2007 and 100% of consolidated revenues for the year then ended.

Based on our evaluation under the framework in Internal Control - Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2007.

This annual report does not include an auditors report of Ernst & Young, LLP, our independent registered public accounting firm, regarding internal control over financial reporting as of December 31, 2007 pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Pursuant to Item 308T(a) of Regulation S-K, this Management's Report on Internal Control Over Financing Reporting shall not be deemed filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section.

Changes to the Company's Internal Control Over Financial Reporting

Beginning in the fourth quarter of 2007, we began designing and implementing standards and procedures at OTI, upgrading and establishing controls over accounting systems, and adding employees who are trained and experienced in the preparation of financial statements in accordance with U.S. GAAP to ensure that we have in place appropriate internal control over financial reporting at OTI. Other than as set forth above with respect to OTI, there have been no changes to the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Effective as of March 28, 2008, the Company's Board of Directors approved amendments to the Company's Amended and Restated Bylaws primarily to remove the requirements that the Company's annual stockholders' meeting be held in Delaware within five months of the end of the fiscal year. In addition, the Company made the appointment of certain officers discretionary, whereas, the Amended and Restated Bylaws as in effect prior to these amendments made such appointments mandatory.

PART III

The information required in Items 10 (Directors, Executive Officers and Corporate Governance), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters), Item 13 (Certain Relationships and Related Transactions, and Director Independence), and Item 14 (Principal Accounting Fees and Services) is incorporated by reference to the Company's definitive proxy statement for the 2008 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2007.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) (1) Financial Statements: Consolidated Financial Statements filed as part of this report are set forth under Part II, Item 8 of this report.

(2) Financial Statement Schedules

(3) Exhibits: Each management contract or compensatory plan listed below is identified with an asterisk. The Exhibits listed in the accompanying index are filed as part of this report

Exhibit Number	Description
2.1[(2)]	Amended and Restated Certificate of Incorporation.
2.2	Amended and Restated By-Laws.
2.3[(1)]	Merger Agreement and Plan of Reorganization, dated as of March 27, 2007, by and among Acuity Pharmaceuticals, Inc., Froptix Corporation, eXegenics, Inc., e-Acquisition Company I-A, LLC, and e-Acquisition Company II-B, LLC.
4.1[(1)]	Form of Common Stock Warrant.
10.1[(1)]	Form of Lockup Agreement.
10.2[(1)]	License Agreement, dated as March 31, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Reich/Tolentino).
10.3[(1)]	License Agreement, dated as March 31, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Reich/Gewirtz).
10.4[(1)]	First Amendment to License Agreement, dated as August 1, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Reich/Tolentino).
10.5[(1)]	First Amendment to License Agreement, dated as August 1, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Gewirtz).
10.6[(1)]*	Employment Agreement, dated as of September 25, 2004, by and between Dale R. Pfost and Acuity Pharmaceuticals, Inc.
10.7[(1)]*	Employment Letter, dated April 9, 2007, between Dale R. Pfost and eXegenics, Inc.
10.8[(1)]	Credit Agreement, dated as of March 27, 2007, by and among eXegenics, Inc., The Frost Group, LLC, and Acuity Pharmaceuticals, LLC.
10.9 [(1)]	Amended and Restated Venture Loan and Security Agreement, dated as March 27, 2007, by and among Horizon Technology Funding Company LLC, Acuity Pharmaceuticals, LLC and eXegenics, Inc.
10.10[(1)]	Amended and Restated Subordination Agreement, dated as of March 27, 2007, by and among The Frost Group, LLC, Horizon Technology Funding Company LLC, Acuity Pharmaceuticals, LLC, and eXegenics, Inc.

10.11	Share Purchase Agreement, dated April 11, 2007, by and between Ophthalmic Technologies, Inc. and eXegenics, Inc.
10.12[3]	Lease Agreement dated November 13, 2007, by and between Frost Real Estate Holdings, LLC and the Company.
10.13	Share Purchase Agreement, dated as of November 28, 2007, by and among Ophthalmic Technologies, Inc., OTI Holdings Limited, and the Shareholders named therein.
10.14	Exchange and Support Agreement, dated as of November 28, 2007, by and among OPKO Health, Inc. and OTI Holdings Limited and the holders of exchangeable shares named therein.
10.15	Securities Purchase Agreement, dated December 4, 2007, by and between members of The Frost Group, LLC and the Company.
10.16	OPKO Health, Inc. 2007 Equity Incentive Plan.
21	Subsidiaries of the Company.
23.1	Consent of Ernst & Young LLP.
31.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to Exchange Act Rules 13a-14 and 15d-14.
31.2	Certification by Rao Uppaluri, Chief Financial Officer, pursuant to Exchange Act Rules 13a-14 and 15d-14.
32.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Rao Uppaluri, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Denotes management contract or compensatory plan or arrangement.

(1) Filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 2, 2007, and incorporated herein by reference.

(2) Filed with the Company's Current Report on Form 8-A filed with the Securities and Exchange Commission on June 11, 2007, and incorporated herein by reference.

(3) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2007 for the Company's three-month period ended September 30, 2007, and incorporated herein by reference.

SIGNATURES

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

OPKO HEALTH, INC.

By: /s/ Dr. Phillip Frost

Dr. Phillip Frost,
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of OPKO Health, Inc. in the capacities indicated below.

Signature	Title	Date
/s/ Dr. Phillip Frost, M.D. Dr. Phillip Frost, M.D.	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 31, 2008
/s/ Dr. Jane H. Hsiao Dr. Jane H. Hsiao	Vice Chairman and Chief Technical Officer	March 31, 2008
/s/ Steven D. Rubin Steven D. Rubin	Director and Executive Vice President - Administration	March 31, 2008
/s/ Rao Uppaluri Rao Uppaluri	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 2008
/s/ Adam Logal Adam Logal	Executive Director of Finance, Chief Accounting Officer and Treasurer (Principal Accounting Officer)	March 31, 2008
/s/ Robert Baron Robert Baron	Director	March 31, 2008
/s/ Thomas E. Beier Thomas E. Beier	Director	March 31, 2008
/s/ Pascal J. Goldschmidt, M.D. Pascal J. Goldschmidt, M.D.	Director	March 31, 2008
/s/ Richard A. Lerner, M.D. Richard A. Lerner, M.D.	Director	March 31, 2008
/s/ John A. Paganelli John A. Paganelli	Director	March 31, 2008
/s/ Richard C. Pfenniger, Jr.	Director	March 31, 2008

Richard C. Pfenniger, Jr.

/s/ Michael Reich

Michael Reich	Director	March 31, 2008

EXHIBIT INDEX

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AMENDED AND RESTATED BYLAWS

OF

OPKO HEALTH, INC.

(A DELAWARE CORPORATION)

Effective: March 28, 2008

Article I.
OFFICES

Section 1.1 Registered Office. The registered office of OPKO Health, Inc. (the "Corporation") shall be in the City of Wilmington, County of New Castle, State of Delaware. Notwithstanding the foregoing, the registered office may be changed at any time upon a resolution adopted by the Corporation's Board of Directors (the "Board'').

Section 1.2 Other Offices. The Corporation may also have offices at such other places within or without the State of Delaware as the Board may from time to time determine or the business of the Corporation may require.

Article II.
MEETINGS OF STOCHOLDERS

Section 2.1 Place. All meetings of the stockholders shall be held at such place within or without the State of Delaware as shall be designated from time to time by the Board and stated in the notice of the meeting or in a duly executed waiver thereof.

Section 2.2 Annual Meetings. An annual meeting of the stockholders shall be held on such day at such time and place (within or without the State of Delaware) as the Board shall fix, at which time the stockholders shall elect a Board and transact such other business as may properly be brought before the meeting. Any business may be transacted at the meeting, irrespective of whether the notice of such meeting contains a reference thereto, except as otherwise provided in these Bylaws, or by statute.

Section 2.3 Special Meetings. Special meetings of stockholders may be called at any time, but only by the chairman of the Board (the "Chairman of the Board"), the Chief Executive Officer of the Corporation (the "CEO"), or upon a resolution adopted upon the affirmative vote of a majority of the whole Board, and not by the stockholders.

Section 2.4 Notice Of Meetings. Notice of all stockholders' meetings stating the time, place and the objects for which such meetings are called shall be given by the Chairman of the Board, the CEO, or any vice-president (a "Vice President") or the Secretary (the "Secretary") or any assistant secretary (an "Assistant Secretary") of the Corporation to each stockholder of record entitled to vote at such meeting not less than ten (10) days or more than sixty (60) days prior to the date of the meeting by written notice delivered personally, by electronic transmission, mailed or delivered via overnight courier to each stockholder. If delivered personally, such notice shall be deemed to be delivered when received. If mailed or delivered via overnight courier service, such notice shall be deemed to be delivered when deposited in the United States Mail in a sealed envelope with postage thereon prepaid, or deposited with the overnight courier service, as the case may be, addressed to the stockholder at his address as it appears on the stock record books of the Corporation, unless he shall have filed with the Secretary a written request that notice intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. If delivered by electronic transmission, such notice shall be sent consistent with Article X hereof.

Any meeting at which all stockholders entitled to vote have waived or at any time shall waive notice shall be a legal meeting for the transaction of business, notwithstanding that notice has not been given as herein before provided. The waiver must be in writing, signed by the stockholder entitled to the notice, and be delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

Section 2.5 Notice for Nominations and Proposals.

2.5.1 Annual Meetings.

(a) Nominations for the election of directors and proposals for any new business to be taken up at any annual meeting of stockholders may be made by the Board or, as provided in this Section 2.5, by any stockholder of the Corporation entitled to vote generally in the election of directors, subject to the rights of the holders of preferred stock, if applicable. For nominations or other business to be properly brought before a n annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice with respect to any annual meeting must be received by the Secretary at the principal executive offices of the Corporation not later than the 60th day nor earlier than the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than sixty (60) days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so received not earlier than the 90th day prior to the annual meeting and not later than the later of the 60th day prior to the annual meeting or the 15th day following the day on which public announcement of the date of the meeting is first made by the Corporation; provided further that with respect to the annual meeting to be held in 2008, notice by the stockholder must be so received, not earlier than March 31, 2008 and not later than the later of April 30, 2008 or the 15th day following the day on which public announcement of the date of the meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. A stockholder's notice shall set forth:

(i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, (B) a description of all relationships between the proposed nominee and the recommending stockholder and any agreements or understandings between the recommending stockholder and the nominee regarding the nomination, and (C) a description of all relationships between the proposed nominee and any of the Corporation's competitors, customers, suppliers, labor unions (if any) and any other persons with special interests regarding the Corporation;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (A) the name and address of such stockholder, as they appear on the Corporation's books, the telephone number of such stockholder, and the name, address and telephone number of such beneficial owner, (B) the class and number of shares of the Corporation which are owned of record by such stockholder and beneficially by such beneficial owner and the time period such shares have been held, (C) a representation that such stockholder and beneficial owner intend to appear in person or by proxy at the meeting, and (D) a representation that such stockholder and such beneficial owner intend to continue to hold the reported shares through the date of the Corporation's next annual meeting of stockholders. For purposes of satisfying the requirements of clause (B) of this paragraph with respect to a beneficial owner, the beneficial owner shall supply to the Corporation either (1) a statement from the record holder of the shares verifying the holdings of the beneficial owner and indicating the length of time the shares have been held by such beneficial owner, or (2) a current Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 filed with the Securities and Exchange Commission reflecting the holdings of the beneficial owner, together with a statement of the length of time that the shares have been held.

(iv) If a recommendation is submitted by a group of two or more stockholders, the information regarding the recommending stockholders and beneficial owners, if any, must be submitted with respect to each stockholder in the group and any beneficial owners.

(b) Notwithstanding anything in paragraph (a) of this Section 2.5.1 to the contrary, in the event that the number of directors to be elected to the Board at the annual meeting is increased pursuant to an act of the Board and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board on or before the date which is 15 days before the latest date by which a stockholder may timely notify the Corporation of nominations or other business to be brought by a stockholder in accordance with paragraph (a) of this Section 2.5.1, a stockholder's notice required by this Section 2.5.1 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the 15th day following the day on which such public announcement is first made by the Corporation.

2.5.2 Special Meetings. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting may be made (i) by or at the direction of the Board or (ii) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 2.5, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.5. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting for inclusion in the stockholder's notice required by Section 2.5.1 of these Bylaws if such nomination shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 15th 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 to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

2.5.3 General. Only such persons who are nominated in accordance with the procedures set forth in this Section 2.5 shall be eligible to stand for election to the Board at a meeting of stockholders, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.5. Except as otherwise provided by law, the Certificate of Incorporation of the Corporation as amended and restated (the "Certificate of Incorporation") or these Bylaws, the Chairman of the Board shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this bylaw and, if any proposed nomination or business is not in compliance with this Section 2.5, to declare that such defective proposal or nomination shall be disregarded.

2.5.4 Public Announcement. For purposes of this Section 2.5, "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 Securities Exchange Act of 1934 as amended (the "Exchange Act").

2.5.5 Non-Exclusivity. If the Corporation is required under Rule 14a-8 under the Exchange Act to include a stockholder's proposal in its proxy statement, such stockholder shall be deemed to have given timely notice for purposes of this Section 2.5 with respect to such proposal. Nothing in this Section 2.5 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation to elect directors.

Section 2.6 Quorum. Except as may be otherwise provided by law, a majority of the voting power of all the outstanding shares of tile Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders. In the event that the voting power of a majority of the outstanding shares are represented at any meeting, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the question is one upon which by express provision of law or of the Certificate of Incorporation or of these Bylaws a larger or different vote is required, in which case such express provision shall govern and control the decision of each question. If a quorum of the shares entitled to vote shall fail to be obtained at any meeting, or in the event of any other proper business purpose, the chair of the meeting or the holders of a majority of the shares present, in person or by proxy, may adjourn the meeting to another place, date or time by announcement to stockholders present in person at the meeting and no other notice of such place, date or time need be given.

Section 2.7 Organization. At every meeting of the stockholders the Chairman of the Board, or, in his absence, the CEO, or in the absence of the Chairman of the Board and the CEO, a director or an officer of the Corporation designated by the Board shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary, shall act as secretary at all meetings of the stockholders. In the absence from any such meeting of the Secretary and any Assistant Secretary, the chairman may appoint any person to act as secretary of the meeting.

Section 2.8 Closing of Transfer Books or Fixing of Record Date. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) days and not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section 2.8, such determination shall apply to any adjournment thereof.

Section 2.9 Voting Lists. The officer or agent having charge of the stock transfer books for common shares of the Corporation shall make available, within two (2) business days after notice of a meeting is given, a complete list of the stockholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each stockholder, which list, for a period beginning within two (2) business days after notice of such meeting is given, shall be subject to inspection by any stockholder at any time either (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. In the event of any challenge to the right of any person to vote at the meeting, the presiding officer at such meeting may rely on said list as proper evidence of the right of parties to vote at such meeting.

Section 2.10 Proxies. Stockholders of record who are entitled to vote may vote at any meeting either in person or by written proxy, which shall be filed with the secretary of the meeting before being voted. Such proxy shall entitle the holders thereof to vote at any adjournment of such meeting, but shall not be valid after the final adjournment thereof. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the stockholder executing it shall have specified therein the length of time it is to continue in force, which shall be for some limited period. A proxy is revocable by the stockholder unless it conspicuously states that it is irrevocable and the appointment of the proxy is coupled with an interest.

Section 2.11 Voting of Shares. Except as otherwise provided in the Certificate of Incorporation or these Bylaws, each share of Common Stock shall have all voting rights accorded to holders of Common Stock pursuant to the Delaware General Corporation Law ("DGCL''), at the rate of one vote per share.

Section 2.12 Business and Order of Business. At each meeting of the stockholders such business may be transacted as may properly be brought before such meeting, except as otherwise provided by law or in these Bylaws. The order of business at all meetings of the stockholders shall be as determined by the Chairman of the Board, unless otherwise determined by a majority in interest of the stockholders present in person or by proxy at such meeting and entitled to vote thereat.

Article III.
BOARD OF DIRECTORS

Section 3.1 Number. The number of directors of the Corporation shall be such number, neither fewer than three (3) nor more than fifteen (15) (exclusive of directors, if any, to be elected by holders of any class or series of preferred stock of the Corporation, voting separately as a class), as determined from time to time by the Board. The Board has the power to fix or change the number of directors, including an increase or decrease in the number of directors, from time to time as established by the Board. A director need not be a stockholder or a resident of the State of Delaware.

Section 3.2 Powers of Directors. The Board shall have the entire management of the business of the Corporation. In the management and control of the property, business and affairs of the Corporation, the Board is hereby vested with all the powers possessed by the Corporation itself, so far as this delegation of authority is not inconsistent with the laws of the State of Delaware, the Certificate of Incorporation, or these Bylaws. The Board shall have the power to determine what constitutes net earnings, profits, and surplus, respectively, what amount shall be reserved for working capital and to establish reserves for any other proper purpose, and what amount shall be declared as dividends, and such determination by the Board shall be final and conclusive. The Board shall have the power to declare dividends for and on behalf of the Corporation, which dividends may include or consist of stock dividends.

Section 3.3 Regular Meetings of the Board. Immediately after the annual election of directors, the newly elected directors may meet at the same place for the purpose of organization, the election of corporate officers and the transaction of other business; if a quorum of the directors is then present, no prior notice of such meeting shall be required. Other regular meetings of the Board shall be held at such times and places as the Board by resolution may determine and specify, and if so determined no notice thereof need be given, provided that, unless all the directors are present at the meeting at which said resolution is passed, the first meeting held pursuant to said resolution shall not be held for at least five (5) days following the date on which the resolution is passed.

Section 3.4 Special Meetings. Special meetings of the Board may be held at any time or place whenever called by the Chairman of the Board, the CEO, the Chief Financial Officer or the Secretary, or by written request of at least two directors, notice thereof being given to each director by the Secretary or other officer calling the meeting, or they may be held at any time without formal notice provided all of the directors are present or those not present shall at any time waive or have waived notice thereof.

Section 3.5 Notice. Notice of any special meetings shall be given at least two (2) days previously thereto by written notice delivered personally, by telegram, by overnight courier service, by facsimile communication or by electronic transmission, or at least five (5) days previously thereto by written notice sent by mail. The time when such notice is received, if delivered personally, or when such notice is dispatched, if delivered through the mail, by overnight courier service, by facsimile telecommunication or by electronic transmission, shall be the time of the giving of the notice.

Section 3.6 Quorum. A majority of the members of the Board, as constituted for the time being, shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting and the meeting may be held as adjourned without further notice. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the Board, except as otherwise provided by law or by these Bylaws. The fact that a director has an interest in a matter to be voted on by the meeting shall not prevent his being counted for purposes of a quorum.

Section 3.7 Informal Action by Directors. Any action required to be taken at a meeting of the Board, or any other action which may be taken at a meeting of the Board, may be taken without a meeting if all directors consent to taking such action without a meeting. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and shall be included in the minutes or filed with the corporate records reflecting the action taken.

Section 3.8 Meetings by any Form of Communication. The Board shall have the power to permit any and all directors to participate in a regular or special meeting by, or conduct the meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 3.9 Organization. At each meeting of the Board, the Chairman of the Board, or in the absence of the Chairman of the Board, a director designated by the Board shall act as chairman. The Secretary, or, in the Secretary's absence, any person appointed by the chairman, shall act as secretary of the meeting.

Section 3.10 Resignations. A director may resign at any time by delivering written notice to the Board, the Chairman of the Board or the CEO. Resignation is effective when the notice is delivered, unless the notice specifies a later effective date.

Section 3.11 Removal of Directors. Subject to the rights of the holders of one or more series of Preferred Stock, any director or the entire board of directors may be removed from the office by the affirmative vote of the holders of least a majority of the voting power of the then outstanding capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 3.12 Vacancies. Any vacancy occurring in the Board, including vacancies resulting from an increase in the number of directors, may be filled solely by the affirmative vote of a majority of the remaining directors, though less than a quorum, and unless the Board of Directors determines otherwise (and subject to the rights of the holders or any series of preferred stock), vacancies shall not be filled by stockholders. A director elected to fill any vacancy shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which he or she has been elected expires, and until such director's successor shall have been duly elected and qualifies or until his or her earlier death, resignation or removal.

Section 3.13 Compensation. By resolution of the Board, the directors may be paid their expenses, if any, of attendance at each meeting of the Board. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Article IV.
COMMITTEES

Section 4.1 Appointment and Powers. The Board may create one or more committees, each committee to consist of two or more directors of the Corporation, which, to the extent provided in said resolution or in these Bylaws and not inconsistent with the DGCL, shall have and may exercise the powers of the Board 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. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. The Board may abolish any such committee at any time.

Section 4.2 Term of Office and Vacancies. Each member of a committee shall continue in office until a director to succeed him shall have been elected and shall have qualified, or until he ceases to be a director or until he shall have resigned or shall have been removed in the manner hereinafter provided. Any vacancy in a committee shall be filled by the Board.

Section 4.3 Organization. Unless otherwise provided by the Board, each committee shall appoint a chairman. Each committee shall keep a record of its acts and proceedings and report the same from time to time to the Board as the Board may require.

Section 4.4 Resignations. Any member of a committee may resign from the committee at any time by giving written notice to the Chairman of the Board, the CEO, or the Secretary. Such resignation shall take effect at the time of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.5 Removal. Any member of a committee may be removed from the committee with or without cause at any time by resolution of the Board.

Section 4.6 Meetings. Regular meetings of each committee, of which no notice shall be required, shall be held on such days and at such places as the chairman of the committee shall determine or as shall be fixed by a resolution passed by a majority of all the members of such committee. Special meetings of each committee will be called by the Secretary at the request of any two (2) members of such committee, or in such other manner as may be determined by the committee. Notice of any special meetings shall be given at least two (2) days previously thereto by written notice delivered personally, by telegram, by overnight courier service, by facsimile communication or by electronic transmission, or at least five (5) days previously thereto by written notice sent by mail. Every such notice shall state the date, time and place of the meeting, but need not state the purposes of the meeting. No notice of any meeting of a committee shall be required to be given to any alternate. The time when such notice is received, if delivered personally, or when such notice is dispatched, if delivered through the mail, by overnight courier service, by facsimile telecommunication or by electronic transmission, shall be the time of the giving of the notice.

Section 4.7 Quorum and Manner of Acting. Unless otherwise provided by resolution of the Board, a majority of a committee shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of such committee, except as otherwise provided by law or by these Bylaws. The members of each committee shall act only as a committee and the individual members shall have no power as such. Actions taken at a meeting of any committee shall be reported to the Board at its next meeting following such committee meeting; provided that, when the meeting of the Board is held within two (2) days after the committee meeting, such report may be made to the Board at its second meeting following such committee meeting.

Section 4.8 Compensation. Each member of a committee shall be paid such compensation, if any, as shall be fixed by the Board.

Article V.
WAIVER OF NOTICE

Whenever any notice is required to be given by these Bylaws, the Certificate of Incorporation, or any laws of the State of Delaware, a waiver thereof in writing signed by the person or persons entitled to such notice and filed with the minutes or corporate records, whether before or after the time stated therein, shall be deemed equivalent thereto. Where the person or persons entitled to such notice sign the minutes of any stockholders' or directors' meeting, which minutes contain the statement that said person or persons have waived notice of the meeting, then such person or persons are deemed to have waived notice in writing. A stockholder's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the stockholder at the beginning of the meeting (or promptly upon the stockholder's arrival) objects to holding the meeting or transacting business at the meeting, and also waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the stockholder objects to considering the matter when it is presented. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting (or promptly upon the director's arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Article VI.
OFFICERS

Section 6.1 Number. The officers of the Corporation shall be a Chairman of the Board, CEO, , Chief Financial Officer, one or more Vice-Presidents (the number thereof to be determined by the Board), a Secretary, and a Treasurer, each of whom shall be elected by the Board. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board. Any two or more offices may be held by the same person, except the offices of CEO and Secretary.

Section 6.2 Election and Term of Office. The officers of the Corporation to be elected by the Board shall be elected annually by the Board at the first meeting of the Board held after each annual meeting of the stockholders. If the election of officers shall not be held in such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor is duly elected and is qualified or until his death or until he resigns or is removed in the manner hereinafter provided.

Section 6.3 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 6.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 6.5 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and the directors. The Chairman of the Board shall represent the Corporation in all matters involving the stockholders of the Corporation. He shall also perform such other duties the Board may assign to him from time to time.

Section 6.6 Chief Executive Officer. The CEO shall in general supervise and control all of the business and affairs of the Corporation. He shall, in the absence of the Chairman of the Board, preside at all meetings of the stockholders and shall enforce the observance of the Bylaws and the roles of order for the meetings of the Board and the stockholders. He shall keep the Board appropriately informed on the business and affairs of the Corporation. He may sign, either alone or with the Secretary, an Assistant Secretary or any other proper officer of the Corporation thereunto authorized by the Board, certificates for shares of the Corporation, any deed, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed, and in general shall perform all duties incident to the office of CEO and such other duties as may be prescribed by the Board from time to time.

Section 6.7 President. The President, if any, shall see that all orders and resolutions of the Board are carried into effect and shall have general and active management of the business of the Corporation. He or she shall have the authority to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed arid except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation. If, for any reason, the Corporation does not have a Chairman or CEO, or such officers are unable to act, the President, if any, shall assume the duties of those officers as well.

Section 6.8 Chief Financial Officer or Chief Accounting Officer and Treasurer. The Chief Financial Officer or Chief Accounting Officer, as the case may be, shall also serve as the Treasurer of the Corporation and shall arrange for the keeping of adequate records of all assets, liabilities and transactions of the corporation. He shall provide for the establishment of internal controls and see that adequate audits are currently and regularly made. He shall submit to the CEO, the President, if any, the Chief Operating Officer, the Chairman of the Board and the Board timely statements of the accounts of the corporation and the financial results of the operations thereof.

Section 6.9 Assistant Treasurers. The Assistant Treasurer or if there shall be more than one, the Assistant Treasurers in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 6.10 Chief Operating Officer. If a Chief Operating Officer is elected, the Chief Operating Officer shall supervise the operation of the Corporation, subject to the policies and directions of the Board. He shall provide for the proper operation of the Corporation and oversee the internal interrelationship amongst any and all departments of the Corporation. He shall submit to the CEO, the President, if any, and the Board timely reports on the operations of the Corporation.

Section 6.11 The Vice-Presidents. In the absence of the CEO and the President, if any, or in the event of their death, inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the CEO and the President, if any, and when so acting, shall have all the powers of and be subject to all the restrictions upon the CEO and the President, if any. Any Vice-President may sign, either alone or with the Secretary or an Assistant Secretary, certificates for shares of the Corporation any deed, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated, by the Board or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed, and shall perform such other duties as from time to time may be assigned to him by the CEO, the President, if any, or by the Board.

Section 6.12 The Secretary. The Secretary shall: (a) prepare and keep the minutes of the stockholders' and of the Boards' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal (if any) of the Corporation and see that said seal is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized; (d) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder; (e) sign with the CEO, the President, if any, or a Vice-President certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board; (f) have general charge of the stock transfer books of the Corporation; and (g) in general perform all duties as from time to time may be assigned to him by the CEO, the President, if any, or by the Board.

Section 6.13 Assistant Secretaries. The Assistant Secretaries, when authorized by the Board, may sign with the CEO, the President, if any, or a Vice-President certificates for shares of the Corporation the issuance of which shall have been authorized by a resolution of the Board. The Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Secretary, or by the CEO, the President, if any, or the Board.

Section 6.14 Registered Agent. The Board shall appoint a Registered Agent for the Corporation in accordance with the DGCL and may pay the agent such compensation from time to time as it may deem appropriate.

Article VII.
INDEMNIFICATION AND INSURANCE

Section 7.1 Indemnification by Corporation. The Corporation shall indemnify to the fullest extent permitted by applicable law as the same exists or may hereafter be in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, against expenses including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself; create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 7.2 Suit by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 7.3 Success on the Merits. To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.1 or Section 7.2 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 7.4 Determination that Indemnification is Proper. Any indemnification under Section 7.1 or Section 7.2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such section. Such determination shall be made:

(a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

(b) if such a quorum is not obtainable, or, even if obtainable a quorum, of disinterested directors so directs, by independent legal counsel in a written opinion; or

(c) by the stockholders.

Section 7.5 Expenses. Expenses (including attorneys' fees) incurred by an officer or director in defending a civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VII. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

Section 7.6 Non-Exclusivity of Indemnification Rights. The indemnification and advancement of expenses provided by or granted pursuant to the other sections of this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

Section 7.7 Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnity him or her against such liability under the provisions of this Article VII.

Section 7.8 Continuance of Indemnification. The indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall constitute a contract between the Corporation and each director, officer, employee or agent of the Corporation in each circumstance, and each such person shall have all rights available in law or equity to enforce such contract rights against the Corporation. Any repeal or modification of any provision of this Article VII shall not adversely affect or deprive any director, officer, employee or agent of any right or protection offered by such provision prior to such repeal or modification.

Section 7.9 Definition of "the Corporation". For purposes of this Article VII, references to "the Corporation" shall include, in addition to the resulting Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer employee or agent of such constituent Corporation, or is or was serving at the request of such constituent Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article VII with respect to the resulting or surviving Corporation as he or she would have with respect to such constituent Corporation of its separate existence bad continued.

Section 7.10 Definition of "Other Enterprises". For purposes of this Article VII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VII.

Article VIII.
CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 8.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 8.2 Loans. The Corporation shall not make any loan other than a sale on credit in the ordinary course of business or a life insurance policy loan, either directly or indirectly, to any director or officer of the Corporation except with the consent of the holders of a majority of all the outstanding shares owned or controlled by stockholders other than a stockholder for whose benefit such action is being taken, or if the Board determines that the loan benefits the Corporation and approves the transaction.

Section 8.3 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 8.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

Article IX.
CERTIFICATES OF STOCK

Section 9.1 Right to Certificate. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by or in the name of the Corporation by the Chairman or Vice-Chairman of the Board, or the CEO, or the President, if any, or a Vice-President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 9.2 Statements Setting Forth Rights. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights.

Section 9.3 Facsimile Signature. Where a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or, (b) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of issue.

Section 9.4 Lost Certificates. The Board may delegate to its transfer agent the authority to issue without further action or approval of the Board, a new certificate or certificates in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the receipt by the transfer agent of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and upon the receipt from the owner of such lost, stolen or destroyed certificate, or certificates, or his legal representative of a bond as indemnity against any claim that may be made with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 9.5 Transfers of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and if such shares are not restricted as to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 9.6 Transfer Agents and Registrars. The Board may appoint one or more corporate transfer agents and registrars.

Section 9.7 Registered Ownership of Shares. The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof: except as expressly provided by applicable law.

Article X.
NOTICE BY ELECTRONIC TRANSMISSION

Section 10.1 Notice by Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if: (a) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and (b) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice. However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Any notice given pursuant to Section 10.1 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) 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; and (iv) 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 a form of electronic transmission shall in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 10.2 Definition of Electronic Transmission. An "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process. Any requirement in these Bylaws for a written or signed document from any person shall be deemed to be satisfied by an electronic transmission from such person.

Article XI.
GENERAL PROVISIONS

Section 11.1 Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board, subject to applicable legal requirements. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 11.2 Reserves. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conclusive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 11.3 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board.

Section 11.4 Seal. This Corporation may or may not have a seal and in any event the failure to affix a corporate seal to any instrument executed by the Corporation shall not affect the validity thereof. If a seal is adopted, the seal of this Corporation shall include the following letters cut or engraved thereon: OPKO HEALTH, INC.

Article XII.
AMENDMENTS

Section 12.1 Amendments. The Board is expressly authorized to repeal, alter, amend or rescind these Bylaws. Notwithstanding any other provision of these Bylaws (and notwithstanding some lesser percentage that may be specified by law), the Bylaws may be repealed, altered, amended or rescinded by the stockholders of the Corporation as described in the Certificate of Incorporation or in accordance with the DGCL only upon the affirmative vote of at least sixty-six and two thirds percent (66.66%) of the voting power of the then outstanding capital stock of the Corporation entitled to vote thereon, voting together as a single class.

OPHTHALMIC TECHNOLOGIES INC.

SHARE PURCHASE AGREEMENT

April 11, 2007

OPHTHALMIC TECHNOLOGIES INC

SHARE PURCHASE AGREEMENT

This Share Purchase Agreement (the "**Agreement**") i s made and entered into as of April 11, 2007, by and among **Ophthalmic Technologies, Inc.**, an Ontario corporation (the "**Company**"); and Exegenics Inc., a Delaware corporation (the "**Investor**").

Recitals

Whereas, the Company has authorized the issuance from treasury of an aggregate of 67.94 common shares (the "**Shares**"); and

Whereas, the Investor desires to purchase the Shares on the terms and conditions set forth herein; and

Whereas, the Company desires to issue the Shares to Investor on the terms and conditions set forth herein.

Now Therefore, i n consideration of the foregoing recitals and the mutual promises, representations, warranties, and covenants hereinafter set forth, the parties hereto agree as follows:

1. **Agreement to Sell and Purchase**

1.1 **Issuance and Purchase**. Subject to the terms and conditions hereof, at the Closing (as hereinafter defined) the Company hereby agrees to issue to the Investor, and the Investor agrees to purchase from the Company, that number of common shares of the Company equivalent to, but not exceeding, one-third (1/3) of the Company's issued and outstanding share capital, for an aggregate purchase price of US$5 million (the "Investment Amount"), constituting, at the Closing, 67.94 Shares at a purchase price of US $73,594.35 per Share.

1.2 **Authorization of Shares**. The Shares, when issued and allotted in accordance herewith: (a) will be duly authorized, validly issued, fully paid, non-assessable and free of pre-emptive or similar rights; (b) shall have the rights, preferences and privileges as set forth in the Articles of Incorporation of the Company attached hereto as **Exhibit 1.2** (the "**Articles**"); and (c) will be free and clear of any liens, security interests or third party rights created by the Company.

1.3 **Investor's Proportion of Company Share Capital.** As stated in Section 1.1 above, the Shares shall constitute on the Closing Date (as defined below), one-third (1/3) of the Company's issued and outstanding share capital on a fully diluted basis, after giving effect t o the consummation of all transactions contemplated at the Closing, subject to Section 1.4 below, and treating all options, warrants, convertible securities and rights to purchase securities of the Company, on an as-exercised and as-converted basis ("**Fully Diluted Basis**"), all as reflected in the Company's capitalization table attached hereto as **Exhibit 1.3.**

1.4 **Cancellation of Impugned Shareholder Shares.** Notwithstanding Section 1.3 above, the Parties acknowledge that it is their present intention that for the purposes of resolving certain issues as between the Company and any Impugned Shareholders (as defined below) which will result in the purchase for cancellation ("Cancellation") by the Company, of all or part of the share capital of the Company held by such Impugned Shareholders, that if, as a consequence of any such Cancellation, the shareholding of the Investor then exceeds one-third (1/3) of the share capital of the Company taken as a proportion to the holdings of the shareholders remaining after such Cancellation (the "Original Shareholders", which term expressly excludes any Impugned Shareholder), then, in each such instance, the Investor shall sell, for nominal consideration, and the Original Shareholders shall purchase, in their Pro-Rata Proportions (as defined below), that number of the Shares held by the Investor necessary to adjust the proportionate shareholding of the Investor so that it constitutes only one-third (1/3) of the fully-diluted issued and outstanding share capital of the Company as at the date of each such Cancellation.

1.5 **Financing of Cancellation.** Subject to Section 1.7 below, in the event of any such Cancellation of Impugned Shareholder shareholdings as contemplated in Section 1.4 above, the Company shall pay only a nominal amount of the aggregate consideration payable in respect of all such Cancellations taken together. Any additional funds required, to the extent such required funds exceed nominal amounts, shall be borne by the Original Shareholders (as defined in Section 1.4) in their Pro-Rata Proportions, or in such proportions as the Original Shareholders may agree, in writing, as at the time of such Cancellation. Alternatively, and in the sole discretion of the Original Shareholders, where the Original Shareholders are required to bear the cost of any such Cancellation of Impugned Shareholder shareholdings, the Original Shareholders may elect instead to purchase such shareholdings from the Impugned Shareholder, at the transfer price determined under the relevant dispute settlement agreement, in their Pro-Rata Proportions, or in such proportions as the Original Shareholders may agree, in writing, as at the time of such purchase provided, however, that any such purchase shall not have the effect of reducing the proportionate shareholding of the Investor so that it constitutes less than one-third (1/3) of the fully-diluted issued and outstanding share capital of the Company as at the date of each such purchase.

1.6 **Defined Terms.** For the purposes of Sections 1.4 and 1.5 above, "Pro-Rata Proportion" means, with respect to any Original Shareholder as at the date of each such Cancellation, the percentage of Shares it owned directly or indirectly as at the Closing is of the total number of the issued and outstanding Shares of the Company as at the Closing time, without taking into account the shareholdings of any Impugned Shareholder. For greater certainty, the Pro-Rata Proportion with respect to any Original Shareholder will be the fraction that has as its numerator the total number of issued and outstanding Shares of the Company held by such Original Shareholder as at the Closing time and as its denominator the total number of all issued and outstanding Shares of the Company held by all Original Shareholders as at the Closing time. For the purposes Sections 1.4 and 1.5 above, "Impugned Shareholder" means each of Nidek Co. Ltd. ("Nidek") and Jean-Paul Chaduc ("Chaduc").

1.7 **Special Provisions - Nidek Cancellation.** Notwithstanding Section 1.5 above, the Parties acknowledge that it is their present intention that, for the purposes of financing a Cancellation of Nidek shares, the Company shall pay the purchase price of the shares up to the amount otherwise paid to the Company by Nidek as part of any settlement agreement. Any funds required in excess of this amount, to the extent such required funds exceed nominal amounts, shall be borne by the Original Shareholders in accordance with the provisions of Section 1.5 above.

2. **Closing, Registration and Payment**

2.1 **Closing**. The closing of the sale and purchase of the Shares under this Agreement (the "**Closing**") shall take place at 10:00 a.m. on April 11, 2007, at the Company's offices or at such other time or place as the Company and Investor may mutually agree (such date is hereinafter referred to as the "**Closing Date**").

2.2 **Transactions at Closing**. At the Closing, the following transactions and actions shall be taken, and all such transactions and actions shall be deemed to take place simultaneously:

2.2.1 The Investor shall pay to the Company the sum of US $5 million, by way of wire or electronic transfer of immediately available funds to the Company's bank account or by such other form of payment acceptable to the Company;

2.2.2 The Company shall issue to the Investor 67.94 Shares.

2.2.3 The Company shall further deliver to the Investor the following documents:

(a) Validly executed share certificate, issued in the name of Exegenics Inc., and representing the Shares issued to the Investor at the Closing;

(b) A copy of the resolutions of the Board of Directors of the Company, approving: (i) the execution, delivery and performance of this Agreement; and (ii) the issuance of the Shares to the Investor at the Closing, against and subject to payment of the Investment Amount;

(c) Any other document or instrument to be provided by the Company reasonably necessary or expedient to give full effect to the sale and purchase of the Shares and otherwise to the consummation of all the transactions contemplated herein.

2.3 **Conditions to Closing by the Investor**. The obligations of the Investor to take any action required of it hereunder to be taken at the Closing are subject to the fulfillment at or before the Closing of the following conditions precedent, any one or more of which may be waived in whole or in part by the Investor in its sole discretion:

2.3.1 Representations and Warranties. The representations and warranties made by the Company in this Agreement shall have been true and correct in all material respects when made, and shall be true and correct in all material respects as of the Closing as if made on the date of the Closing.

2.3.2 Covenants. All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Company prior to or at the Closing shall have been performed or complied with in all material respects, prior to or at the Closing.

2.3.3 Consents etc. The Company shall have secured all permits, consents, approvals, resolutions and authorizations that shall be necessary or required lawfully for the Company to consummate this Agreement and to issue the Shares to be purchased by the Investor at the Closing.

2.3.4 Delivery of Documents. All the documents to be delivered by the Company to the Investor at the Closing shall be in form and substance reasonably satisfactory to the Investor.

2.3.5 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to the Investor, and the Investor shall have received all such counterpart originals or certified or other copies of such documents as the Investor may reasonably request.

2.3.6 No Judgment or Order. There shall not be on the date of the Closing any judgment or order of a court of competent jurisdiction or any ruling, regulation or order of any authority which would prohibit or have the effect of preventing consummation of the transactions contemplated by this Agreement.

2.4 **Conditions to Closing by the Company**. The obligations of the Company to take any action required of the Company hereunder to be taken at the Closing are subject to the fulfillment at or before the Closing of the following conditions, which conditions may be waived in whole or in part by the Company, and which waiver shall be at the sole discretion of the Company:

2.4.1 Covenants. All covenants, agreements and conditions contained in this Agreement to be performed, or complied with, by the Investor prior to or at the Closing shall have been performed or complied with by the Investor prior to or at the Closing.

2.4.2 Representations and Warranties. The representations and warranties made by the Investor in this Agreement shall have been true and correct when made, and shall be true and correct as of the date of the Closing.

2.4.3 Consents, etc. The Company shall have secured all consents and approvals, as provided in Section 2.3.3 above.

2.4.4 No Judgment or Order. There shall not be on the date of the Closing any judgment or order of a court of competent jurisdiction or any ruling, regulation or order of any authority which would prohibit or have the effect of preventing consummation of the transactions contemplated by this Agreement.

3. **Representations and Warranties of the Company**

Except as set forth on a Schedule of Exceptions delivered by the Company to the Investor at the Closing, which is attached hereto as **Exhibit 3**, the Company hereby represents and warrants to the Investor as of the date of this Agreement as set forth below.

3.1 **Organization, and Qualification**. The Company is a Company duly organized and validly existing under the laws of Ontario, Canada. The Company has all requisite corporate power and authority to own and operate its properties and assets, to issue and sell the Shares, and to carry out the provisions of this Agreement and to carry on its business as presently conducted.

3.2 **Subsidiaries**. The Company does not own or control any equity security or other interest of any other corporation, limited partnership or other business entity.

3.3 **Capitalization; Voting Rights**.

(a) The authorized share capital of the Company, immediately prior to the Closing, consists of (i) an unlimited number of shares of Common Stock with no par value ("**Common Stock**"), of which 132.48 shares are issued and outstanding;

(b) Other than as set forth on the Schedule of Exceptions and in Note 8 of the Financial Statements, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or shareholder agreements, or agreements of any kind for the purchase or acquisition from the Company of any of its securities.

(c) All issued and outstanding shares of the Company's Common Stock (i) have been duly authorized and validly issued and are fully paid and non-assessable, and (ii) were issued in compliance with all applicable Canadian laws concerning the issuance of such securities.

(d) The rights, preferences, privileges and restrictions of the Shares are as stated in the Articles. The consummation of the transactions contemplated hereunder will not result in any anti-dilution adjustment or other similar adjustment to any outstanding securities or instruments of the Company. When issued in compliance with the law, the provisions of this Agreement and the Articles, the Shares will be validly issued, fully paid and non-assessable, and will be free of any liens or encumbrances other than liens and encumbrances created by or imposed upon the Investor; *provided, however*, that the Shares may be subject to restrictions on transfer under U.S., Canadian or any applicable state or provincial securities laws as set forth herein, or as otherwise required by such laws at the time a transfer is proposed.

(e) Exhibit 1.3 describes the capitalization of the Company immediately prior to the Closing.

3.4 **Authorization**. The Company has the full power and authority to execute, enter into and perform its obligations under this Agreement. The Agreement has been duly authorized by all of the necessary corporate actions, and the same constitute or will constitute (as applicable) valid and legally binding obligations of the Company, enforceable against it in accordance with their respective terms, all except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.5 **Financial Statements**. The Company has made available to the Investor its Financial Reports as of April 30, 2006 (the "**Financial Statements**" and the "**Financial Statement Date**" respectively), copies of which are attached hereto as **Exhibit 3.5**. The Financial Statements, together with the notes thereto, are complete and correct in all material respects, have been prepared in accordance with generally accepted accounting principles in Canada, applied on a consistent basis throughout the periods indicated, except as disclosed therein.

3.6 **Liabilities**. Except as set forth in the Schedule of Exceptions, the Company has no debts and, to the best of its knowledge, knows of no contingent debts, not disclosed in the financial statements, except current debts incurred in the ordinary course of business which have not been, either in any individual case or in the aggregate, materially adverse.

3.7 **Agreements; Action**. Except as set forth in the Schedule of Exceptions, there are no agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which the Company is a party or to its knowledge by which it is bound which may involve (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of $10,000, or (ii) the transfer or license of any patent, copyright, trade secret or other proprietary right to or from the Company (other than licenses arising from the purchase of "off the shelf" or other standard products).

3.8 **Obligations to Related Parties**. Except as set forth in the Schedule of Exceptions or the Financial Statements, there are no obligations of the Company to officers, directors, shareholders, or employees of the Company other than (a) for payment of salary for services rendered and (b) reimbursement for reasonable expenses incurred on behalf of the Company. No officer, director or shareholder, or any member of their immediate families, is, directly or indirectly, interested in any material contract with the Company (other than such contracts as relate to any such person's ownership of shares or other securities of the Company). The Company is not a guarantor or indemnitor of any indebtedness of any other person or corporation.

3.9 **Changes**. Except as set forth in the Schedule of Exceptions, since the Financial Statement Date, there has not been to the Company's knowledge:

(a) Any change in the assets, liabilities or operations of the Company from that reflected in the Financial Statements, other than changes in the ordinary course of business, none of which individually or in the aggregate has had a material adverse effect on such assets, liabilities or operations of the Company; Since the date of the Financial statements it is expected that sales will decrease for fiscal 2007 as a result of ongoing supply issues with the Company's major supplier for the OCT/SLO product, Newport Corporation. The Company's payable to Newport Corporation has also increased. Both these issues have been addressed to the satisfaction of Newport and the Company in a purchase order, a draft of which is attached hereto, which deals with both supply and payable issues.

(b) Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the properties, business or prospects or financial condition of the Company;

(c) Any change, except in the ordinary course of business, in the contingent obligations of the Company by way of guaranty, endorsement, indemnity, warranty or otherwise;

(d) Any waiver by the Company of a valuable right or of a material debt owed to it;

(e) Any direct or indirect loans by the Company to any shareholder, employee, officer or director of the Company,

(f) Any material change in any compensation arrangement or agreement with any employee, officer, director or shareholder;

(g) Any declaration or payment of any dividend or other distribution of the assets of the Company;

(h) Any debt, obligation or liability incurred, assumed or guaranteed by the Company, except those for immaterial amounts and for other liabilities incurred in the ordinary course of business;

(i) Any sale, assignment or transfer of any patent, trademarks, copyrights, trade secret or other intangible assets; or

(j) Any change in any material agreement to which the Company is a party or by which it is bound.

3.10 **Title to Properties and Assets; Liens, Etc.** The Company has good and marketable title to its properties and assets, including the properties and assets reflected in the Financial Statements, and good title to its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge (a "Lien"), other than (a) those resulting from taxes which have not yet become delinquent, (b) minor liens and encumbrances which do not materially detract from the value of the property subject thereto or materially impair the operations of the Company, and (c) those that have otherwise arisen in the ordinary course of business. The Company is in compliance with all material terms of each agreement to which it is a party or is otherwise bound.

3.11 **Intellectual Property**.

(a) To the best of its knowledge the Company owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes necessary for its business as now conducted and as presently proposed to be conducted, without any known infringement of the rights of others. There are no outstanding options, licenses or agreements of any kind relating to the foregoing proprietary rights, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes of any other person or entity other than such licenses or agreements arising from the purchase of "off the shelf" or standard products.

(b) Except with respect to the Zeiss letters, which have been disclosed to the Investor, the Company has not received any communications alleging that the Company has violated by conducting its business as presently proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity, nor is the Company aware of any basis therefore.

(c) None of the key employees of the Company (as named in Section 3.16 hereto) is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with their duties to the Company or that would conflict with the Company's business as presently proposed to be conducted. Each former and current employee, officer and consultant of the Company has executed a proprietary information and inventions agreement. No former and current employee, officer or consultant of the Company has excluded works or inventions made prior to his or her employment with the Company from his or her assignment of inventions pursuant to such employee, officer or consultant's proprietary information and inventions agreement.

3.12 **Compliance with Other Instruments**. The Company is not in violation or default of any term of its current Articles, or of any provision of any mortgage, indenture, contract, agreement or instrument to which it is party or by which it is bound, or of any judgment, decree, order, writ. The execution, delivery, performance of, and compliance with this Agreement, and the issuance and sale of the Shares pursuant hereto, will not, with or without the passage of time or giving of notice, result in any such violation, or be in conflict with or constitute a default under any such term, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the license, authorization or approval applicable to the Company, it business or operations or any of its assets or properties.

3.13 **Litigation**. Except as set forth in the Schedule of Exceptions, there is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company that questions the validity of this Agreement, or the right of the Company to enter into any of such agreements, or to consummate the transactions contemplated hereby or thereby, or which would reasonably be expected to result, either individually or in the aggregate, in any material adverse change in the assets, conditions, affairs or prospects of the Company, financially or otherwise, or any change in the current equity ownership of the Company, nor is the Company aware that there is any basis for any of the foregoing.

3.14 **Tax Returns and Payments**. The Company has filed all tax returns required to be filed by it. All taxes shown to be due and payable on such returns, any assessments imposed, and to the Company's knowledge all other taxes due and payable by the Company on or before the Closing, have been paid or will be paid prior to the time they become delinquent. The Company has no knowledge of any liability of any tax to be imposed upon its properties or assets as of the date of this Agreement that is not adequately provided for.

3.15 **Employees**. The Company has no collective bargaining agreements with any of its employees.

3.16 **Obligations of Key Employees**. Each Key employee of the Company is currently devoting substantially all of his or her business time to the conduct of the business of the Company. The Company is not aware that any key employee of the Company is planning to work less than full time at the Company in the future. No Key Employee is currently working or, to the Company's knowledge, plans to work for a competitive enterprise, whether or not such key employee is or will be compensated by such enterprise. The Company's Key Employees have executed with the Company employment agreements that include a non-competition and confidentiality provisions. For the purpose of this Section, the term "Key Employee" shall refer to Richard Weitz, Gerald Weiss and Justin Pedro. Gerald Weiss is also involved in a property management company that manages amongst other, family controlled real estate. Gerald Weiss is not involved in the day to day management of the property management company.

3.17 **Registration Rights and Voting Rights**. The Company has not agreed to grant any registration rights, including piggyback rights, to any person or entity.

3.18 **Compliance with Laws; Permits**. The Company is not aware of any violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties which violation would materially and adversely affect the business, assets, liabilities, financial condition, operations or prospects of the Company No governmental orders, permissions, consents, approvals or authorizations are required to be obtained and no registrations or declarations are required to be filed in connection with the execution and delivery of this Agreement and the issuance of the Shares, except such as has been duly and validly obtained or filed, or with respect to any filings that must be made, or tax to be paid, after the Closing, as will be filed in a timely manner. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could materially and adversely affect the business, properties or financial condition of the Company and believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted.

3.19 **Full Disclosure**. The Company has provided the Investor with all information requested by the Investor in connection with its decision to purchase the Shares including all information reasonably necessary to make such investment decision. To the Company's knowledge, neither this Agreement, the exhibits and schedules hereto nor any other document delivered by the Company to Investor or their attorneys or agents in connection herewith or therewith or with the transactions contemplated hereby or thereby, contain any untrue statement of a material fact nor, to the best of the Company's knowledge, omit to state a material fact necessary in order to make the statements contained herein or therein not misleading

3.20 **Insurance**. The Company has general commercial, product liability, fire and casualty insurance, with coverage customary for companies similarly situated to the Company.

4. **Representations and Warranties of the Investor**

The Investor hereby represents and warrants to the Company as follows (such representations and warranties do not lessen or obviate the representations and warranties of the Company set forth in this Agreement).

4.1 **Requisite Power and Authority**. Investor has all necessary power and authority under all applicable provisions of law to execute and deliver this Agreement and to carry out its provisions. All action on Investor's part required for the lawful execution and delivery of this Agreement has been or will be effectively taken prior to the Closing. Upon its execution and delivery, this Agreement will be a valid and binding obligation of Investor, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) as limited by general principles of equity that restrict the availability of equitable remedies.

4.2 **Investment Representations**. Investor hereby represents and warrants as follows:

(a) **Investor Bears Economic Risk**. Investor has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in a development-stage company and has the capacity to protect its own interests. Investor must bear the economic risk of this investment indefinitely. Investor understands that the Company has no present intention to offer to the public or register the Shares or any of its Common Stock. Investor is aware that its investment should be regarded as highly speculative and may cause it substantial or total loss of its investment.

(b) **Entirely for own Account; Accredited Investor.** Investor is purchasing the Shares for investment for its account, not as nominee or agent, and not with the current view to, or for resale in connection with, any distribution thereof. It is an "accredited investor" within the meaning of (i) Rule 501 of Regulation D promulgated under the U.S. Securities Act of 1933, as amended; and (ii) National Instrument 45-106 - Prospectus and Registration Exemptions. It is able to bear the economic risks of the investment in the Company and, consequently, without limiting the generality of the foregoing, is able to hold the Shares for an indefinite period of time and has a sufficient net worth to sustain a loss of its entire investment in the Company in the event such loss should occur.

(c) **InvestorCan Protect Its Interest**. Investor represents that by reason of its, or its management's, business or financial experience, Investor has the capacity to protect its own interests in connection with the transactions contemplated in the Agreement. Further, Investor is aware of no publication of any advertisement or promotion in connection with the transactions contemplated in the Agreement.

(d) **Company Information**. Investor has received and reviewed such data provided to it by the Company regarding the Company as it deemed appropriate and has had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company and has had the opportunity to review the Company's operations and facilities. Investor has also had the opportunity to ask questions of and receive answers from, the Company and its management regarding the terms and conditions of this investment.

(e) **No Public Market**. Investor understands that the Shares that it is purchasing are characterized as "restricted securities" inasmuch as they are being acquired from the Company in a transaction not involving a public offering. Investor acknowledges that the Shares may be held indefinitely and understands that no public market now exists for any of the Shares issued by the Company and that the Company has made no assurances that a public market will ever exist for the Company's shares.

(f) **Legend**. Investor acknowledges that the certificates evidencing the Shares will bear the following legend:

"UNLESSPERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 12, 2007."

6. **OPTION ARRANGEMENTS**

6.1 For and in consideration of the Closing of the purchase and sale transaction contemplated herein, each of the Company shareholders listed on the signature page hereto hereby grant to the Investor an options (collectively, the "Options"), granting it the irrevocable right to purchase from such shareholder all of such shareholder's right, title and interest in and to the capital stock of the Company (the "Selling Shareholders"). The Company undertakes to dedicate best efforts to procure, within four (4) weeks from the date hereof, Options from any other shareholders of the Company not executing this agreement. The aforesaid options shall extend for the greater of a period of (i) six (6) months from the date of this Agreement and (ii) three (3) months after completion of the audits described in clause (c) below and shall vest effective the date hereof, at an exercise price per share to be determined in accordance with the following formula. The exercise price per share for each option shall be payable in shares of the common stock of the Investor, par value $0.01 per share (the "eXeg Common Stock"), and shall be equal to the Aggregate Exercise Price divided by 135.88. The Aggregate Exercise Price shall be equal to a number of shares of eXeg Common Stock determined by dividing the sum of US $10 million by the eXeg Share Price. eXeg Share Price shall be equal to the average per share closing price of eXeg Common Stock for the ten (10) trading days ended on the second business day prior to the exercise of the Option; provided, however, that notwithstanding the foregoing, the eXeg Share Price shall not exceed US $3.55 nor be less than US $3.20.

The Options shall be predicated on the understanding that:

(a) the share purchase transaction to be effected by the exercise of the Option shall be structured so as to be tax neutral to the Selling Shareholders and the Investor (which structure may include the transfer of shares through a Nova Scotia unlimited liability corporation, or such other mechanism as may be approved by the tax advisors of the parties;

(b) the Options shall be subject to compliance with applicable law in Ontario respecting shareholders' rights;

(c) the Company shall dedicate its best efforts to arranging for audits to be conducted in a timely fashion respecting the Company's fiscal years 2006 and 2007. The audits shall be prepared in accordance with generally accepted accounting principles in Canada (GAAP).

6.2 Conduct of the Company Prior to the Option Closing Date.

Unless the Investor otherwise agrees in writing and except as otherwise set forth in this Agreement, between the date of this Agreement and the closing or expiration of the Options (the "Option Closing Date"), the Company will: (i) conduct its business only in the ordinary course of business, (ii) use its reasonable efforts to keep available the services of its present officers and employees material to its business operations and (iii) use its reasonable efforts to preserve its current relationships with its customers, suppliers, distributors, licensors, officers and other key employees and other persons with which it has significant business relationships.

(a) Between the date of this Agreement and the Option Closing Date, the Company shall confer with the Investor from time to time as reasonably requested by the Investor to discuss any material changes or developments in the operational matters of the Company.

(b) Except as expressly provided in this Agreement, between the date of this Agreement and the Option Closing Date, the Company will not do any of the following without the prior written consent of the Investor:

(i) create any Lien on any of its properties or assets (whether tangible or intangible),

(ii) sell, assign, transfer, lease or otherwise dispose of or agree to sell, assign, transfer, lease or otherwise dispose of any its fixed assets or cancel any indebtedness owed to it.

(iii) change any method of accounting or accounting practice used by it, other than such changes required by GAAP.

(iv) issue or sell any additional shares of the capital stock of, or other equity interests in it, or securities convertible into or exchangeable for such shares or equity interests, or issue or grant any options, warrants, calls, subscription rights or other rights of any kind to acquire additional shares of such capital stock, such other equity interests or such securities.

(v) amend the Company's Articles.

(vi) declare, set aside or pay any dividend or distribution with respect to any share of its capital stock or declare or effectuate a stock dividend, stock split or similar event.

(vii) issue any note, bond, or other debt security or create, incur, assume, or guarantee any indebtedness for borrowed money or capitalized lease obligation.

(viii) make any capital investment in, make any loan to, or acquire the securities or assets of any other person or entity.

(ix) enter into any new or additional agreements or materially modify any existing agreements relating to the employment of any officer or any written agreements of any of its employees, except in the ordinary course of business.

(x) make any payments outside of the ordinary course of business to any of the its officers, directors, employees or stockholders. or

(xi) agree to take any of the actions specified in this Section 6.2.

7. Miscellaneous

7.1 **Entire Agreement.** This Agreement and the Schedules and Exhibits attached hereto fully embraces the legal relationship between the Parties, and no previous agreements, memoranda of agreements, letters, negotiations, promises, consents, undertakings, representations, warranties or documents which were applied, exchanged, or signed by or between any of the Parties prior to the signing of this Agreement shall have any force or effect with respect to the subject matter hereof.

7.2 **Survival**. The representations, warranties, covenants and agreements made herein shall survive any investigation made by the Investor and the closing of the transactions contemplated hereby for a period of two years following the Closing. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument.

7.3 **Reports.** Within 90 (ninety) days after the end of each quarter and fiscal year, the Company shall deliver to the Investor a cop of: (i) a balance sheet of the Company as at the end of such period, and (ii) statement of income, consolidated statements of shareholders' equity and cash flows and consolidating schedule of investment activities for purchases of property and equipment of the Company for such period, all in reasonable detail, prepared in accordance with generally accepted accounting practices in Canada, consistently applied ("GAAP"), and fairly presenting, in all material respects, the financial position of the Company on and its results of operations and cash flows, subject to changes resulting from normal year-end adjustments that will not be material in amount or effect. In the case of the annual reports, such reports shall set forth in comparative form the figures for the prior fiscal year and the corresponding figures from the consolidated plan and financial forecast for the current fiscal year described below. As soon as practicable but in any event no later than the last day of each fiscal year, the Company shall deliver to the Investor a forecast and budget for each of the next succeeding 12 (twelve) months of the consolidated balance sheet and the statements of income, cash flows and stockholders' equity of the Company together with an outline of the major assumptions upon which the forecast is based.

7.4 **Successors and Assigns**. The Company shall not sell, assign, transfer, or otherwise convey any of its rights or delegate any of its duties under this Agreement, except to a company which has succeeded to substantially all of the business and assets of the Company in compliance with this Agreement and has assumed in writing its obligations under this Agreement. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors, assigns, executors and administrators of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties or their respective successors and permitted assigns any rights, obligations, or liabilities under or by reason of this Agreement.

7.5 **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed according to the laws of the State of Florida, without regard to the conflict of laws provisions thereof.

7.6 **Severability**. If one or more provisions of this Agreement is held to be illegal, invalid or unenforceable under applicable law, such provision shall be excluded from this Agreement, and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

7.7 **Amendment and Waiver**. The failure of any Party at any time or times to require performance of any provision hereof or to enforce any right with respect thereto, shall in no manner affect the right of such Party at a later time to enforce the same and shall in no way be construed to be a waiver of such provision or right. Any term of this Agreement may be amended only with the written consent of the Company and the Investor.

7.8 **Delays or Omissions**. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or non-compliance by another party under this Agreement, or the Articles, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or non-compliance, or any acquiescence therein, or of or in any similar breach, default or non-compliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on the Investor's part of any breach, default, or non-compliance under this Agreement, or under the Articles or any waiver on such party's part of any provisions or conditions of the Agreement or Articles must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, the Articles, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

7.9 **Notices**. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) three (3) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company and to the Investor at their respective addresses as set forth on the signature page hereof or at such other address as the Company or Investor may designate by written notice to the other parties hereto.

7.10 **Expenses**. The Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of the Agreement, including the reasonable fees and disbursements of counsel to the Investor, which fees and disbursements shall not exceed $40,000.

7.11 **Titles and Subtitles**. The titles of the sections and subsections of the Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

7.12 **Counterparts and Facsimile Signature**. This Agreement may be executed in any number of counterparts and by means of facsimile signature, each of which shall be an original, but all of which together shall constitute one instrument.

7.13 **Confidentiality**. The parties hereto agree that, except with the prior written consent of the Company, it shall at all times keep confidential and not divulge, furnish or make accessible to anyone any confidential information, knowledge or data concerning or relating to the business or financial affairs of the Company to which the Investor has been or shall become privy by reason of this Agreement, discussions or negotiations relating to this Agreement, the performance of its obligations hereunder or the ownership of the Shares purchased hereunder. The provisions of this Section shall be in addition to, and not in substitution for, the provisions of any separate non-disclosure agreement which may have been executed by the parties hereto.

7.14 **Pronouns**. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine or neutral, singular or plural, as to the identity of the parties hereto may require.

7.15 **Further Assurances.** From time to time after the Closing Date, each party shall, at the request of the other party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively transfer the Shares to the Investor and the adjustments provided for in subsection 1.4 hereof and otherwise to carry out the intent of this Agreement.

[The remainder of this page intentionally left blank]

In Witness Whereof, the parties have executed this **Share Purchase Agreement** as of the date set forth in the first paragraph hereof.

Ophthalmic Technologies Inc. By: _____ Name: _____ Address: 37 Kodiak Crescent, Unit 16 Toronto, Ontario M3J 3E5 CANADA Fax: (416) 631-6932		**Exegenics Inc.** By: _____ Name: _____ Address: Fax:

The following constitute the Selling Shareholders referenced in Article 6 hereof and, by their execution below, agree to the provisions of Article 6.

1161983 ONTARIO LIMITED
Per: _____
Name:
Title:

GRALL CORPORATION LIMITED
Per: _____
Name:
Title:

Witness Name:	Rishard Weitz
Witness Name:	Carolyn Weiss
Witness Name:	Gerald Weiss

SHARE PURCHASE AGREEMENT

November 28, 2007

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 28th day of November, 2007,

BETWEEN:

Ophthalmic Technologies Inc.
a corporation incorporated under the laws of Ontario

(the "Corporation")

- and -

OTI Holdings Limited
a corporation incorporated under the laws of Ontario

(the "Buyer" or “Newco”)

- and -

1161983 Ontario Limited,
a corporation incorporated under the laws of Ontario

("1161983")

- and -

Grall Corporation Limited,
a corporation incorporated under the laws of Ontario

("Grall")

- and -

Triple Net Properties Limited
a corporation incorporated under the laws of Ontario

(“3Net”)

- and -

Rishard Weitz

("Weitz")

- and -

Carolyn Weiss

("Weiss")

- and -

Shane Dunne

("Dunne")

- and -

Gerald Weiss, in trust for Marie-Helene Weiss and Gerald Weiss

("Gerald")

- and -

Gerald Weiss

RECITALS:

1. On April 11, 2007, Exegenics Inc. entered into a share purchase agreement with the Corporation (the "Share Purchase Agreement") pursuant to which it was granted an option to purchase shares of the Corporation from 1161983, Grall, Weitz, Weiss, and Gerald and pursuant to which the Corporation undertook to dedicate its best efforts to procure options from the other shareholders of the Corporation who had not already granted such options.

2. Opko Health, Inc. ("Opko"), a Delaware Corporation is the successor to Exegenics Inc.

3. On November 9, 2007, Opko incorporated a wholly owned subsidiary, Ophthalmic Technologies Holdings Limited ("Holdco").

4. On November 9, 2007, Holdco incorporated a wholly owned subsidiary, Newco for the purpose of implementing the exercise of the Option.

5. 1161983, Grall, 3Net, Weitz, Weiss, Dunne and Gerald (collectively, the "Sellers" and each a "Seller"), are, as of the date hereof, the legal and beneficial owner of all of the issued and outstanding shares of the Corporation, other than the shares of the Corporation held by Opko Inc. in accordance with the Capitalization Table attached as Schedule "A" hereto.

6. The Buyer wishes to purchase all, but not less than all, of the issued and outstanding shares of the Corporation held by the Sellers and each Seller wishes to sell all, but not less than all, of the issued and outstanding shares of the Corporation such Seller holds.

7. Opko, the Buyer and the Seller are parties to that certain Exchange and Support Agreement of even date (the "Exchange Agreement").

IN CONSIDERATION of the premises and the mutual agreements in this Agreement, and of other consideration (the receipt and sufficiency of which are acknowledged by each of the Parties), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement,

"Affiliate" means, with respect to any Person, (i) any other Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person owning or controlling ten percent or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, (iv) any family member of such Person or any trust, family limited partnership or other similar entity controlled by such Person or his or her family members, or (v) any Person who is an officer, director, general partner, trustee, or holder of ten percent or more of the voting interests of any Person described in clauses (i) through (iv). For purposes of this definition, the terms "**controlling**", "**controlled by**," or "**under common control with**" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;

“Agreement” means this agreement, including all schedules, and all amendments or restatements as permitted, and references to “**Article**”, “**Section**” or “**Schedule**” mean the specified Article, Section or Schedule of this Agreement;

"**Articles**" means the articles of incorporation of the Corporation dated April 16, 1993, and as may be amended or restated from time to time;

"**Business**" means the business of providing ophthalmic ultrasound and optical coherence tomography (OCT) equipment for ophthalmology;

“**Business Day**” means any day except a Saturday, Sunday or any day on which banks are generally not open for business in either of the Cities of Toronto, Ontario and New York, New York;

“**Canadian Dollar Equivalent**” means, in respect of an amount expressed in a currency other than Canadian dollars (the “**Foreign Currency Amount**”) at any date, the product obtained by multiplying:

(A) the Foreign Currency Amount; by

(B) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, if such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors in good faith to be appropriate for such purpose.

"**Claim**" means any demand, action, suit, proceeding, claim, assessment, judgment or settlement or compromise relating thereto which may give rise to a right to indemnification;

"**Closing**" means the completion of the sale to, and purchase by, the Buyer of the Shares on the date hereof and the completion of all other transactions contemplated by this Agreement which are to occur contemporaneously with the purchase and sale of the Shares;

"**Closing Document**" means any document delivered at or subsequent to the Closing as provided in or pursuant to, this Agreement;

"**Competitive Business**" means the business of any Person that is similar to or competes with the Business;

"**Corporation**" means Ophthalmic Technologies Inc.;

"**Dunne Escrow Shares**" means 10,323.94 Exchangeable Shares;

"**Employment Contracts**" means employment agreements with the Key Employees to be delivered as a condition precedent to Closing;

"Escrow Shares" has the meaning set out in Section 2.3;

"**Exchangeable Shares**" means the exchangeable shares in the capital of the Buyer;

"**Financial Statements**" means the financial statements set out in Section 3.1.7 hereto;

"**Financial Statement Date**" means April 30, 2007;

"**including" means "including without limitation"** and the term "**including**" shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;

"**Law**" means any federal, state, provincial, municipal, local or foreign statute, law, by-law, ordinance, regulation, rule, code, order or rule of or duty under common law, including any statute, law, by-law, ordinance, regulation, rule, code, order or rule of or duty under common law in Canada, the United States, any province or territory of Canada or any state or territory of the United States.

"**Loss**" and "**Losses**" have the meaning set out in ARTICLE 5;

"**ordinary course**" when used in relation to the conduct of the Business means any transaction which constitutes an ordinary day-to-day business activity of the Corporation conducted in a commercially reasonable and businesslike manner consistent with the Corporation's past practices;

"**Parties**" means the Buyer and the Sellers, collectively, and "Party" means any one of them;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau or court, and where the context requires, any of the above when they are acting as trustee, executor, administrator or other legal representative;

"**Purchase Price**" shall be equal to the number of Exchangeable Shares granted to all of the Sellers pursuant to Section 2.2 multiplied by US$3.55;

"**Representative**" means each director, officer, employee, agent, solicitor, accountant, professional advisor and other representative of an Indemnified Party;

"**Restricted Period**" means the later of the last day of:

(i) the period commencing on the Closing and ending 3 years after the Closing; and

(ii)

(a) if Weitz or Gerald Weiss ceases to be an employee of the Corporation at any time during the first three years following the Closing, the period commencing on the date Weitz or Gerald Weiss, as the case may be, ceases to be an employee of the Corporation and ending 2 years after such date; and

(b) if Weitz or Gerald Weiss ceases to be an employee of the Corporation at any time after the first three years following the date of Closing, the period commencing on the date Weitz or Gerald Weiss, as the case may be, ceases to be an employee of the Corporation and ending 6 months after such date, provided that the restricted period may be extended by the Corporation for a further 18 months in accordance with the terms of the non-competition agreement dated as of the date hereof, between Rishard Weitz or Gerald Weiss, as the case may be and the Corporation.

"**Schedule of Exceptions**" means the schedule so named and attached to this Agreement.

"**Tax**" and "**Taxes**" mean, with respect to any Person:

(a) all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan premiums, excise, severance, social security premiums, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imposts, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such Person, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing; and

(b) any liability for the payment of any amount of the type described in the immediately preceding subsection (a) of another Person.

1.2 Rules of Interpretation

In this Agreement:

(a) **Consent** - Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required will be conclusively deemed to have withheld its approval or consent.

(b) **Currency** - Unless otherwise specified, all references to money amounts are to the lawful currency of the United States of America.

(c) **Governing Law** - This Agreement is a contract made under and is governed by and construed in accordance with the law of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(d) **Headings** - Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) **Number and Gender** - Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(f) **Severability** - If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(g) **Statutory references** - A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation that amends, supplements or supersedes any such statute or any such regulation.

(h) **Time** - Time is of the essence in the performance of the Parties' respective obligations.

(i) **Time Periods** - Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done are calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

1.3 Entire Agreement

This Agreement together with the Share Purchase Agreement, the Exchangeable Share Provisions, the Exchange and Support Agreement and the documents delivered pursuant to such agreements constitutes the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Exchangeable Share Provisions.

1.4 Termination

Section 6 of the Share Purchase Agreement is hereby terminated and is of not further force or effect.

ARTICLE 2
PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale of Shares

The Buyer agrees to purchase the Shares for the Purchase Price and Sellers agrees to sell and transfer the Shares to the Buyer for the Purchase Price.

2.2 Payment of Purchase Price

The Purchase Price shall be paid to each Seller by issuing to such Seller on the date hereof such number of Exchangeable Shares as is equal to the number of shares of the Corporation owned by such Seller multiplied by 20,730.80 On the date hereof, the Buyer, the Seller and Opko shall deliver an Exchange and Support Agreement with respect to such Exchangeable Shares.

2.3 Escrow

As security for the obligations of the Sellers, under ARTICLE 5, on the date hereof, each Seller shall direct that 15% of the Exchangeable Shares issued to such Seller in satisfaction of the Purchase Price shall be deposited with Fraser, Milner, Casgrain LLP as escrow agent (the "**Escrow Agent**"), who shall hold such shares (collectively, the "**Escrow Shares**") pursuant to the terms of an agreement substantially in the form attached hereto as Schedule 2.3 hereto (the "**Escrow Agreement**").

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Sellers

Other than with respect to Shane Dunne whose representations shall be deemed to be several and separate and not joint and several, Sections 3.1.2 (Organization and Qualification of the Sellers), 3.1.4(b) (Title), 3.1.6 (Authorization of the Sellers), and 3.1.15 (Compliance with other instruments-Sellers) which representations shall be deemed to be several and separate and not joint and several, the Sellers jointly and severally, represent and warrant to the Buyer as set out in the following Subsections of this Section and acknowledge that the Buyer is relying upon such representations and warranties in entering into this Agreement.

3.1.1 Organization and Qualification of the Corporation

The Corporation is duly organized and validly existing under the laws of Ontario, Canada. The Corporation has all requisite corporate power and authority to own and operate its properties and assets, to issue shares, and to carry out the provisions of this Agreement and to carry on its business as presently conducted.

3.1.2 Organization and Qualification of the Sellers

Each Seller that is a Corporation is a duly organized and validly existing under the laws of Ontario, Canada. Each Seller that is a Corporation has all requisite corporate power and authority to own and operate its properties and assets, to issue shares, and to carry out the provisions of this Agreement and to carry on its business as presently conducted.

3.1.3 Subsidiaries

Save and except as disclosed in the Schedule of Exceptions, the Corporation does not own or control any equity, security or other interest of any other corporation, limited partnership or other business entity.

3.1.4 Capitalization and Title

(a) The authorized share capital of the Corporation consists of an unlimited number of shares of Common Stock with no par value ("**Common Stock**"), of which 200.42 shares are issued and outstanding in accordance with the Capitalization Table set out in Schedule "A" hereto (the "**Capitalization Table**"). All such Shares have been issued as fully paid and non-assessable.

(b) Each Seller is the registered and beneficial owner of the Common Stock set out opposite such Sellers name on the Capitalization Table (collectively, the "**Purchased Shares**") and has good and marketable title thereto. On Closing, the Buyer will acquire good and marketable title to the Purchased Shares. There are no restrictions on transfer of the Purchased Shares other than pursuant to the Articles of the Corporation.

(c) Except for the option to Justin Pedro, as disclosed in the Financial Statements, there are no outstanding options, warrants, rights (including conversion or pre-emptive rights and rights of first refusal), proxy or shareholder agreements, or agreements of any kind for the purchase or acquisition of any of the securities of the Corporation.

(d) All issued and outstanding shares of the Corporation's Common Stock (i) have been duly authorized and validly issued and are fully paid and non-assessable, (ii) were issued in compliance with all applicable Canadian laws concerning the issuance of such securities and (iii) are free and clear of any liens or encumbrances, provided, however, that such shares may be subject to restrictions on transfer under U.S., Canadian or any applicable state or provincial securities laws as set forth herein, or as otherwise required by such laws of the time the transfer is proposed.

3.1.5 Authorization of the Corporation

The Corporation has the full power and authority to execute, enter into and perform its obligations under this Agreement. In the case of the Corporation this Agreement has been duly authorized by all of the necessary corporate actions. This Agreement constitutes valid and legally binding obligations of the Corporation enforceable against it in accordance with its terms, all except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.1.6 Authorization of the Sellers

Each Seller has the full power and authority to execute, enter into and perform its obligations under this Agreement. In the case of each Seller who is a Corporation, this Agreement has been duly authorized by all of the necessary corporate actions. This Agreement constitutes valid and legally binding obligations of each Seller, enforceable against such Seller in accordance with its terms, all except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.1.7 Financial Statements

Except as set forth in the Schedule of Exceptions, the Audited financial statement of the Corporation for the period ended April 30, 2006 and April 30, 2007 and the unaudited financial statements for the period ended June 30, 2007, copies of which have been delivered to the Buyer and are attached hereto as Schedule 3.1.7, together with the notes thereto, are complete and correct in all material respect, have been prepared in accordance with generally accepted accounting principles in the United States, applied on a consistent basis throughout the periods indicated and fairly present the financial condition and results of operations of the Corporation as of the respective dates thereof and for the respective periods indicated therein.

3.1.8 Liabilities

Except as set forth in Schedule of Exceptions and the Financial Statements, the Corporation has no debts and, to the best of its knowledge, knows of no contingent debts, not disclosed in the financial statements, except current debts incurred in the ordinary course if business which have not been, either in any individual case or in the aggregate, materially adverse.

3.1.9 Agreements and Actions

Except as set forth in the Schedule of Exceptions, (i) there are no judgments, orders, writs or decrees to which the Corporation is a party or to its knowledge by which it is bound (ii) there are no agreements, instruments, contracts or proposed transactions, which may involve (a) obligations (contingent or otherwise) of, or payments to, the Corporation in excess of $15,000, or (b) the transfer or license of any patent, copyright, trade secret or other proprietary right to or from the Corporation (other than licenses arising from the purchase of "off the shelf" or other standard products).

3.1.10 Obligations to Related Parties

Except as set forth in the Schedule of Exceptions or the Financial Statements, there are no obligations of the Corporation to officers, directors, shareholders, or employees of the Corporation other than (a) for payment of salary for services rendered and (b) reimbursement for reasonable expenses incurred on behalf of the Corporation. No officer, director or shareholder, or any member of their immediate families, is, directly or indirectly, interested in any material contract with the Corporation (other than such contracts as relate to any such person's ownership of shares or other securities of the Corporation). The Corporation is not a guarantor or indemnitor of any indebtedness of any other person or corporation.

3.1.11 Changes

Except as set forth in Schedule of Exceptions, since the Financial Statement Date, there has not been to the Corporation's knowledge:

(a) any change in assets, liabilities or operations of the Corporation from that reflected in the Financial Statements, other than changes in the ordinary course of business, none of which individually or in the aggregate has had a material adverse effect on such assets, liabilities or operations of the Corporation.

(b) any change, except in the ordinary course of business, in the contingent obligations of the Corporation by way of guaranty, endorsement, indemnity, warranty or otherwise;

(c) any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the properties, business or prospects or financial condition of the Corporation;

(d) any waiver by the Corporation of a valuable right or of a material debt owed to it;

(e) any direct or indirect loans by the Corporation to any shareholder, employee, officer or director of the Corporation;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director or shareholder;

(g) any declaration or payment of any dividend or other distribution of the assets of the Corporation;

(h) any debt, obligation or liability incurred, assumed or guaranteed by the Corporation, except those for immaterial amounts and for other liabilities incurred in the ordinary course of business;

(i) any sale, assignment or transfer of any patent, trademarks, copyrights, trade secret or other intangible assets; or

(j) any change in any material agreement to which the Corporation is a party or by which it is bound.

3.1.12 Title to Properties and Assets; Liens, Etc.

Except as disclosed in the Schedule of Exceptions, the Corporation has good and marketable title to its properties and assets, including the properties and assets reflected in the Financial Statements, and good title to its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge (a "**Lien**"), other than (a) those resulting from taxes which have not yet become delinquent, (b) minor liens and encumbrances which do not materially detract from the value of the property subject thereto or materially impair the operations of the Corporation, and (c) those that have otherwise arisen in the ordinary course of business. Except as disclosed in the Schedule of Exceptions, the Corporation is in compliance with all material terms of each agreement to which it is a party or is otherwise bound.

3.1.13 Intellectual Property

(a) To the best of the knowledge of the Corporation and the actual knowledge of the Sellers, the Corporation owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes necessary for its business as now conducted, without any known infringement of the rights of others. Except as disclosed in the Schedule of Exceptions, there are no outstanding options, licenses or agreements of any kind with any third parties relating to the foregoing proprietary rights, nor is the Corporation bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes of any other person or entity other than such licenses or agreements arising from the purchase of "off the shelf" or standard products.

(b) Except with respect to the Zeiss letters, which have been disclosed to the Buyer, the Corporation has not received any communications alleging that, by conducting its business as presently proposed, the Corporation has violated or would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity, nor is the Corporation aware of any basis therefor.

(c) None of the key employees of the Corporation (as named in Section 3.1.19 hereto) is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with their duties to the Corporation or that would conflict with the Corporation's business as presently proposed to be conducted.

3.1.14 Compliance with Other Instruments- Corporation.

Except as disclosed in the Schedule of Exceptions, the Corporation is not in violation or default of any term of its current Articles, or of any provision of any mortgage, indenture, contract, agreement or instrument to which it is a party or by which it is bound, or of any judgment, decree, order, writ. The execution, delivery, performance of, and compliance with this Agreement, and the sale of the Shares pursuant hereto, will not, with or without the passage of time or giving of notice, result in any violation, or be in conflict with or constitute a default under any such term, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the license, authorization or approval applicable to the Corporation, its business or operations or any of its assets or properties.

3.1.15 Compliance with Other Instruments-Sellers.

Each Seller that is a corporation is not in violation or default of any term of its current Articles. Each Seller is not in violation of any provision of any mortgage, indenture, contract, agreement or instrument to which it/he is a party or by which it is bound, or of any judgment, decree, order, writ.

3.1.16 Litigation

Except as set forth in the Schedule of Exceptions, there is no action, suit, proceeding or investigation pending or, to the Corporation's knowledge, currently threatened against the Corporation that questions the validity of this Agreement, or the right of the Corporation to enter into any of such agreements, or to consummate the transactions contemplated hereby or thereby, or which would reasonably be expected to result, either individually or in the aggregate, in any material adverse change in the assets, conditions, affairs or prospects of the Corporation, financially or otherwise, or any change in the current equity ownership of the Corporation, nor is the Corporation aware that there is any basis for any of the foregoing.

3.1.17 Tax Returns and Payments

Subject to such facts and qualifications as are set forth in the Schedule of Exceptions, the Corporation has filed all Tax returns required to be filed by it. All Taxes shown to be due and payable on such returns, any assessments imposed, and to the Corporation's knowledge all other Taxes due and payable by the Corporation on or before the Closing, have been paid or will be paid on or prior to the time they are due. The Corporation has no knowledge of any liability of any Tax to be imposed upon its properties or assets as of the date of this Agreement that is not adequately provided for.

3.1.18 Employees

The Corporation has no collective bargaining agreements with any of its employees.

3.1.19 Obligations of Key Employees

Each Key Employee of the Corporation is currently devoting substantially all of his or her business time to the conduct of the business of the Corporation. The Corporation is not aware that any Key Employee of the Corporation is planning to work less than full time at the Corporation in the future. No Key Employee is currently working or, to the Corporation's knowledge, plans to work for a competitive enterprise, whether or not such key employee is or will be compensated by such enterprise. The Corporation's Key Employees have executed with the Corporation employment agreements that include a non-competition and confidentiality provisions, copies of which have been provided to the Buyer. For the purpose of this Section, the term "Key Employee" shall refer to Rishard Weitz, Gerald Weiss and Justin Pedro. Gerald Weiss is also involved in a property management company that manages amongst other, family controlled real estate. Gerald Weiss is not involved in the day to day management of the property management company.

3.1.20 Registration Rights and Voting Rights

The Corporation has not agreed to grant any registration rights, including piggyback rights, to any person or entity.

3.1.21 Compliance with Laws; Permits

Except as disclosed in the Schedule of Exceptions, the Corporation and the Sellers are not aware of any violation by the Corporation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties which violation would materially and adversely affect the business, assets, liabilities, financial condition, operations or prospects of the Corporation. No governmental orders, permissions, consents, approvals or authorizations are required to be obtained and no registrations or declarations are required to be filed in connection with the execution and delivery of this Agreement, except such as has been duly and validly obtained or filed, or with respect to any filings that must be made, or tax to be paid, after the Closing, as will be filed in a timely manner. The Corporation has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could materially and adversely affect the business, properties or financial condition of the Corporation and believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted.

3.1.22 Full Disclosure

To the Seller's knowledge, neither this Agreement, the exhibits and schedules hereto nor any other document delivered by the Corporation and the Sellers to the Buyer or their attorneys or agents in connection herewith or therewith or with the transactions contemplated hereby or thereby, contain any untrue statement of a material fact nor, to the best of the Seller's knowledge, omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

3.1.23 Insurance

The Corporation's policies of insurance, as listed on the Schedule of Exceptions, have been fully disclosed to the Buyer.

3.1.24 Securities Legislation

The Corporation is a private company within the meaning of the Securities Act (Ontario) and the sale of the Shares by each Seller to the Buyer will be made in compliance with the Securities Act (Ontario).

3.1.25 Section 6.2 of the Share Purchase Agreement

Except as disclosed in the Schedule of Exceptions, between the date of the Share Purchase Agreement and the date hereof, the Corporation has complied with all of the conditions and restrictions set out in Section 6.2 of the Share Purchase Agreement.

3.1.26 Acknowledgement of Exchange Agreement

For purposes of their decision to enter into this Share Purchase Agreement, the Sellers acknowledge and agree that they are aware of and understand the provisions in Section 6.3 of the Exchange Agreement relative to the Opko Common Shares issuable in exchange for the Exchangeable Shares. Capitalized terms in this Section 3.1.26 unless otherwise defined herein have the meanings ascribed to them in the Exchange Agreement.

3.2 Representations and Warranties of the Buyer

The Buyer represents and warrants to the Seller as set out in the following Subsections of this Section and acknowledges that the Seller is relying upon such representations and warranties in entering into this Agreement.

3.2.1 Organization and Qualification

Each of the Buyer and Holdco are duly organized and validly existing under the laws of Ontario, Canada. Each of the Buyer and Holdco have all requisite corporate power and authority to own and operate their properties and assets, and to carry out the provisions of this Agreement and to carry on its business as presently conducted. The Buyer has all the requisite corporate power and authority to issue the Exchangeable Shares

3.2.2 Subsidiaries

The Buyer does not own or control any equity, security or other interest of any other corporation, limited partnership or other business entity.

3.2.3 Capitalization of the Buyer

The authorized capital of the Buyer consists solely of an unlimited number of common shares and an unlimited number of Exchangeable Shares, of which 1 common share is issued and outstanding. All of the outstanding common shares of the Buyer are owned by Holdco, have been validly issued and are fully paid and non-assessable. The Exchangeable Shares, when issued, will be validly issued as fully paid and non-assessable. The issuance of the Exchangeable Shares by the Buyer to each Seller will be made in compliance with all applicable securities legislation.

3.2.4 Capitalization of the Holdco

The authorized capital of the Holdco consists solely of an unlimited number of common shares, of which 1 common share is issued and outstanding. All of the outstanding common shares of Holdco are owned by Opko, have been validly issued and are fully paid and non-assessable.

3.3 Non-waiver/Schedule of Exceptions

3.3.1 Non-Waiver

No investigations made by or on behalf of the Buyer at any time shall waive, diminish the scope of or otherwise affect any representation or warranty made by any Seller or the Corporation in this Agreement or in any Closing Document. No waiver by the Buyer of any condition, in whole or in part, shall operate as a waiver of any other condition.

3.3.2 Schedule of Exceptions

Items set forth by the Sellers in the Schedule of Exceptions will be considered disclosures applicable for the purposes of all representations and warranties of the Sellers given in Section 3.1 to which its relevance is readily apparent.

3.4 Tax Covenants

At the option of each Seller, such Seller and the Buyer agree to file a joint election pursuant to subsection 85(1) of the Income Tax Act (Canada)(the "**Tax Act**") in the prescribed form and within the prescribed time whereby the elected amount provided for therein shall be such amount as is determined by such Seller in accordance with the limits established under the Tax Act. The Buyer and the Seller agree to jointly make and file elections under the corresponding provisions of any applicable provincial income tax legislation. Each Seller shall be responsible to prepare and file all such elections. The sole obligation of the Buyer shall be to provide any information reasonably requested by the Sellers to complete the election forms and to execute and return to the Sellers any properly completed election form within 10 Business Days of receipt of such form from the Sellers. The Buyer shall have no liability for any Taxes of the Seller arising from the sale of the Shares to the Buyer arising as a result of the refusal by the Canada Revenue Agency (or any applicable provincial tax authority) to accept any such election.

3.5 Survival of Representations and Warranties

The representations and warranties contained in this Agreement and in any agreement, certificate, affidavit, statutory declaration or other document delivered or given pursuant to this Agreement shall survive the Closing and, notwithstanding the Closing or any investigation made by or on behalf of the parties hereto with respect thereto, shall continue in full force and effect provided, however, that no claim in respect thereof shall be valid unless it is made within the following time periods:

(a) in the case of a claim in respect of the representations and warranties set forth in 3.1.1 (Organization and qualification of the Corporation), 3.1.2 (Organization and qualification of the Seller), 3.1.4 (Capitalization and title), 3.1.5 (Authorization of the Corporation), 3.1.6 (Authorization of the Seller), 3.2.1 (Organization and Qualification of the Buyer and Holdco), 3.2.3 (Capitalization of the Buyer) and 3.2.4 (Capitalization of Holdco) there shall be no time limit within which such a claim may be made;

(b) in the case of a claim in respect of a representation or warranty relating to a tax matter, within a period commencing on the date hereof and ending on the date on which the last applicable limitation period under any applicable tax legislation expires with respect to any taxation year which is relevant in determining any liability under this Agreement with respect to tax matters; and

(c) in the case of a claim in respect of any other representation or warranty within a period of two years from the date hereof.

3.6 Knowledge of the Sellers

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the "knowledge" of the Sellers, it shall be deemed to refer to the knowledge of each of the Seller and the Corporation, after having made reasonable inquiry.

ARTICLE 4
NON-SOLICITATION AND NON-COMPETE

4.1 Non - Competition

Each of Weitz and Gerald covenants and agrees that during the Restricted Period, he will not, either individually or in partnership or jointly or in conjunction with any Person as employee, principal, agent, shareholder (other than as a holder of not more than five percent (5%) of the total stock of a publicly-traded company) or in any other manner whatsoever carry on, be engaged with, or lend his name to any Competitive Business in Canada or, the United States.

4.2 Non -Solicitation of Employees or Consultant.

Each of Weitz and Gerald further covenants and agrees that during the Restricted Period, he shall not directly or indirectly, either individually or in partnership or jointly or in conjunction with any Person, enter into any agreement with or solicit the employment or services of employees of or consultants to the Corporation, including employees and consultants who were employed with or retained by the Corporation on the Closing.

4.3 Non-Solicitation of Clients.

Each of Weitz and Gerald further covenants and agrees that during the Restricted Period, he shall not directly or indirectly, either individually or in partnership or jointly or in conjunction with any Person, contact or solicit the business (of the type included within the meaning of Competitive Business) of clients of the Corporation; any Person who was a client of the Corporation in the two-year period immediately prior to the Closing Date.

4.4 Restrictions Reasonable

Each of Weitz and Gerald herby agrees that all of the restrictions in this Agreement are reasonable and enforceable, and that the Buyer would not have entered into this Agreement unless he provided the covenants in this Agreement. Each of Weitz and Gerald further acknowledges and agrees that:

(a) the goodwill associated with the business, clients and assets of the Corporation as of the Closing is an integral component of the value of the Corporation to the Buyer;

(b) the covenants set forth herein are necessary to preserve the value of the Business for the Buyer following the Closing of the transaction; and

(c) the limitations of time, geography and scope of the Business agreed to in this Agreement are reasonable because, among other things;

(a) each of Weitz and Gerald received significant consideration for his shares in the Corporation under the Share Purchase Agreement, and each Seller acknowledges that it would be unfair for him, after having received this consideration, to directly or indirectly complete against the Corporation during the Restricted Period;

(b) the Corporation is engaged in a highly competitive industry; and

(c) each of Weitz and Gerald has unique and important relationships with the clients of the Corporation and significant business reputation on the industry.

4.5 Injunctive Relief

Each of Weitz and Gerald recognizes that his covenants in this Agreement are critical to the ongoing success of the Business that the buyer is acquiring from the Corporation. As such, each of Weitz and Gerald agrees that in the event of an actual or threatened breach by him of any of the terms of this Agreement, the Buyer will suffer irreparable harm, and shall be entitled to an interim and/or permanent injunction against Weitz and/or Gerald, as the case may be, restraining such actual or threatened breach. The Buyer shall also be entitled to pursue damages and any and all other remedies available to it at law or in equity.

ARTICLE 5
INDEMNIFICATION

5.1 Indemnification by the Sellers

Other than with respect to Shane Dunne whose indemnification shall be deemed to be several and separate not joint and several, Sections 3.1.2 (Organization and Qualification of the Sellers), 3.1.4(b) (Title), 3.1.6 (Authorization of the Sellers), and 3.1.15 (Compliance with other instruments-Sellers) which indemnification shall be deemed to be several and separate and not joint and several, and, subject to the limitations set out in Sections 3.5 and 7.9, each Seller shall, jointly and severally, indemnify, defend and save harmless the Buyer and each of its Representatives from and against any and all Losses suffered or incurred by them, as a result of:

(a) any misrepresentation or breach of warranty made or given by any of them in this Agreement or in any document delivered pursuant to this Agreement or any Closing Document ;

(b) save and except with respect to covenants of Weitz and Gerald Weiss pursuant to ARTICLE 4 and pursuant to the Employment Agreements and the Confidentiality and Proprietary Information Agreements and the Non-Competition and Non-Solicitation Agreements attached thereto (which covenants and Employment Agreements, Confidentiality and Proprietary Information Agreements and Non-Competition and Non-Solicitation Agreements shall be severally indemnified by Weitz and Gerald Weiss alone, and by no other Seller), any failure by any of them to observe or perform any covenant or obligation contained in this Agreement, any Closing Document or in any document delivered pursuant to any of them, to be observed or performed by it; or

(c) any Taxes required to be paid by the Corporation relating to any period ending on or before the date hereof.

5.2 Indemnification by the Buyer

Subject to the limitations set out in Section 3.5, the Buyer shall indemnify, defend and save harmless each of the Sellers and each of the Sellers' Representatives from and against any and all Losses suffered or incurred by them, as a result of:

(a) any misrepresentation or breach of any warranty made or given by the Buyer in this Agreement;

(b) any misrepresentation or breach of warranty made or given by the Buyer in any Closing Document or in any document delivered pursuant to this Agreement or any Closing Document; or

(c) any failure by the Buyer to observe or perform any covenant or obligation contained in this Agreement, any Closing Document or in any document delivered pursuant to any or them, to be observed or performed by it.

5.3 Defence of Claims

(a) A party hereto (the "**Indemnified Party**") who seeks indemnification hereunder from another party (the "**Indemnifying Party**") shall notify the Indemnifying Party in writing as soon as is possible after being informed that facts exist which may result in a claim and in respect of which a right of indemnification given pursuant to this Article 5 may apply. The failure of any Indemnified Party to give timely notice hereunder shall not affect rights to indemnification hereunder, except and only to the extent that, the Indemnifying Party demonstrates actual material damage caused by such failure.

(b) In the case of a claim originating from a Person other than the Indemnified Party (a "**Third Party Claim**"), the Indemnifying Party shall have the right to elect, by written notice delivered to the Indemnified Party within thirty (30) days of receipt by the Indemnifying Party of the notice from the Indemnified Party in respect of the Third Party Claim, at the sole expense, cost and risk of the Indemnifying Party to participate in or assume control of the defence of the Third Party Claim and to pursue such defence in good faith by appropriate actions or proceedings promptly taken or instituted and diligently pursued, including, without limitation, to employ and engage attorneys of its own choice reasonably acceptable to the Indemnified Party to defend, compromise or settle such claim, provided that the Indemnifying Party shall pay all reasonable out-of-pocket expenses incurred by the Indemnified Party as a result of such participation or assumption, provided, further, that any compromise or settlement shall be made only with the written consent of the Indemnified Party, such consent not to be unreasonably withheld.

(c) If the Indemnifying Party elects to assume control of the Third Party Claim, the Indemnifying Party shall keep the Indemnified Party reasonably informed of the progress of any defence, compromise or settlement and the Indemnified Party shall cooperate with the Indemnifying Party and its counsel and shall have the right to participate in the defence, compromise or settlement of such Third Party Claim at its own expense and, in so doing, the Indemnified Party shall have the right to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party.

(d) If the Indemnifying Party does not elect to assume control of the Third Party Claim, or if having so elected to assume control, it thereafter fails to proceed with the defence or settlement of such Third Party Claim in good faith and with reasonable diligence, then the Indemnified Party shall be entitled to assume control of the Third Party Claim at the Indemnifying Party's sole expense, cost and risk. An Indemnified Party agreeing to assume control of a claim shall use commercially reasonable efforts to deal with the claim reasonably diligently and in a manner consistent with the manner in which the Indemnified Party would have acted if there had been no indemnity. In such case, the Indemnifying Party shall be kept reasonably informed of the progress of any defence, compromise or settlement (and shall be entitled to participate in at its expense, but not assume control of, such action).

(e) The Indemnifying Party or the Indemnified Party who does not have control of the Third Party Claim shall cooperate with the other of them in the defence thereof (at the cost and expense of the Indemnifying Party), such cooperation to include the provision of records and information within its control that are relevant to the Third Party Claim and making available its employees and servants (and those of its affiliates) as are appropriate and reasonably necessary and relevant to the Third Party Claim.

ARTICLE 6
CLOSING DELIVERIES

6.1 Closing Deliveries of the Seller

At Closing, in addition to any other documents to be provided or delivered by the Sellers to the Buyer at such time pursuant to this Agreement, each Seller will execute and/or deliver (or cause to be executed and/or delivered) to the Buyer the following:

(a) the Exchange and Support Agreement;

(b) a release from each of the Sellers and the directors and officers of the Corporation of all claims such Sellers, officers and directors had now have or shall ever have against the Corporation in a form satisfactory to the Buyer other than with respect to the subject matter hereof;

(c) the Escrow Agreement;

(d) a resignation of all officers and directors of the Corporation;

(e) Employment Agreements between the Corporation and Gerald Weiss and Rishard Weitz;

(f) Option Agreements between Opko Health, Inc. and Gerald Weiss and Rishard Weitz;

(g) share certificates representing the Purchased Shares duly endorsed in blank for transfer;

(h) a resolution of the Board of Directors of the Corporation authorising the transfer of the Purchased Shares;

(i) an opinion of the Counsel to the Seller and the Corporation in form and substance satisfactory to the Buyer acting reasonably;

(j) evidence in form and substance satisfactory to the Buyer, acting reasonably, that the shares of the Corporation held by Jean-Paul Chaduc have been cancelled and the shares of the Corporation held by Nidek Co., Ltd. have been purchased by <>; and

(k) such other documents as may be reasonably required by the Buyer.

6.2 Closing Deliveries of the Buyer

At Closing, in addition to any other documents to be provided or delivered by the Buyer to the Seller at such time pursuant to this Agreement, the Buyer will execute and/or deliver (or cause to be executed and/or delivered) to the Buyer the following:

(a) the Exchange and Support Agreement;

(b) Employment Agreements between the Corporation and Gerald Weiss and Rishard Weitz;

(c) the Escrow Agreement;

(d) Exchangeable Share certificates in the amount of the Purchase Price payable to each Seller in the name of such Seller;

(e) a resolution of the Board of Directors of Newco authorising the issuance of the Exchangeable Shares in payment of the Purchase Price;

(f) Option Agreements between Opko Health, Inc. and Gerald Weiss and Rishard Weitz;

(g) an opinion of the U.S. Counsel to Opko in form and substance satisfactory to the Sellers acting reasonably; and

(h) such other documents as may be reasonably required by the Buyer.

6.3 Payment of Shareholder and Related Party Loans

It shall be a condition precedent of this Agreement that all loans made by the Corporation, by any shareholder of the Corporation or by any related party as set out in the Schedule of Exceptions shall be repaid in full, including principal and interest, prior to completion of the transaction contemplated hereby.

6.4 Closing Payments

Immediately prior to Closing, the shareholder loans disclosed in Section 3.1.10 shall have been repaid.

ARTICLE 7
GENERAL

7.1 Expenses

The Parties agree that OTI shall pay all reasonable costs for representation by Ogilvy Renault LLP of OTI and the Sellers and for independent legal advice for Shane Dunne and Jean-Paul Chaduc, if he becomes a party to this Agreement.

7.2 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of merger or amalgamation of any Party) and permitted assigns.

7.3 Notices to Parties

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

(a) if to the Corporation:

Ophthalmic Technologies Inc.
37 Kodiak Crescent
Unit 16
Toronto, ON M3J 3E5
Attention: Gerald Weiss
Fax:

with a copy to:

Ogilvy Renault LLP
Suite 3800, Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, ON M5J 2Z4
Attention: Peter Newell
Fax: 416.214.3930

(b) if to Newco:

c/o Opko
4400 Biscayne Boulevard
Miami, Florida 31337
Attention: Steven D. Rubin
Fax:

with a copy to:

Fraser Milner Casgrain
First Canadian Place
100 King Street West
P.O. Box 100
Toronto, Ontario M5X 1B2

Attention: Laurence Geringer
Fax: 416.863.4592

(c) and if to the Sellers:

(d)

1161983 Ontario Limited
235 Lesmill Road,
Don Mills, ON M3V 2V1

Attention:
Fax:

Grall Corporation Limited

Attention:
Fax:

Rishard Weitz
37 Kodiak Crescent, Unit 16
Toronto, ON M3J 3E5

Fax: (416) 631-6932

Carolyn Weiss

Fax:

Shane Dunne
95 Michael Grass Crescent,
Kingston, ON K7M 2W2

Fax:

Gerald Weiss
37 Kodiak Crescent, Unit 16
Toronto, ON M3J 3E5

Fax: (416) 631-6932

Triple Net Propertied Limited
235 Lesmill Road,
Don Mills, ON M3V 2V1

Fax:

(e) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

(f) Any Party may from time to time change its address under this Section by notice to the other Party given in the manner provided by this Section.

7.4 Amendment

No consent or approval by any Party will be binding unless delivered in writing to the other Parties hereto.

7.5 Assignment

No party may assign any rights or obligations under this Agreement.

7.6 Further Assurances

The Parties will, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party will provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

7.7 Public Announcements

Except to the extent required by Applicable Law, each Party agrees that no disclosure or public announcement regarding this Agreement or the transactions contemplated hereby shall be made by either Party without the prior written consent of the other Party.

7.8 Remedies Cumulative

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

7.9 Limitation of Liability

Other than with respect to Shane Dunne whose liability is set out below, Sections 3.1.2 (Organization and Qualification of the Sellers), 3.1.4(b) (Title), 3.1.6 (Authorization of the Sellers), and 3.1.15 (Compliance with other instruments-Sellers), fraud and wilful misconduct, for which there shall be no limitation on liability, the aggregate liability of the Sellers shall not exceed the value of the Escrow Shares and recourse with respect thereto shall be limited to the Escrow Shares.

Other than with respect Sections 3.1.2 (Organization and Qualification of the Sellers), 3.1.4(b) (Title), 3.1.6 (Authorization of the Sellers), and 3.1.15 (Compliance with other instruments-Sellers), fraud and wilful misconduct, for which there shall be no limitation on liability, the aggregate liability of the Shane Dunne shall not exceed the value of the Dunne Escrow Shares and recourse with respect thereto shall be limited to the Dunne Escrow Shares.

7.10 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by fax, and all such counterparts and faxes together constitute one agreement.

TO WITNESS their agreement, the parties have duly executed this Agreement as of the date first set forth above.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Ophthalmic Technologies Inc.

By: _____ c/s

_____

OTI Holdings Limited

By: _____ c/s

_____

1161983 Ontario Limited

By: _____ c/s

_____

Grall Corporation Limited c/s

By: _____

_____

Triple Net Properties Limited c/s

By: _____

_____

Witness	**Rishard Weitz**
Witness	**Carolyn Weiss**
Witness	**Shane dunne**
Witness	**Gerald Weiss,** as trustee for and on behalf of Marie-Helene Weiss and Gerald Weiss
Witness	**Gerald Weiss**

OPKO HEALTH, INC.

- and -

OTI HOLDINGS LIMITED

- and -

EACH HOLDER OF EXCHANGEABLE SHARES
in the capital of OTI Holdings Limited

EXCHANGE AND SUPPORT AGREEMENT

DATED: November 28, 2007

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EXCHANGE AND SUPPORT AGREEMENT

THIS AGREEMENT is made November 28, 2007

AMONG:

OPKO HEALTH, INC. , a corporation incorporated pursuant to the laws of Delaware

("Opko")

- and -

OTI Holdings Limited, a corporation incorporated under the laws of the Province of Ontario,

(the **"Corporation"**)

- and -

EACH HOLDER OF EXCHANGEABLE SHARES in the capital of the Corporation listed in Schedule A to this Agreement, as amended from time to time

(collectively, the **"Holders"**).

WHEREAS:

A. The parties wish to set out their understanding with respect to certain rights and obligations in connection with the exchange of shares of the Corporation for shares of Opko.

B. Schedule A shall be automatically amended by the Corporation to include each additional investor that executes a counterpart instrument of accession to this Agreement in the form attached as Schedule B.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual covenants and agreements hereinafter contained and for other good and valuable consideration (the receipt and adequacy of which are hereby acknowledged), the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, the following words and terms have the meanings set out below.

"Affiliate" means, with respect to any Person, (i) any other Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person owning or controlling ten percent or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, (iv) any family member of such Person or any trust, family limited partnership or other similar entity controlled by such Person or his or her family members, or (v) any Person who is an officer, director, general partner, trustee, or holder of ten percent or more of the voting interests of any Person described in clauses (i) through (iv). For purposes of this definition, the terms "**controlling**", "**controlled by**," or "**under common control with**" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this agreement, including all schedules, and all amendments or restatements as permitted, and references to "**Article**", "**Section**" or "**Schedule**" mean the specified Article, Section or Schedule of this Agreement.

"**Articles**" means the articles of incorporation of the Corporation, as amended by articles of amendment filed on the date of this Agreement, and as may be amended or restated from time to time.

"**Automatic Exchange Right**" means the benefit associated with the obligation of Opko or any Permitted Subsidiary that may be designated by Opko, to effect the automatic exchange of Exchangeable Shares for Opko Common Shares pursuant to Section 4.2.

"**Business Day**" means any day except a Saturday, Sunday or any day on which banks are generally not open for business in either of the Cities of Toronto, Ontario and New York, New York.

"**Common Shares**" means the common shares in the capital of the Corporation.

"**Equity Split**" and "**as adjusted for Equity Splits**" have the meanings given to them in the Exchangeable Share Provisions.

"**Exchange Right**" has the meaning given to it in Section 3.1.

"**Exchange Right Consideration**" means, in respect of each Exchangeable Share:

(a) one Opko Common Share (as adjusted for Equity Splits); and

(b) an amount equal to the Outstanding Dividend Amount on such Exchangeable Share on the date of exchange.

"**Exchangeable Share Provisions**" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares as set out in the Articles.

"**Exchangeable Shares**" means the exchangeable shares in the capital of the Corporation.

"Opko Common Shares" means the common shares in the capital of Opko and any other securities into which such shares may be changed.

"**Opko Liquidation Event**" has the meaning given to it in Section 4.1.

"**Opko Liquidation Event Effective Date**" means the effective date of a Opko Liquidation Event.

"**Opko Sale**" has the meaning given to it in the Exchangeable Share Provisions.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time applied consistently.

"**Holder**" means a registered holder of Exchangeable Shares, other than Opko and its Affiliates.

"**Insolvency Event**" means the institution by the Corporation of any proceeding to be adjudicated a bankrupt or insolvent or to be dissolved or wound up, or the consent of the Corporation to the institution of bankruptcy, insolvency, dissolution or winding up proceedings against it, or the filing of a petition, answer or consent seeking dissolution or winding up under any bankruptcy, insolvency or analogous laws, including without limitation the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by the Corporation to contest in good faith any such proceedings commenced in respect of the Corporation within 15 days of becoming aware thereof, or the consent by the Corporation to the filing of any such petition or to the appointment of a receiver, or the making by the Corporation of a general assignment for the benefit of creditors, or the admission in writing by the Corporation of its inability to pay its debts generally as they become due, or the Corporation not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 5.6 of the Exchangeable Share Provisions.

"**Joint Approval**" means the prior approval of the Corporation and the prior approval of the Holders given in accordance with Section 3.2of the Exchangeable Share Provisions.

"**Law**" means any federal, state, provincial, territorial, municipal, local or foreign statute, law, by-law, ordinance, regulation, rule, code, order or rule of or duty under common law, including any statute, law, by-law, ordinance, regulation, rule, code, order or rule of or duty under common law in Canada, the United States, any province or territory of Canada or any state or territory of the United States.

"**Liquidation Call Right**" has the meaning given in the Exchangeable Share Provisions.

"**Liquidation Event**" has the meaning given in the Exchangeable Share Provisions.

"**Outstanding Dividend Amount**" has the meaning given in the Exchangeable Share Provisions.

"**Parties**" means the Corporation, Opko and the Holders; and "**Party**" means any one of them.

"Payer" has the meaning given to it in Section 6.1.

"**Permitted Subsidiary**" means Ophthalmic Technologies Holdings Limited, or any Subsidiary of Opko designated by Opko: (i) to exercise the Liquidation Call Right, Retraction Call Right or Redemption Call Right; or (ii) to be subject to the obligations of a Holder's Exchange Right.

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau or court, and where the context requires, any of the above when they are acting as trustee, executor, administrator or other legal representative.

"**Redemption Call Right**" has the meaning given in the Exchangeable Share Provisions.

"**Redemption Date**" has the meaning given in the Exchangeable Share Provisions.

"Registrable Securities" means all of the OPKO Common Shares issued pursuant to this Agreement, together with any securities issued or issuable pursuant to any stock split, dividend or other distribution, recapitalization, exchange or similar event with respect to the foregoing.

"**Retracted Shares**" means the Exchangeable Shares a Holder has required the Corporation to redeem under the Exchangeable Share Provisions.

"**Retraction Call Right**" has the meaning given in the Exchangeable Share Provisions.

"**Retraction Request**" has the meaning given in the Exchangeable Share Provisions.

"**Share Purchase Agreement**" means the share purchase agreement made as of the date hereof among Rishard Weitz, Carolyn Weiss, 1161983 Ontario Limited, Grall Corporation Limited, Shane Dunne and Gerald Weiss, in Trust, Triple Net Properties Limited, the Corporation, and Opko

"**Subsidiary**" of any Person means a Person Controlled by:

(a) such first Person;

(b) such first Person and one or more Persons each of which is Controlled by such first Person; or

(c) two or more Persons each of which is Controlled by such first Person,

and includes any indirect subsidiaries.

"**Transfer**" includes any sale, transfer, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of a security interest or other arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntarily and whether or not for value, and any agreement to effect any of the above; but does not include the exchange or redemption of any Exchangeable Shares or Opko Voting Shares under the terms of this Agreement, the Articles or the organizational documents of Opko.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended.

1.2 Rules of Interpretation

In this Agreement:

(a) **Consent** - Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required will be conclusively deemed to have withheld its approval or consent.

(b) **Currency** - Unless otherwise specified, all references to money amounts are to the lawful currency of the United States of America.

(c) **Governing Law** - This Agreement is a contract made under and is governed by and construed in accordance with the law of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(d) **Headings** - Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) **Including** - Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) **Number and Gender** - Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(g) **Severability** - If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(h) **Statutory references** - A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation that amends, supplements or supersedes any such statute or any such regulation.

(i) **Time** - Time is of the essence in the performance of the Parties' respective obligations.

(j) **Time Periods** - Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done are calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

1.3 Entire Agreement

This Agreement together with the Exchangeable Share Provisions, constitutes the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Exchangeable Share Provisions.

ARTICLE 2
Representations AND WARRANTIES of opko

2.1 Representations and warranties of Opko

Opko represents and warrants to the Holders as set out in the following Subsections of this Section and acknowledges that the Holders are relying upon such representations and warranties in entering into this Agreement:

(a) *Authorized and Outstanding Capital* - At October 25, 2007, the authorized capital stock of OPKO consisted of 500,000,000 shares of common stock, $.01 par value per share, of which as of November 9, 2007 163,214,203 shares were issued or outstanding, fully paid and non-assessable, and 10,000,000 shares of preferred stock, $.01 par value per share, of which 869,366 shares were issued or outstanding, fully paid and non-assessable. OPKO's common stock has been duly and validly registered pursuant to Section 12(b) of the Exchange Act which registration is in full force and effect.

(b) *Incorporation and Organization* - OPKO is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power to own all of its property and assets, to incur all of its liabilities and to carry on its business as presently conducted.

(c) *Interest in each Subsidiary* - All shares of, or interests in, each of OPKO's wholly-owned subsidiaries, held directly or indirectly by Opko are owned free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims and demands whatsoever and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the issue or allotment of any unissued shares of each of OPKO's wholly-owned subsidiaries or any other security convertible into or exchangeable for any shares of each of OPKO's wholly-owned subsidiaries or to require each of OPKO's wholly-owned subsidiaries to purchase, redeem or otherwise acquire any of its issued and outstanding shares**.**

(d) *SEC Filings* - Except for the Current Report on form 8-K and certain financial statements of Ophthalmic Technologies Inc. in connection with the initial investment in Ophthalmic Technologies Inc., since March 27, 2007, OPKO has filed all reports, documents and other information required of it to be filed with the SEC (the "OPKO SEC Reports"). The OPKO SEC Reports were prepared in accordance with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such OPKO SEC Reports. No disclosure included in any of the Parent SEC Reports included any statement that, when made or, if such Parent SEC Reports were subsequently amended, when amended, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances in which such statements were made, not materially misleading.

(e) *Stock Exchange Listing* - The outstanding Common Shares of OPKO are listed for trading on the American Stock Exchange, and Opko is, and at all times, has been in material compliance with the by-laws, rules and regulations of the American Stock Exchange.

(f) *No Material Changes* - Since the date of the latest financial statements included within a report filed by OPKO with the Securities and Exchange Commission, and except as disclosed in OPKO's reports filed with the SEC and other than this transaction, there has not been any material change in the assets, liabilities or obligations of Opko or any of OPKO's wholly-owned subsidiaries, and to OPKO's knowledge, there has not been any material adverse change in the business, operations or condition (financial or otherwise) or results of the operations of Opko or any of OPKO's wholly-owned subsidiaries.

ARTICLE 3
EXCHANGE RIGHT

3.1 Grant of Exchange Right

Opko and each Permitted Subsidiary grants to each Holder the right (the "**Exchange Right**") to require Opko or, as designated by Opko, a Permitted Subsidiary, to purchase from such Holder all or any part of the Exchangeable Shares held by such Holder on the terms set forth herein for the consideration described in Section 3.3. The Exchange Right may be exercised at any time and from time to time upon the occurrence and during the continuance of:

(a) an Insolvency Event;

(b) the failure of Opko or any Permitted Subsidiary to purchase all or any part of the Exchangeable Shares held by such Holder following exercise of the Liquidation Call Right as provided in the Exchangeable Share Provisions;

(c) subject to Section 3.1(b), the failure of the Corporation to redeem all the outstanding Exchangeable Shares following a Liquidation Event as provided in the Exchangeable Share Provisions;

(d) the failure of Opko or any Permitted Subsidiary to purchase all or any part of the Exchangeable Shares held by such Holder following exercise of the Redemption Call Right as provided in the Exchangeable Share Provisions;

(e) subject to Section 3.2(d), the failure of the Corporation to redeem all the outstanding Exchangeable Shares held by such Holder on the Redemption Date as provided in the Exchangeable Share Provisions;

(f) the failure of Opko or any Permitted Subsidiary to purchase all or any part of the Exchangeable Shares held by such Holder following exercise of the Retraction Call Right as provided in the Exchangeable Share Provisions; or

(g) subject to Section 3.1(f), the failure of the Corporation to redeem the Retracted Shares under a Retraction Request as provided in the Exchangeable Share Provisions.

3.2 Exercise of Exchange Right

To exercise the Exchange Right, the Holder must deliver to Opko, in person or by certified or registered mail, the certificates representing the Exchangeable Shares to be exchanged, together with a written notice in the form set out in Schedule "C" hereto stating:

(a) that the Holder is exercising the Exchange Right;

(b) the number of Exchangeable Shares in respect of which the Exchange Right is being exercised;

(c) that the Holder has good title to and owns all the Exchangeable Shares free and clear of all encumbrances, other than those stipulated under the Share Purchase Agreement or the Articles;

(d) whether the Holder is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) (the "Tax Act");

(e) the names in which the new certificates representing the Opko Common Shares are to be issued; and

(f) the name and address of the Person to whom such new certificates are to be delivered.

If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to Opko are to be purchased by Opko or, as applicable, a Permitted Subsidiary under the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued to the Holder at the expense of the Corporation.

3.3 Delivery of Exchange Right Consideration

Opko or a Permitted Subsidiary, as the case may be, will, as soon as reasonably practical and, in any event, no later than five Business Days following receipt of the notice of exercise of the Exchange Right and the certificates representing the Exchangeable Shares to be exchanged, deliver or cause to be delivered to the Holder (or any other Persons properly designated by the Holder) the Exchange Right Consideration for each Exchangeable Share in respect of which the Exchange Right is exercised (i.e., certificates representing the Opko Common Shares constituting the Exchange Right Consideration (which Opko Common Shares are to be duly issued as fully paid and non-assessable and free and clear of any lien, claim, encumbrance, security interest or adverse claim) and a cheque of Opko or, as applicable, a Permitted Subsidiary, payable at par at any branch of the bankers of the Corporation totalling the Outstanding Dividend Amount).

3.4 Effect of Exercise

Immediately upon receipt by Opko of the notice of the exercise of the Exchange Right and the certificates representing the Exchangeable Shares to be exchanged, the exchange is deemed to have occurred, the Holder is deemed to be the holder of the Opko Common Shares comprising the Exchange Right Consideration and the Holder of such Exchangeable Shares shall be deemed to have transferred to Opko or, as applicable, a Permitted Subsidiary all of its interest in such Exchangeable Shares and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive its proportionate part of the total purchase price therefor, unless such Exchange Right Consideration is not delivered to the Holder (or to such other Persons, if any, properly designated by such Holder), within three Business Days of the date of the giving of such notice by the Holder, in which case the rights of the Holder shall remain unaffected until such Exchange Right Consideration is so delivered to the Holder. Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the Opko Common Shares delivered to it pursuant to the Exchange Right.

3.5 Deemed Exercise of Exchange Right Subsequent to Retraction

If a Holder requires that the Corporation redeem the Holder's Retracted Shares and is notified by the Corporation that the Corporation is not permitted, as a result of solvency requirements or other provisions of applicable Law, to redeem all such Retracted Shares, then, if the Retraction Call Right has not been exercised with respect to such Retracted Shares and the Holder has not revoked the Retraction Request in accordance with the Exchangeable Share Provisions, the Retraction Request will constitute the exercise of the Exchange Right with respect to those Retracted Shares that the Corporation is unable to redeem. In any such event, the Corporation will immediately notify Opko (with a copy to the Holder) of the prohibition against the Corporation redeeming all of the Retracted Shares and of the exercise of the Exchange Right (which notice will constitute the notice of exercise of the Exchange Right for purposes of Section 3.2) and forward or cause to be forwarded to Opko all relevant materials delivered by the Holder to the Corporation (including without limitation a copy of the Retraction Request in connection with such proposed redemption of the Retracted Shares) and Opko or such Permitted Subsidiary as may be designated by Opko , will thereupon purchase the Retracted Shares that the Corporation is not permitted to redeem in accordance with the provisions of this Article 2.

3.6 Notice of Insolvency Event

Immediately upon the occurrence of an Insolvency Event or any event which with the giving of notice or the passage of time or both would be an Insolvency Event, each of the Corporation and Opko shall give written notice thereof to the Holders. As soon as practicable after receiving notice from the Corporation, Opko or from any other Person of the occurrence of an Insolvency Event, the Corporation will mail to each Holder, at the expense of the Corporation, a notice of such Insolvency Event, which notice shall contain a brief statement of the right of the Holders with respect to the Exchange Right.

ARTICLE 4
AUTOMATIC EXCHANGE RIGHT

4.1 Notice of Opko Liquidation Event

(a) Opko will give the Holders notice of each of the following events at the time set forth below:

(i) in the event of any determination by Opko to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Opko or to effect any other distribution of assets of Opko among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and

(ii) immediately, upon the earlier of (A) receipt by Opko of notice of and (B) Opko otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of Opko or to effect any other distribution of assets of Opko among its shareholders for the purpose of winding up its affairs.

(b) Notice of any event (an "**Opko Liquidation Event**") contemplated by Section 4.1(a)(i) or 4.1(a)(ii) above shall include a brief description of the automatic exchange of Exchangeable Shares for Opko Common Shares provided for in Section 4.2 below.

4.2 Automatic Exchange

On the fifth Business Day prior to the Opko Liquidation Event Effective Date, all of the then outstanding Exchangeable Shares held by the Holders shall be automatically exchanged with Opko or such Permitted Subsidiary as may be designated by Opko, for the Exchange Right Consideration. To effect such automatic exchange, effective the fifth Business Day prior to the Opko Liquidation Event Effective Date:

(a) Opko or such Permitted Subsidiary, as applicable, will deliver or cause to be delivered to each Holder the Exchange Right Consideration for each Exchangeable Share held by the Holder;

(b) each Holder will be deemed to have transferred to Opko or such Permitted Subsidiary, as applicable, all of the Holder's interest in the Exchangeable Shares (which shall be free and clear of all liens and encumbrances, other than those stipulated under the Share Purchase Agreement, or the Articles) and will cease to be a Holder of those Exchangeable Shares;

(c) the Holder will be deemed to be the holder of the Opko Common Shares delivered to it; and

(d) the certificates held by the Holder previously representing the Exchangeable Shares will be deemed to represent the Opko Common Shares and other Exchange Right Consideration delivered to the Holder.

4.3 Certificates

Upon the request of a Holder and the surrender by the Holder of Exchangeable Share certificates deemed to represent Opko Common Shares as provided in Section 4.2, Opko or the applicable Permitted Subsidiary, as the case may be, will deliver to the Holder certificates issued by Opko representing the Opko Common Shares.

ARTICLE 5
ECONOMIC EQUIVALENCE

5.1 Economic Equivalence - Opko Obligations

Opko will not, without Joint Approval:

(a) declare or pay or make any distribution (other than a distribution consisting of an issuance referred to in Section 5.1(b)) on the Opko Common Shares unless the Corporation forthwith declares, pays or makes, as the case may be, the same per share dividend or distribution on the Exchangeable Shares as provided in Section 4.1 of the Exchangeable Share Provisions;

(b) issue or distribute to all of the Holders of the then outstanding Opko Common Shares in respect of the Opko Common Shares held by such holders:

(i) Opko Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Opko Common Shares) by way of a share distribution or other distribution; or

(ii) rights, options or warrants entitling them to subscribe for or to purchase Opko Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire Opko Common Shares),

unless the economic equivalent on a per share basis of such rights, options, securities or shares, is issued or distributed forthwith by the Corporation to Holders (as determined in good faith by the board of directors of the Corporation); or

(c) effect:

(i) a subdivision or change of the then outstanding Opko into a greater number of Opko Common Shares;

(ii) a reduction, combination, consolidation or change of the then outstanding Opko Common Shares into a lesser number of Opko Common Shares;

(iii) a reclassification or other change of the Opko Common Shares; or

(iv) an amalgamation, merger, reorganization or other transaction affecting the Opko Common Shares, other than in the event of an Opko Sale pursuant to which a Redemption right is exercised,

unless the same or an economically equivalent change is forthwith made by the Corporation to the Exchangeable Shares, or to the rights of the Holders (if any such change is necessary to retain economic equivalence), as determined in good faith by the board of directors of the Corporation.

5.2 Economic Equivalence - the Corporation Obligations

The Corporation will not, without Joint Approval:

(a) declare or pay any dividend or make any other distribution (other than a dividend or distribution consisting of an issuance referred to in Section 5.2(b)) on the Exchangeable Shares unless Opko forthwith declares, pays or makes, as the case may be, the same per unit distribution on the Opko Common Shares;

(b) issue to all of the Holders in respect of the Exchangeable Shares held by such Holders:

(i) Exchangeable Shares (or securities exchangeable for or convertible into or carrying rights to acquire Exchangeable Shares) by way of stock dividend or other distribution; or

(ii) rights, options or warrants entitling them to subscribe for or to purchase Exchangeable Shares (or securities exchangeable for or convertible into or carrying rights to acquire Exchangeable Shares),

unless the economic equivalent on a per unit basis of such rights, options, or in the rights of the holders of, securities or shares, is issued or distributed forthwith by the Corporation to holders of Opko Common Shares (as determined in good faith by Opko); or

(c) effect:

(iii) a subdivision or change of the then outstanding Exchangeable Shares into a greater number of Exchangeable Shares;

(iv) a reduction, combination, consolidation or change of the then outstanding Exchangeable Shares into a lesser number of Exchangeable Shares;

(v) a reclassification or other change of the Exchangeable Shares; or

(vi) an amalgamation, merger, reorganization or other transaction affecting the Exchangeable Shares, other than in the event of an Opko Sale pursuant to which a Redemption right is exercised,

unless the same or an economically equivalent change is forthwith made to the Opko Common Shares (if any such change is required to retain economic equivalence), as determined in good faith by Opko .

5.3 Covenants Regarding Exchangeable Shares

Opko and the Corporation will:

(a) ensure that the declaration date, record date and payment date for a dividend on the Exchangeable Shares will be the same as the declaration date, record date and payment date for the corresponding dividend on Opko Common Shares;

(b) advise each Holder sufficiently in advance of any Company Sale or Liquidation Event to allow each Holder to exercise its rights of retraction pursuant to the Exchangeable Share Provisions to receive Opko Common Shares immediately prior to any such event or date;

(c) duly and timely perform all of their respective obligations, and take all actions and do all things as are necessary or desirable to enable and permit each other to perform their respective obligations, under the Exchangeable Share Provisions; and

(d) ensure that any redemption of Exchangeable Shares of a Holder in connection with a Company Sale, if requested by such Holder, shall be effective only upon, and will be conditional upon, the closing of the Company Sale.

5.4 Additional Opko Covenants

Opko will:

(a) not exercise its vote as a shareholder of the Corporation, nor allow any direct or indirect Subsidiary to exercise its own vote as a shareholder of the Corporation, to initiate the voluntary liquidation, dissolution or winding-up of the Corporation nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of the Corporation, other than in circumstances where such vote is necessary in order to enable the Corporation to fulfill its obligations under this Agreement or pursuant to the Exchangeable Share Provisions; and

(b) take all such commercially reasonable actions and do all such commercially reasonable things as are necessary or desirable to enable and permit Opko, the Corporation, or a Permitted Subsidiary, as applicable, in accordance with applicable law, to perform its obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, including without limitation all such actions and all such things as are necessary or desirable to enable and permit Opko, the Corporation, or a Permitted Subsidiary, as applicable, to cause to be delivered Opko Common Shares to the holders of Exchangeable Shares in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, as the case may be.

5.5 Delivery of Opko Common Shares

Upon notice from a Holder, the Corporation or a Permitted Subsidiary of any event that requires the Corporation or such Permitted Subsidiary to deliver Opko Common Shares to any Holder of Exchangeable Shares, Opko will, within five (5) Business Days, or upon the automatic exchange of Opko Common Shares for Exchangeable Shares pursuant to Section 4.2, Opko will on the fifth Business Day prior to the Opko Liquidation Event Effective Date, issue and deliver or cause the delivery of the requisite number of Opko Common Shares Holder or to the former Holder of the surrendered Exchangeable Shares, as the Corporation or such Permitted Subsidiary directs. All such Opko Common Shares will be, when issued and delivered, duly issued, fully paid and non-assessable, and will be free and clear of any lien, claim, encumbrance, security interest or adverse claim (other than resale restrictions arising under applicable securities Laws.)

5.6 Provision of Funds

Opko shall provide, or cause the provision of, the Corporation and each Permitted Subsidiary with sufficient funds, assets or other property as and when necessary to enable the Corporation and each such Permitted Subsidiary to pay or otherwise satisfy its obligations under the Exchangeable Share Provisions and this Agreement, including without limitation, the payment of dividends by the Corporation and any and all obligations arising under the exercise by a Permitted Subsidiary of the Liquidation Call Right, the Retraction Call Right, the Redemption Call Right or under Articles 2 and 3 hereof.

5.7 Ownership of Common Shares

Opko, or one of its wholly-owned Subsidiaries, will be and will remain the direct or indirect beneficial owner of all issued and outstanding voting shares in the capital of the Corporation (including without limitation, the Common Shares), except: (i) any change in ownership in connection with a transaction that constitutes a Company Sale; or (ii) with Joint Approval and the prior written approval of Opko.

5.8 Opko and Affiliates Not to Vote Exchangeable Shares

(a) Subject to Section 5.4, Section 5.8(b) and Section 5.8(c), Opko will appoint and cause to be appointed proxyholders with respect to all Exchangeable Shares from time to time held by it and its Affiliates for the sole purpose of attending each meeting of Holders in order to be counted as part of the quorum for each meeting.

(b) Opko will not, and will cause its Affiliates not to, exercise any voting rights that may be exercisable by holders of the Exchangeable Shares from time to time in respect of any matter considered at any meeting of Holders of Exchangeable Shares.

(c) Where Holders (excluding Opko and its Affiliates) of more than two-thirds of the Exchangeable Shares approve the adding to or changing of restrictions or conditions, or the removing or changing of rights or privileges, attaching to the Exchangeable Shares, and such Holders of the Exchangeable Shares do not hold a sufficient number of Exchangeable Shares to cause such action to be approved by written consent of such Holders (as prescribed by applicable Law), Opko will, if it is a holder of Exchangeable Shares, and will cause its Affiliates who are holders of Exchangeable Shares, to execute any resolutions in writing which are executed by such other Holders or to exercise its votes in the same manner as exercised by the Holders of more than two-thirds of the Exchangeable Shares (excluding Opko and its affiliates).

5.9 Grant of Call Rights

The Corporation and each Holder grants to Opko and each Permitted Subsidiary, the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right.

5.10 Notification of Certain Events

In order to assist Opko to comply with its obligations hereunder, the Corporation will give Opko notice of each of the following events set forth below:

(a) in the event of any determination by the board of directors of the Corporation to institute voluntary liquidation, dissolution or winding up proceedings with respect to the Corporation or to effect any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding up or other distribution;

(b) immediately, upon the earlier of (i) receipt by the Corporation of notice of, and (ii) the Corporation otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of the Corporation or to effect any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs;

(c) immediately, upon receipt by the Corporation of a Retraction Request; and

(d) as soon as practicable upon the issuance by the Corporation of any Exchangeable Shares or rights to acquire Exchangeable Shares.

5.11 Qualification of Opko Common Shares

If any Opko Common Shares (or other shares or securities into which Opko Common Shares may be reclassified or changed) to be issued and delivered hereunder or pursuant to the Exchangeable Share Provisions require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, with or the taking of any proceeding with or the obtaining of any order, ruling or consent from, any governmental or regulatory authority under any Canadian or United States federal, provincial or state securities or other law or regulation or pursuant to the rules and regulations of any securities or other regulatory authority or the fulfillment of any other United States or Canadian legal requirement before such shares (or such other shares or securities) may be issued by Opko and delivered by Opko at the direction of a Permitted Subsidiary or the Corporation, if applicable, to the holders of surrendered Exchangeable Shares, Opko will in good faith and expeditiously take all such commercially reasonable actions and do all such commercially reasonable things as are necessary or desirable to cause such Opko Common Shares (or such other shares or securities) to be and remain duly registered, qualified or approved under United States and/or Canadian law, as the case may be.

5.12 Tender Offers

In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Opko Common Shares (an "Offer") is proposed by Opko or otherwise occurs and the Exchangeable Shares are not purchased by a Permitted Subsidiary pursuant to the Redemption Call Right, Opko will use commercially reasonable efforts and expeditiously and in good faith to take all such commercially reasonable actions and do all such things as are necessary or desirable to enable and permit the Holders (other than Opko and its Affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Opko Common Shares, without discrimination. Without limiting the generality of the foregoing, Opko will use commercially reasonable efforts and expeditiously and in good faith to ensure that Holders may participate in all such Offers without being required to retract Exchangeable Shares as against the Corporation.

ARTICLE 6
TAX MATTERS

6.1 Right to Withhold

The Corporation, Opko and each Permitted Subsidiary (each, as the case may be, a **"Payer"**) may deduct and withhold from any amount otherwise payable to any Holder such amounts as the Payer is required to deduct and withhold with respect to such payment under the *Tax Act*, the *United States Internal Revenue Code of 1986* or any provision of provincial, state, territorial, municipal, local or foreign tax Law, in each case as amended or succeeded. To the extent that amounts are so withheld, such withheld amounts are to be treated for all purposes as having been paid to the Holder of the shares or shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a Holder exceeds the cash portion of the amounts otherwise payable to the Holder, the Holder will be notified in writing thereof by the Payer, and the Holder must pay the difference (up to the amount required to be withheld by the Payer) in cash to the Payer; failing payment of such difference within five Business Days after notice is provided to the Holder, the Payer is hereby authorized to sell or otherwise dispose of such portion of the amounts otherwise payable to the Holder as is necessary to provide sufficient funds to the Payer to enable it to comply with such deduction or withholding requirement, and the Payer will notify the Holder thereof and remit to such Holder any unapplied balance of the net proceeds of such sale. The Payer shall endeavour in good faith to maximize the proceeds realized from any such sale or disposition of the consideration.

6.2 Section 116 Clearance Certificate for Non-Resident Holders

(a) Each Holder that is a non-resident of Canada for purposes of the Tax Act (a "**Non-resident Holder**") and to whom the Exchangeable Shares are "taxable Canadian property" and not "excluded property" for purposes of the Tax Act must, prior to a disposition of such shares to the Corporation, Opko or any Permitted Subsidiary as may be designated by Opko, deliver to the Payer an amount in Canadian dollars equal to 25% of the fair market value of the Exchangeable Shares to be disposed of, as determined on the date of disposition (the "**Up-front Amount**"). The Up-front Amount shall be released by the Payer or remitted to the Canada Revenue Agency (the "**CRA**") as set forth below.

(b) If the Up-front Amount has not been delivered to the Payer on, or prior to, the date of disposition of the Exchangeable Shares (the "**Effective Date**"), the Non-resident Holder must, prior to a disposition of such shares to the Corporation, Opko or any Permitted Subsidiary as may be designated by Opko, deliver a section 116 clearance certificate (a "**Clearance Certificate**") to the Payer.

(c) If a Clearance Certificate having a certificate limit as defined in subsection 2 of Section 116 of the Tax Act (the "**Certificate Limit**") at least equal to the fair market value for the Exchangeable Shares being disposed of has not been delivered to the Payer on or prior to the Effective Date, the Payer shall withhold 50% of the proceeds of disposition otherwise deliverable to the Non-resident Holder. If a Clearance Certificate has been delivered to the Payer on or before the Effective Date and the Certificate Limit is less than the 50% of the fair market value of the Exchangeable Shares being disposed of, the Payer shall withhold 50% of the amount by which the proceeds of disposition otherwise payable to the Non-resident Holder exceeds the Certificate Limit. Any amount so withheld (the "**Withheld Amount**") shall be released by the Payer or remitted to the Canada Revenue Agency (the "**CRA**") as set forth below.

(d) If on or before the 27th day of the month following the calendar month which includes the Effective Date (the "**Remittance Date**"), the Payer receives from the Non-resident Holder a Clearance Certificate with a Certificate Limit at least equal to the fair market value of the Exchangeable Shares disposed of, the Payer shall, promptly after receipt of such Clearance Certificate, deliver to the Non-resident Holder the Withheld Amount or the Up-front Amount, as may be applicable, plus any interest earned thereon (less any applicable withholding taxes).

(e) If on or before the Remittance Date, the Payer does not receive from the Non-resident Holder a Clearance Certificate, or receives a Clearance Certificate with a Certificate Limit that is less than the fair market value of the Exchangeable Shares being disposed of, then, unless the CRA has issued a letter confirming that the CRA will not enforce the remittance of funds as is normally required under subsection 116(5) of the Tax Act and that the Payer will not be charged interest or penalties if it delays the remittance of amounts in respect of the disposition of the Exchangeable Shares until further instructed by the CRA (a "**Comfort Letter**"), the Payer shall remit to the Receiver General for Canada (the "**Receiver General**") from the Withheld Amount or the Up-front Amount, as may be applicable, an amount equal to 25% of the fair market value of the Exchangeable Shares disposed of (or, if a Clearance Certificate is received but with a Certificate Limit less than the fair market value of the Exchangeable Shares disposed of, an amount equal to 25% of the difference between the fair market value of the Exchangeable Shares disposed of and the Certificate Limit) and shall remit to the Non-resident Holder such portion of the Withheld Amount or the Up-front Amount, as may be applicable, not required to be remitted to CRA (if any), together with any interest earned thereon (less applicable withholding taxes).

(f) If the CRA has issued a Comfort Letter, the Payer shall not make any remittance to the Receiver General on the date that would otherwise be the Remittance Date and if a Clearance Certificate is subsequently received while the Comfort Letter remains in effect, with a Certificate Limit at least equal to the fair market value of the Exchangeable Shares being disposed of, the Payer shall, promptly after receipt of such certificate, remit to the Non-resident Holder the Withheld Amount or the Up-front Amount, as may be applicable, together with any interest earned thereon, less any applicable withholding taxes. If notification from the CRA is received that the Comfort Letter is no longer in effect, the date of receipt of such notification shall be deemed to be the Remittance Date for the purposes of this section.

(g) Any amount that the Payer withholds from the proceeds of disposition otherwise payable to the Non-resident Holder pursuant to the provisions hereof shall be treated as having been paid to the Non-resident Holder on account of the proceeds of disposition on the date of disposition.

6.3 Transfer Taxes

Each Holder will pay any documentary, stamp, transfer or other similar taxes that may be payable in respect of any Transfer involved in the issuance or delivery of Opko Common Shares.

ARTICLE 7
REGISTRATION

7.1 Piggyback Registration.

(a) Beginning on the date of this Agreement, OPKO will notify all Holders of Registrable Securities in writing at least 10 days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of OPKO Common Shares by OPKO (including, but not limited to, registration statements relating to secondary offerings of OPKO Common Shares, but excluding registration statements relating to employee benefit plans or with respect to corporate reorganizations or other transactions under SEC Rule 145) and will afford each such Holder an opportunity to include in such registration statement up to 100% of such Registrable Securities held by such Holder, subject to Section 7.1(b). Each Holder desiring to include in any such registration statement part of the Registrable Securities held by it will, within 5 days after the above-described notice from OPKO (the "Holder Notice Period"), so notify OPKO in writing. Such notice will state the intended method of disposition of the Registrable Securities by such Holder as well as the number of Registrable Securities proposed by such Holder to be included in such registration statement.

(b) If the registration statement under which OPKO gives notice under this Section 7.1(b) is for an underwritten offering, OPKO will so advise the Holders of Registrable Securities as a part of such notice. In such event, the right of any Holder to be included in a registration pursuant to this Section 7.1(b) will be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting will enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by OPKO. Notwithstanding any other provision of this Section 7.1(b), if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting will be allocated first to OPKO.

(c) OPKO will have the right to terminate or withdraw any registration initiated by it under this Section 7.1 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

7.2 Registration Expenses.

OPKO shall pay all fees and expenses incident to the performance of or compliance with this ARTICLE 7 including without limitation: (a) all registration and filing fees and expenses, including without limitation those related to filings with the SEC, and in connection with applicable state securities or Blue Sky Laws, (b) printing expenses (including without limitation expenses of printing certificates for Registrable Securities), (c) messenger, telephone and delivery expenses, (d) fees and disbursements of counsel for OPKO, (e) fees and expenses of all other Persons retained by OPKO in connection with a registration statement and (f) all listing fees to be paid by OPKO. Holders shall pay all fees and disbursements of counsel retained for Holders in connection with a registration statement as well as all underwriter discounts associated with any public offering conducted on such Holder's behalf.

7.3 Obligations of OPKO.

Whenever required to effect the registration of any Registrable Securities, OPKO will, as soon as practicable:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its reasonable efforts to cause such registration statement to become effective and keep such registration statement effective for at least 180 days or, if earlier, until (i) the participating Holder or Holders have completed the distribution related thereto or (ii) the Registrable Securities are no longer required to be registered;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement;

(c) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter or underwriters of such offering. Each Holder participating in such underwriting will also enter into and perform its obligations under such an agreement;

(d) promptly notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act upon learning of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading and, at the request of the Holders, OPKO shall prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances then existing;

(e) furnish to each Holder and to each underwriter such number of copies of the registration statement and the prospectus included therein (including each preliminary prospectus) as such Persons reasonably may request in order to facilitate the intended disposition of the Registrable Securities covered by such registration statement;

(f) use its best efforts (i) to register or qualify the Registrable Securities covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as the sellers of Registrable Securities or, in the case of an underwritten public offering, the managing underwriter reasonably shall request, (ii) to prepare and file in those jurisdictions such amendments (including post effective amendments) and supplements, and take such other actions, as may be necessary to maintain such registration and qualification in effect at all times for the period of distribution contemplated thereby and (iii) to take such further action as may be necessary or advisable to enable the disposition of the Registrable Securities in such jurisdictions, provided, that OPKO shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;

(g) permit a single firm of counsel designated as selling stockholders' counsel by the Holders to review the registration statement and all amendments and supplements thereto for a reasonable period of time prior to their filing.

(h) if such registration involves an underwritten offering, furnish a legal opinion of the Corporation's counsel, dated the date of the closing under the underwriting agreement, with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and other documents relating thereto, in customary form and covering such matters as are customarily covered by legal opinions of issuers' counsel in such public offerings.

(i) if such registration involves an underwritten offering, furnish a legal opinion of the Corporation's counsel, dated the date of the closing under the underwriting agreement, with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and other documents relating thereto, in customary form and covering such matters as are customarily covered by legal opinions of issuers' counsel in such public offerings

(j) make available for inspection by each seller of Registrable Securities, any underwriter participating in any distribution pursuant to such registration statement, and any attorney, accountant or other agent retained by such seller or underwriter, all relevant financial and other records, pertinent corporate documents and properties of OPKO, and cause OPKO's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(k) provide a transfer agent and registrar, which may be a single entity for the Registrable Securities not later than the effective date of the Registration Statement;

(l) take all actions reasonably necessary to facilitate the timely preparation and delivery of certificates (not bearing any legend restricting the sale or transfer of such securities) representing the Registrable Securities to be sold pursuant to the Registration Statement and to enable such certificates to be in such denominations and registered in such names as the Sellers or any underwriters may reasonably request;

(m) take all other reasonable actions necessary to expedite and facilitate the registration of the Registrable Securities pursuant to the Registration Statement; and

(n) advise each Holder of Registrable Securities covered by such registration statement and, if requested by any such Holder, confirm such advice in writing:

(i) when such registration statement, and any amendment thereto, has been filed with the SEC and when the registration statement or any post-effective amendment thereto has become effective;

(ii) of any request by the SEC for amendments or supplements to such registration statement or the prospectus included therein or for additional information;

(iii) of the issuance by the SEC of any stop order suspending effectiveness of the registration statement or the initiation of any proceedings for that purpose; and

(iv) of the receipt by OPKO of any notification with respect to the suspension of the qualification of the securities included in the registration statement for sale in any jurisdiction or the initiation of any proceeding for such purpose.

7.4 Obligations of the Holders.

Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by such Holder will reasonably cooperate with OPKO in connection with the preparation and filing of any registration statement and each amendment thereof and, upon OPKO's reasonable request, will in a timely manner furnish in writing to OPKO accurate and complete information regarding the Holder, the distribution of the Registrable Securities and other matters as may be required by applicable Law, rule or regulation for inclusion in the registration statement and each amendment; the provision of such information by such Holders to OPKO shall be a condition precedent to OPKO's obligations under ARTICLE 7 hereof.

7.5 Termination of Registration Rights.

All registration rights granted under this ARTICLE 7 will terminate and be of no further force and effect as to any Holder on the earlier of (a) five years from the date hereof and (b) such time as all of the Registrable Securities held by such Holder (together with its affiliates, partners and former partners) may be sold under SEC Rule 144 during any 90-day period.

7.6 Dispositions.

Each Holder agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a registration statement.

7.7 SEC Rule 144 Reporting.

With a view to making available to the Holders the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, OPKO will use its reasonable best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act.

(b) File with the SEC, in a timely manner, all reports and other documents required of OPKO under the Exchange Act;

(c) As long as a Holder owns any Registrable Securities, furnish to such Holder promptly upon request: a written statement by OPKO as to its compliance with the reporting requirements of SEC Rule 144, the Securities Act, and the Exchange Act, a copy of the most recent annual or quarterly report of OPKO and such other reports and documents so filed by OPKO; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

7.8 Indemnification and Contribution.

(a) In the event of a registration of any of the Registrable Securities under the Securities Act pursuant to Section 7.1, OPKO will indemnify and hold harmless each seller of such Registrable Securities thereunder, any underwriter (as defined in the Securities Act) for such seller, and each other Person, if any, who controls such seller or underwriter within the meaning of the Securities Act or the Exchange Act, from and against, and pay or reimburse them for, any losses, claims, reasonable expenses, damages or liabilities to which such seller, underwriter or controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, expenses, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act pursuant to Section 7.1, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation or alleged violation of the Securities Act, the Exchange Act, any state securities or blue sky laws and specifically will reimburse each such seller, underwriter and controlling Person for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability or action; provided, that OPKO will not be liable in any such case if and to the extent that any such loss, claim, expense, damage or liability arises out of or is based upon OPKO's reliance on an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by any such seller, underwriter or controlling Person in writing specifically for use in such registration statement or prospectus; and provided further, that OPKO shall not be liable to the extent that any such loss, claim, expense, damage or liability (or action in respect thereof) arises out of or is based upon an untrue statement or alleged untrue statement or omission in such registration statement corrected in an amendment or supplement to the registration statement, such amendment or supplement was delivered to the indemnified party in sufficient quantities and a reasonable period of time prior to the closing of any offering and the indemnified party failed to deliver or failed to cause to be delivered such registration statement as so amended or supplemented to the Person asserting such loss, claim, expense, damage or liability.

(b) In the event of a registration of any of the Registrable Securities under the Securities Act pursuant to Section 7.1, each seller of such Registrable Securities thereunder, severally and not jointly, will indemnify and hold harmless OPKO, each Person, if any, who controls OPKO within the meaning of the Securities Act, each officer of OPKO who signs the registration statement, each director of OPKO and any underwriter and any controlling Person of such underwriter from and against all losses, claims, reasonable expenses, damages or liabilities, joint or several, to which OPKO or such officer, director, underwriter or controlling Person may become subject under the Securities Act, Exchange Act or otherwise, insofar as such losses, claims, expenses, damages or liabilities (or actions in respect thereof) arise out of or are based upon reliance on any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which such Registrable Securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse OPKO and each such officer, director, underwriter and controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, expense, damage, liability or action; provided, that such seller will be liable hereunder in any such case if and only to the extent that any such loss, claim, expense, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information pertaining to such seller, as such, furnished in writing to OPKO by such seller specifically for use in such registration statement or prospectus; and provided, further, that the liability of each seller hereunder shall be limited to the proportion of any such loss, claim, expense, damage or liability which is equal to the proportion that the public offering price of the Registrable Securities sold by such seller under such registration statement bears to the total public offering price of all securities sold thereunder

(c) Notwithstanding the foregoing, the indemnity provided in this ARTICLE 7 shall not apply to amounts paid in settlement of any such loss, claim, expense, damage or liability if such settlement is effected without the consent of such seller;

(d) Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the delay so to notify the indemnifying party shall not relieve it from any liability which it may have to such indemnified party other than under this Section 7.8 and shall only relieve it from any liability which it may have to such indemnified party under this Section 7.8 if and to the extent the indemnifying party is materially prejudiced by such delay. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to jointly with any other indemnifying party similarly notified, assume and undertake the defence thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defence thereof, the indemnifying party shall not be liable to such indemnified party under this Section 7.8 for any legal expenses subsequently incurred by such indemnified party in connection with the defence thereof provided, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonable defences available to it which are different from or additional to those available to the indemnifying party or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the indemnified party shall have the right to select a separate counsel and to assume such legal defences and otherwise to participate in the defence of such action, with the reasonable expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred.

(e) If the indemnification provided for in this Section 7.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, claim, expense, damage or liability referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, expense, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the untrue statement or alleged untrue statement or omission or alleged omission or violation or alleged violation that resulted in such loss, claim, expense, damage or liability as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement or omission o r alleged omission or violation or alleged violation relates to information supplied or acts or omissions by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement, omission or violation; provided further, that, in no event shall any contribution of a holder or Registrable Securities under this Section 7.8 exceed the net proceeds from the offering received by such holder.

(f) (e) The obligations of the Parties under this Section 7.8 shall survive the completion of any offering of Registrable Securities in a registration statement under Section 7.1; provided that any such indemnification obligations shall not extend beyond the period proscribed by the applicable statute of limitations (and all extensions thereof) with respect to such action or claim; and provided further, that if notice is given under this Section 7.8 with respect to any matter entitling a party to indemnification hereunder prior to the applicable expiration date, such indemnification obligation shall continue indefinitely in respect of the applicable claim until it is finally resolved.

ARTICLE 8
GENERAL

8.1 Transfer and Issuance Restrictions

Notwithstanding any of other provision of this Agreement:

(a) no Exchangeable Shares may be Transferred unless, in addition to such Transfer complying with all provisions related to Transfers set forth in this Agreement and in the constating documents of the Corporation, concurrently with such transfer the transferee enters into this Agreement by executing a counterpart instrument of accession in the form attached as Schedule B; and

(b) no additional Exchangeable Shares may be issued by the Corporation to any Person who is not a Holder without Joint Approval, and if Joint Approval is obtained unless, concurrently with such issuance, the Person to whom such shares are issued enters into this Agreement by executing a counterpart instrument of accession in the form attached as Schedule B.

8.2 Legends

The Corporation will cause each certificate representing its Exchangeable Shares to bear the following language either as an endorsement or on the face of such share certificate:

> The shares represented by this certificate are subject to all the terms and conditions of an exchange and support agreement made _____, _____, 2007 as it may be amended, which agreement contains, among other things, restrictions on the right of the holder hereof to transfer or sell the shares. A copy of such exchange and support agreement is on file at the registered office of the Corporation.

8.3 Seller Acknowledgements and Agreements

Each Holder hereby acknowledges, certifies and agrees that:

(a) The Opko Common Shares contained in the Exchange Right Consideration have not been and will not be registered under the US Securities Act of 1933, as amended (the "U.S. Securities Act");

(b) Such Holder shall not sell, transfer or otherwise dispose of such Opko Common Shares unless in accordance with Regulation S under the US Securities Act ("Regulation S"), pursuant to registration under the U.S. Securities Act or pursuant to an applicable exemption from the registration requirement of the US Securities Act and any applicable state securities law, and shall not engage in any hedging transactions with regard to the Opko Common Shares unless in compliance with the US Securities Act;

(c) The Opko Common Shares constitute "restricted securities," as defined in Rule 144 under the U.S. Securities Act ("Rule 144"), and, accordingly, will be subject to the holding period, volume limitations, manner of sale, notice of proposed sale and other compliance requirements, as applicable, of Rule 144 for purposes of any resale of the Opko Common Shares into the U.S. public securities markets;

(d) Any certificate representing Opko Common Shares shall bear a transfer restriction legend referring to the U.S. Securities Act, including a reference to Regulation S, and applicable state securities law;

(e) Such Holder has such knowledge and experience in financial and business matters that such Holder is capable of evaluating the risks of an investment an Opko Common Shares and for purposes of the investment decision from time to time related to any exercise of the Exchange Right is relying solely on the reports and other information filed by Opko with the U.S. Securities and Exchange Commission and not on any material nonpublic information about Opko;

(f) Such Holder as of the date hereof and the date of exercise of the Exchange Right, is not a "distributor" (as defined in Regulation S) and is not exercising the Exchange Right with an intent to effect, and will not undertake, a distribution of the Exchange Right Consideration; and

(g) Such Holder at the time of the exercise the Exchange Right is not a U.S. person (as defined in Regulation S), is outside the United States, and is not acquiring the Exchange Right Consideration for the account or benefit of a U.S. person.

8.4 Compliance with other Instruments

Each Party confirms that it will comply, and Opko will cause each Permitted Subsidiary to comply, with the Exchangeable Share Provisions and this Agreement.

8.5 Changes in Capital of Opko and the Corporation

At all times after the occurrence of any event as a result of which the Opko Common Shares or the Exchangeable Shares are in any way changed, this Agreement will be amended and modified as necessary in order that it will apply with full force and effect to all new securities into which the Opko Common Shares or the Exchangeable Shares are so changed.

8.6 Term

This Agreement is effective as of the date of this Agreement and terminates when no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any Person (other than Opko and its Affiliates).

8.7 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of merger or amalgamation of any Party) and permitted assigns as contemplated in Section 8.10.

8.8 Notices to Parties

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

(a) if to the Corporation, to Opko, any Permitted Subsidiary, or their Affiliates, to:

4400 Biscayne Boulevard
Miami, Florida 31337
Attention: Steven D. Rubin
Fax: <>

with a copy to:

Fraser Milner Casgrain
First Canadian Place
100 King Street West
P.O. Box 100
Toronto, Ontario M5X 1B2

Attention: Laurence Geringer
Fax: 416.863.4592

(b) and if to the Holders in accordance with Section 8.9.

(c) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

(d) Any Party may from time to time change its address under this Section by notice to the other Party given in the manner provided by this Section.

8.9 Notice to Holders

Any and all notices to be given and any documents to be sent to any Holder shall be given or sent to such Holder at its address as shown on the register of holders of Exchangeable Shares (or, if not available, on the register of holders of Opko Common Shares or as provided by the Holder) in any manner permitted by the by-laws of the Corporation from time to time in force in respect of notices to shareholders (with a copy to each of the persons set out in Section 8.8) and shall be deemed to be received (if given or sent in such manner) at the time specified in such by-laws, the provisions of which by-laws shall apply *mutatis mutandis* to notices or documents as aforesaid sent to such Holders.

8.10 Amendment

No amendment, supplement, modification, waiver or termination of this Agreement is binding without Joint Approval and the prior written approval of Opko and no consent or approval by any Party will be binding unless delivered in writing to the other Parties hereto. The Corporation, at the request of Opko , shall call a meeting or meetings of the Holders for the purpose of considering any proposed amendment or modification requiring approval pursuant to this Section 8.10. Any such meeting or meetings shall be called and held in accordance with the by-laws of the Corporation, the Exchangeable Share Provisions and all applicable Laws.

8.11 Assignment

Any Holder may assign its rights and obligations under this Agreement to any permitted transferee of any of such Holder's Exchangeable Shares. Otherwise, no party may assign any rights or obligations under this Agreement without Joint Approval.

8.12 Further Assurances

The Parties will, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party will provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

8.13 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by fax, and all such counterparts and faxes together constitute one agreement.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS OF WHICH the Parties have duly executed this Exchange and Support Agreement.

Opko:

OPKO HEALTH, INC.

By:_____
Name:
Title:

The Corporation:

OTI Holdings Limited

By:_____
Name:
Title:

IN WITNESS OF WHICH the Parties have duly executed this Exchange and Support Agreement.

Holders:

SIGNED IN THE PRESENCE OF:	)	
	)	
	)	
	)	
Witness	)	**RISHARD WEITZ**
	)	
	)	
	)	
Witness	)	**CAROLYN WEISS**
	)	
	)	
	)	
	)	
	)	
Witness	)	**GERALD WEISS, IN TRUST**
	)	
	)	
	)	
	)	
Witness	)	**SHANE DUNNE**

1161983 ONTARIO LIMITED.

By:_____
Name:
Title:

GRALL CORPORATION LIMITED.

By:_____
Name:
Title:

TRIPLE NET PROPERTIES LIMITED.

By:_____
Name:
Title:

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement is dated as of December 4, 2007 (this "Agreement"), between OPKO Health, Inc., a Delaware corporation (the "Company"), and the members of The Frost Group, LLC, as listed on Annex A hereto (collectively, the "Purchasers").

WHEREAS, the Company desires to sell to Purchasers, and Purchasers desire to purchase from the Company, shares of the Company's common stock, par value $.01 per share (the "Common Stock"), on the terms and subject to the conditions set forth in this Agreement.

WHEREAS, the Purchase Price and the Shares issued shall be allocated among the Purchasers in accordance with Annex A.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

Article 1

Purchase and Sale of Common Stock

1.1 Purchase and Sale of the Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to Purchasers, and Purchasers hereby agree to purchase from the Company, 10,869,565 shares of Common Stock (the "Shares") at a purchase price of $1.84 per share for an aggregate purchase price of $20 million (the " Purchase Price").

1.2 Closing.

The closing of the issuance and sale of the Shares (the "Closing") shall take place at the Company's offices in Miami, Florida concurrently with the execution of this Agreement. As payment in full for the Shares being purchased by them at the Closing, Purchasers shall pay to the Company the Purchase Price by wire transfer no later than December 7, 2007. Upon the receipt of the Purchase Price, the Company shall instruct the Company's transfer agent to issue and deliver to Purchasers, stock certificates in definitive form, registered in the names of Purchasers, representing the number of Shares purchased at the Closing in accordance with Annex A.

Article 2

Additional Agreements

The Company and Purchasers shall cooperate with each other and use their respective commercially reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and applicable laws and regulations to consummate and make effective the sale of the Shares (the "Sale") and the other transactions contemplated by this Agreement as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings and other documents and to obtain as promptly as practicable all permits, consents, approvals and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to consummate the Sale or any of the other transactions contemplated by this Agreement.

Article 3

Representations and Warranties of the Company

The Company represents and warrants to Purchasers as of the date hereof as follows:

3.1 Authorization of Agreements, etc. The execution and delivery by the Company of this Agreement, the performance by the Company of its obligations hereunder, and the issuance, sale and delivery of the Shares have been duly authorized by all requisite corporate action and will not result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice: (a) any provision of the Company's Certificate of Incorporation, as amended, or Bylaws, as amended; (b) any provision of any judgment, decree or order to which the Company is a party or by which it is bound; (c) any material contract or agreement to which the Company is a party or by which it is bound; or (d) any statute, rule or governmental regulation applicable to the Company, except where such violation, conflict, or default would not have a material adverse effect on the Company.

3.2 Valid Issuance of Common Stock. The Shares have been duly authorized and, when issued, sold and delivered in accordance with this Agreement for the consideration expressed herein will be validly issued, fully paid and nonassessable with no personal liability attaching to the ownership thereof and will be free and clear of all liens, charges and encumbrances of any nature whatsoever except for restrictions on transfer under this Agreement and under applicable Federal and state securities laws.

3.3 Validity. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.4 Brokers and Finders. Neither the Company nor any of its subsidiaries, officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the Sale or the other transactions contemplated by this Agreement.

Article 4

Representations and Warranties of Purchasers

Each of the Purchasers hereby severally and not jointly represents and warrants to the Company as of the date hereof as follows:

4.1 Validity. This Agreement has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms except:

(a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally; and

(b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.2 Investment Representations.

(a) Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act") and was not organized for the specific purpose of acquiring the Shares;

(b) Purchaser has sufficient knowledge and experience in investing in companies similar to the Company in terms of the Company's stage of development so as to be able to evaluate the risks and merits of its investment in the Company and it is able financially to bear the risks thereof;

(c) it is the present intention that the Shares being purchased by Purchaser are being acquired for Purchaser's own account for the purpose of investment and not with a present view to or for sale in connection with any distribution thereof;

(d) Purchaser understands that:

(i) the Shares have not been registered under the Securities Act by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof or Rule 505 or 506 promulgated under the Securities Act;

(ii) the Shares must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration;

(iii) the Shares will bear a legend to such effect; and

(iv) the Company will make a notation on its transfer books to such effect; and

(e) the Company has made available to Purchaser all documents and information that the Purchaser has requested relating to an investment in the Company.

4.3 Brokers and Finders. The Purchaser has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the Sale or the other transactions contemplated by this Agreement.

Article 5

Miscellaneous

5.1 Lock-Up. Each of the Purchasers hereby irrevocably agrees that until the second anniversary of the date of this Agreement, he she or it will not, without the prior written consent of the Company, directly or indirectly:

(a) Offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future, of any of the Shares;

(b) Enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of the Shares, or

(c) Publicly disclose the intention to do any of the foregoing, for a period commencing on the date hereof and ending on the second anniversary of the date hereof.

5.2 Legend. Each certificate that represents Shares shall have conspicuously endorsed thereon the following legends:

THIS STOCK HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THIS STOCK MAY NOT BE OFFERED OR TRANSFERRED BY SALE, ASSIGNMENT, PLEDGE OR OTHERWISE UNLESS (A) A REGISTRATION STATEMENT FOR THE STOCK UNDER THE SECURITIES ACT IS IN EFFECT OR (B) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR THE RELEVANT STATE SECURITIES LAWS.

THIS STOCK IS SUBJECT TO RESTRICTIONS ON RESALE PURSUANT TO THAT CERTAIN STOCK PURCHASE AGREEMENT WITH THE COMPANY DATED DECEMBER 4, 2007 AND MAY NOT BE OFFERED OR TRANSFERRED BY SALE, ASSIGNMENT, PLEDGE OR OTHERWISE UNTIL DECEMBER 4, 2009, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY.

5.3 Brokerage. Each party hereto will indemnify and hold harmless the other against and in respect of any claim for brokerage or other commissions relative to this Agreement or to the transactions contemplated hereby, based in any way on agreements, arrangements or understandings made or claimed to have been made by such party with any third party.

5.4 Parties in Interest. All representations, covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not.

5.5 Notices. All notices, requests, consents, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, on the date of transmittal of services via telecopy to the party to whom notice is to be given (with a confirming copy delivered within 24 hours thereafter), or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, or overnight mail via a nationally recognized courier providing a receipt for delivery and properly addressed as follows:

If to the Company:
OPKO Health, Inc.
4400 Biscayne Blvd.
Suite 1180
Miami, FL 33137
Attn: Kate Inman, Esq.

If to any of the Purchasers:
The Frost Group, LLC
4400 Biscayne Blvd.
Suite 1500
Miami, FL 33137
Attn: Steven Rubin

Any party may change its address for purposes of this paragraph by giving notice of the new address to each of the other parties in the manner set forth above.

5.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida for all purposes and in all respects, without regard to the conflict of law provisions of such state.

5.7 Entire Agreement. This Agreement constitutes the sole and entire agreement of the parties with respect to the subject matter hereof.

5.8 Counterparts. This Agreement may be executed in two or more counterparts (including facsimiles), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.9 Amendments and Waivers. This Agreement may be amended or modified, and provisions hereof may be waived, only with the written consent of the Company and the Purchasers.

5.10 Severability. If any provision of this Agreement shall be declared void or unenforceable by any judicial or administrative authority, the validity of any other provision and of the entire Agreement shall not be affected thereby.

5.11 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting any term or provision of this Agreement.

NOW THEREFORE, the Company and Purchasers have executed this Stock Purchase Agreement as of the date first above written.

OPKO HEALTH, INC.

By:_____
Name:
Title:

FROST GROUP, LLC

By:_____
Its:

FROST GAMMA INVESTMENTS TRUST,
Member of the Frost Group, LLC

By:_____
Name:
Title:

_____
Jane Hsiao, Member of the Frost Group, LLC

_____
Steven Rubin, Member of the Frost Group, LLC

_____
Rao Uppaluri, Member of the Frost Group, LLC

ANNEX A

Member	Investment	Number of Shares
Jane Hsiao	$7,500,000	4,076,087
Steve Rubin	$25,000	13,587
Rao Uppaluri	$25,000	13,587
Frost Gamma Investments Trust	$12,450,000	6,766,304
Total	$20,000,000	10,869,565

OPKO HEALTH, INC.
2007 EQUITY INCENTIVE PLAN

1. DEFINITIONS

The following terms shall have the following meanings unless the context indicates otherwise:

1.1. " ***Affiliate*** " and " ***Associate*** " shall have the respective meanings given to such terms under Rule 12b-2 under the Exchange Act.

1.2. " ***Award*** " shall mean either a Stock Option, an SAR, a Stock Award, a Stock Unit, a Performance Share, a Performance Unit, or a Cash Award.

1.3. " ***Award Agreement*** " shall mean a written agreement between the Company and the Participant that establishes the terms, conditions, restrictions and/or limitations applicable to an Award in addition to those established by the Plan and by the Committee's exercise of its administrative powers.

1.4. " ***Beneficial Owner*** " shall have the meaning given to such term under Rule 13d-3 under the Exchange Act.

1.5. " ***Board*** " shall mean the Board of Directors of the Company.

1.6. " ***Cash Award*** " shall mean the grant by the Committee to a Participant of an award of cash as described in Section 11 below.

1.7. " ***Cause*** " shall mean (i) willful malfeasance or willful misconduct by the Employee in connection with his/her employment, (ii) continuing failure to perform such duties as are requested by the Company and/or its subsidiaries, (iii) failure by the Employee to observe material policies of the Company and/or its subsidiaries applicable to the Employee, (iv) material breach of any agreement with or duty owed to the Company and/or its subsidiaries applicable to the Employee, or (v) the commission by the Employee of (x) any felony or (y) any misdemeanor involving moral turpitude.

1.8. " ***Change in Control of the Company*** " or " ***Change in Control*** " shall mean the occurrence of any of the following events:

(a) any Person, as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act, or any successor section thereto, (other than (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) any Subsidiaries of the Company, (iv) any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company), or (v) the Frost Group, LLC or any of its Affiliates becomes, either alone or together with such Person's Affiliates and Associates, the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding securities.

(b) during any period of twenty-four months, individuals who at the beginning of such period constitute the Board, and any new directors whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) the effective date or date of consummation of any transaction or series of transactions (other than a transaction to which only the Company and one or more of its subsidiaries are parties) under which the Company is merged or consolidated with any other company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or more of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(d) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

1.9. " ***Code*** " shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.10. " ***Committee*** " shall mean the Board's Compensation Committee or any other committee of the Board appointed to administer this Plan.

1.11. " ***Common Stock*** " shall mean the common stock of the Company.

1.12. " ***Company*** " shall mean OPKO Health, Inc., a Delaware Corporation.

1.13. "***Disability***" shall mean the inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which constitutes a permanent and total disability, as defined in Section 22(e) (3) of the Code (or any successor section thereto) and has applied for and been granted Long Term Disability under the Company's Long Term Disability Plan. The determination whether a Participant has suffered a Disability shall be made by the Committee, in its sole discretion, based upon such evidence as it deems necessary and appropriate, and shall be conclusive and binding on the Participant. A Participant shall not be considered disabled unless he or she furnishes such medical or other evidence of the existence of the Disability as the Committee, in its sole discretion, may require.

1.14. "***Dividend Equivalent Right***" shall mean the right to receive an amount equal to the amount of any dividend paid with respect to a share of Common Stock multiplied by the number of shares of Common Stock underlying or with respect to a Stock Option, a SAR, a Stock Unit or a Performance Unit, and which shall be payable in cash, in Common Stock, in the form of Stock Units or Performance Units, or a combination of any or all of the foregoing.

1.15. "***Effective Date***" shall mean the date on which the Board adopts the Plan.

1.16. "***Employee***" shall mean an employee of the Company or any Subsidiary as described in Treasury Regulation Section 1.421-7(h).

1.17. "***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended from time to time, including applicable regulations thereunder.

1.18. "***Fair Market Value***" shall, unless otherwise required by any applicable provision of the Code or any Treasury Regulations, mean:

(a) if a security is listed or trading on a national securities exchange or other market system, the closing price of such security on the date of calculation (or on the last preceding trading date if such security was not traded on such date), or

(b) if such security is not listed or trading on a national securities exchange or other market system, as determined in good faith by the Board or the Committee.

1.19. "***Family Members***" shall mean a Participant's spouse, parents, children, and siblings, whether by blood, marriage or adoption.

1.20. "***Independent Contractor***" shall mean a Person (other than a Person who is an Employee or a Nonemployee Director) or an entity that renders services to the Company or any Subsidiary.

1.21. "***ISO***" shall mean an "incentive stock option" as such term is used in Code Section 422.

1.22. "***Nonemployee Director***" shall mean a member of the Board or the board of directors of a Subsidiary who is not an Employee.

1.23. "***Nonqualified Stock Option***" shall mean a Stock Option that is not an ISO.

1.24. "***Participant***" shall mean any Employee, Nonemployee Director or Independent Contractor to whom an Award has been granted by the Committee under the Plan.

1.25. "***Performance-Based Award***" shall mean an Award subject to the achievement of certain performance goal or goals as described in Section 12 below.

1.26. "***Performance Share***" shall mean the grant by the Committee to a Participant of an Award as described in Section 10.1 below.

1.27. "***Performance Unit***" shall mean the grant by the Committee to a Participant of an Award as described in Section 10.2 below.

1.28. "***Person***" shall mean any person, entity or "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act).

1.29. "***Plan***" shall mean the OPKO Health, Inc. 2007 Equity Incentive Plan, as it may be amended from time to time.

1.30. "***Retirement***" shall mean the termination of the employment, other than for Cause or due to death or Disability, of a Participant who; (i) has reached the age of 65; (ii) has reached the age of 62 and has completed 5 years of service with the Company; or (iii) has reached the age of 60 and has completed 10 years of service with the Company.

1.31. "***SAR***" shall mean the grant by the Committee to a Participant of a stock appreciation right as described in Section 8 below.

1.32. "***Stock Award***" shall mean the grant by the Committee to a Participant of an Award of Common Stock as described in Section 9.1 below.

1.33. "***Stock Option***" shall mean the grant by the Committee to a Participant of an option to purchase Common Stock as described in Section 7 below.

1.34. "***Stock Unit***" shall mean the grant by the Committee to a Participant of an Award as described in Section 9.2 below.

1.35. "***Subsidiary***" shall mean a corporation of which the Company is the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock or any other business entity in which the Company is the Beneficial Owner, directly or indirectly, of more than 50% or any other business venture designated by the Committee in which the Company has a significant interest, as determined in the discretion of the Committee.

1.36. "***Treasury Regulations***" shall mean the regulations promulgated under the Code by the United States Department of the Treasury, as amended from time to time.

1.37. "***Vest***" shall mean:

(a) with respect to Stock Options and SARs, when the Stock Option or SAR (or a portion of such Stock Option or SAR) first becomes exercisable and remains exercisable subject to the terms and conditions of such Stock Option or SAR; or

(b) with respect to Awards other than Stock Options and SARs, when the Participant has:

(i) an unrestricted right to receive the compensation (whether payable in Common Stock, cash or a combination of both) attributable to such Award (or a portion of such Award) or to otherwise enjoy the benefits underlying such Award; and

(ii) a right to transfer an Award subject to no Company-imposed restrictions or limitations other than restrictions and/or limitations imposed by Section 14 below

1.38. "***Vesting Date***" shall mean the date or dates on which an Award Vests.

1.39. "***Voting Stock***" shall mean the capital stock of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors of a corporation.

2. PURPOSE AND TERM OF PLAN

2.1. **Purpose**. The purpose of the Plan is to motivate certain Employees, Nonemployee Directors and Independent Contractors to put forth maximum efforts toward the growth, profitability, and success of the Company and Subsidiaries by providing incentives to such Employees, Nonemployee Directors and Independent Contractors either through cash payments and/or through the ownership and performance of the Common Stock. In addition, the Plan is intended to provide incentives which will help the Company attract and retain highly qualified individuals as Employees and Nonemployee Directors and to assist in aligning the interests of such Employees and Nonemployee Directors with those of its shareholders.

2.2. **Term**. The Plan shall be effective as of the Effective Date; provided, however, that the Plan shall be approved by the shareholders of the Company at an annual meeting or any special meeting of shareholders of the Company within 12 months before or after the Effective Date, and such approval by the shareholders of the Company shall be a condition to the right of each Participant to receive Awards hereunder. Any Award granted under the Plan prior to the approval by the shareholders of the Company shall be effective as of the date of grant (unless the Committee specifies otherwise at the time of grant), but no such Award may Vest, be paid out, or otherwise be disposed of prior to such shareholder approval. If the shareholders of the Company fail to approve the Plan in accordance with this Section 2.2, any Award granted under the Plan shall be automatically cancelled without payment of any consideration to the recipient of such Award. The Plan shall remain in effect for ten years or until earlier terminated by the Board and no Award may be granted under the Plan on a date that is more than ten years from the Effective Date; provided, however, that in the event of Plan termination or expiration, the provisions of the Plan shall remain in effect as to any Awards which remain outstanding until all such Awards have been satisfied or are terminated under the terms of this Plan or under the applicable Award Agreement.

3. ELIGIBILITY AND PARTICIPATION

3.1. **Eligibility**. All Employees, all Nonemployee Directors and all Independent Contractors shall be eligible to participate in the Plan and to receive Awards. An individual's status as a member of the Committee will not affect his eligibility to participate in the Plan.

3.2. **Participation**. Participants shall consist of such Employees, Nonemployee Directors and Independent Contractors as the Committee in its sole discretion designates to receive Awards under the Plan. Subject to Section 7.1, an Award may also be granted to an Employee, in connection with hiring, retention or otherwise prior to the date the Employee first performs services for the Company or any Subsidiary, provided that such Awards shall not become Vested prior to the date the Employee first performs such services. Designation of a Participant in any year shall not require the Committee to designate such Person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the type and amount of their respective Awards.

4. ADMINISTRATION

4.1. **Responsibility** . The Committee shall have the responsibility, in its sole discretion, to control, operate, manage and administer the Plan in accordance with its terms; provided, however, that the Board may in any instance perform any of the functions of the Committee hereunder.

4.2. **Award Agreement** . Each Award granted under the Plan shall be evidenced by an Award Agreement which shall be signed by the Company and the Participant; provided, however, that in the event of any conflict between a provision of the Plan and any provision of an Award Agreement, the provision of the Plan shall prevail.

4.3. **Authority of the Committee** . The Committee shall have all the discretionary authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan, including but not limited to the following:

(a) to determine eligibility for participation in the Plan and to select Participants;

(b) to determine eligibility for and the type and size of an Award granted under the Plan;

(c) to make Awards in accordance with the terms of the Plan and to determine the terms and conditions of each Award;

(d) to supply any omission, correct any defect, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem appropriate in its sole discretion to carry the same into effect;

(e) to issue administrative guidelines as an aid to administer the Plan and make changes in such guidelines as it from time to time deems proper;

(f) to make rules for carrying out and administering the Plan and make changes in such rules as it from time to time deems proper;

(g) to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions, and limitations and to vary the terms of Awards

(h) to take account of tax, securities law and other regulatory requirements of foreign jurisdictions;

(i) to accelerate the Vesting of any Award when such action or actions would be in the best interest of the Company;

(j) to grant Awards in replacement of Awards previously granted under this Plan or any other executive compensation plan of the Company; and

(k) to take any and all other actions it deems necessary or advisable for the proper operation or administration of the Plan.

4.4. **Action by the Committee** . The Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee. In addition, the Committee may authorize any one or more of its members or, subject to Section 4.5 below, one or more agents to execute and deliver documents on behalf of the Committee.

4.5. **Delegation of Authority** . To the extent permitted by applicable law, the Committee may delegate to one or more of its members, or to one or more officers of the Company, such administrative duties as it may deem advisable; provided, however, that any such delegation shall be in writing and, provided, further, that the Committee may not delegate its authority (a) to make Awards to Participants or (b) under Sections 4.3 (a), (b), (c), (d), (e), (f), (g), (h), (i) or (j) or Section 16 of the Plan. Any action undertaken by any such member or agent in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the Committee shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to such members or agents. In addition, the Committee, or any Person to whom it has delegated duties under this Section 4.5, may employ one or more Persons to render advice with respect to any responsibility the Committee or such Person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company, or the Subsidiary whose employees have benefited from the Plan, as determined by the Committee. In the performance of its functions, the Committee shall be entitled to rely upon information, opinions, computations and advice furnished by the Company's officers, any counsel, consultant or agent retained by the Committee, and any other party the Committee deems necessary, and no member of the Committee shall be liable for any action taken or not taken in reliance upon any such advice.

4.6. **Determinations and Interpretations by the Committee** . All determinations and interpretations made by the Committee shall be binding and conclusive on all Participants and their heirs, successors, and legal representatives.

4.7. **Liability** . No member of the Board, no member of the Committee and no Employee shall be liable for any act or failure to act hereunder, except in circumstances involving his or her willful misconduct, or for any act or failure to act hereunder by any other member or Employee or by any agent to whom duties in connection with the administration of the Plan have been delegated.

4.8. **Indemnification** . The Company shall indemnify members of the Board, members of the Committee and any agent of the Committee who is an Employee, against any and all liabilities or expenses to which they may be subjected (including, without limitation, the reasonable fees and expenses of counsel) by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such Person's willful misconduct.

5. SHARES SUBJECT TO PLAN

5.1. **Available Shares** . Subject to the provisions of Section 5.2 below, the aggregate number of shares of Common Stock which shall be available for grants or payments of Awards under the Plan during its term shall be 35,000,000 shares (the " ***Total Plan Shares*** "). In the event that (i) an Award (or portion thereof) lapses, expires or is otherwise terminated without the issuance of the shares subject to such Award or is settled by the delivery of consideration other than shares, (ii) shares are tendered to pay the exercise price of a Stock Option or other Award or (iii) shares are withheld from any award to satisfy a Participant's tax withholding obligations or, if applicable, to pay the exercise price of a Stock Option or other Award, such shares shall again become available for grants or Awards hereunder. Such shares of Common Stock available for issuance under the Plan may be either authorized but unissued shares, shares of issued stock held in the Company's treasury, or both, at the discretion of the Company. Awards that are payable only in cash are not subject to this Section 5.1.

5.2. **Adjustment to Shares** . The existence of the Plan, the Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. If there is any change in the Common Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, dividend in kind or other like change in capital structure or distribution to shareholders of the Company in the nature of a liquidating distribution or a distribution pursuant to a plan of dissolution, the Committee may, in its discretion, make a proportionate adjustment to each outstanding Award that the Committee considers appropriate so that thereafter each such Award shall be with respect to or exercisable for such securities, cash and/or other property as would have been received in respect of the Common Stock subject to such Award had such Award been paid, distributed or exercised in full immediately prior to such change or distribution. In addition, in the event of any such change or distribution, in order to prevent dilution or enlargement of Participants' rights under the Plan, the Committee shall have the authority to adjust, in an equitable manner as it deems appropriate, the number and kind of shares that may be received in respect of any Award, the number and kind of shares subject to outstanding Awards, the exercise price applicable to outstanding Stock Options, and the Fair Market Value of the Common Stock and other value determinations applicable to outstanding Awards. Appropriate adjustments may also be made by the Committee in the terms of any Awards granted under the Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance goals and changes in the length of performance periods; provided, however, that with respect to Performance-Based Awards, such modifications and/or changes do not disqualify compensation attributable to such Awards as "performance-based compensation" under Code Section 162(m). In addition, the Committee is authorized to make adjustments to the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company, or in response to changes in applicable laws, regulations, or accounting principles. The Committee's determination of what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

5.3. **No Repricing** . Absent shareholder approval, neither the Committee nor the Board shall have the authority, with or without the consent of the affected holders of the Awards, to "reprice" an Award after the date of its initial grant with a lower exercise price in substitution for the original exercise price. Adjustments in accordance with Section 5.2 above shall not be deemed "repricings" for purposes of this Section 5.3. This Section 5.3 may not be amended, altered or repealed by the Committee or the Board without the approval of the shareholders of the Company.

6. MAXIMUM INDIVIDUAL AWARDS

6.1. **Maximum Aggregate Number of Shares Underlying Stock-Based Awards Granted Under the Plan to Any Single Participant** . The maximum aggregate number of shares of Common Stock underlying all Awards measured in shares of Common Stock (whether payable in Common Stock, cash or a combination of both) that may be granted to any single Participant in respect of any fiscal year of the Company shall be 2,000,000 shares, subject to adjustment as provided in Section 5.2 above.

6.2. **Maximum Dollar Amount Underlying Cash-Based Awards Granted Under the Plan to Any Single Participant** . The maximum dollar amount that may be paid to any single Participant with respect to all Awards measured in cash (whether payable in Common Stock, cash or a combination of both) in respect of any fiscal year of the Company shall be $2,000,000.

7. STOCK OPTIONS

7.1. **In General** . The Committee may, in its sole discretion, grant Stock Options to Employees, Nonemployee Directors and Independent Contractors on or after the Effective Date, subject, in all cases to Section 2.2 of the Plan. The Committee shall, in its sole discretion, determine the Employees, the Nonemployee Directors and Independent Contractors who will receive Stock Options and the number of shares of Common Stock underlying each Stock Option. Each Stock Option shall be subject to such terms and conditions consistent with the Plan set forth in the applicable Award Agreement and such other terms and conditions consistent with the Plan and the applicable Award Agreement as the Committee may impose from time to time. In addition, each Stock Option shall be subject to the following terms and conditions set forth in Sections 7.2 through 7.8 below.

7.2. **Exercise Price** . The Committee shall specify the exercise price of each Stock Option in the Award Agreement; provided, however, that the exercise price of any Nonqualified Stock Option shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant.

7.3. **Term of Stock Option** . The Committee shall specify the term of each Stock Option in the Award Agreement shall terminate as set forth in Section 14 below or at such earlier times and upon such conditions or circumstances as the Committee shall, in its sole discretion, set forth in the Award Agreement.

7.4. **Vesting Date** . The Committee shall specify the Vesting Date with respect to each Stock Option in the Award Agreement; provided, that the Committee may provide in the applicable Award Agreement that any Stock Option shall Vest in such portions or installments as the Committee may, in its sole discretion, determine. The Committee may grant Stock Options that are Vested, either in whole or in part, on the date of grant. If the Committee fails to specify a Vesting Date in the Award Agreement, 25% of such Stock Option shall become exercisable on each of the first four anniversaries of the date of grant and shall remain exercisable following such anniversary date until the Stock Option expires in accordance with its terms under the Award Agreement or under the terms of the Plan. The Vesting of a Stock Option may be subject to such other terms and conditions as shall be determined by the Committee, including, without limitation, accelerating the Vesting if certain performance goals are achieved.

7.5. **Exercise of Stock Options** . The Stock Option exercise price may be paid in cash or, in the sole discretion of the Committee, by the delivery of shares of Common Stock or other securities of the Company then owned by the Participant, by the withholding of shares of Common Stock for which a Stock Option is exercisable, or by a combination of these methods. In the sole discretion of the Committee, and subject to all applicable laws, rules and regulations, payment may also be made by delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale proceeds to pay the exercise price. To facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms. The Committee may prescribe any other method of paying the exercise price that it determines to be consistent with applicable law and the purpose of the Plan, including, without limitation, in lieu of the exercise of a Stock Option by delivery of shares of Common Stock then owned by a Participant, providing the Company with a notarized statement attesting to the number of shares owned by the Participant, where upon verification by the Company, the Company would issue to the Participant only the number of incremental shares to which the Participant is entitled upon exercise of the Stock Option. In determining which methods a Participant may utilize to pay the exercise price, the Committee may consider such factors as it determines are appropriate; provided, however, that any method approved by the Committee shall comply with applicable securities laws. When payment of the exercise price for a Stock Option consists of shares of the Company's capital stock or other securities of the Company, such securities will not be accepted as payment unless the Participant has held such shares for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes.

7.6. **Additional Terms and Conditions** . The Committee may, by way of the Award Agreements or otherwise, establish such other terms, conditions, restrictions and/or limitations, if any, of any Stock Option, as they may determine in their sole discretion; provided, they are not inconsistent with the Plan, including, without limitation, any requirement that the Participant not engage in competition with the Company or any Subsidiary.

7.7. **Conversion Stock Options** . The Committee may, in its sole discretion and upon such terms and conditions as it deems appropriate, grant a Stock Option to any holder of an option (hereinafter referred to as an "Original Option") to purchase shares of the stock of any corporation:

(a) the stock or all or substantially all of the assets of which were acquired, directly or indirectly, by the Company or any Subsidiary, or

(b) which was merged with and into the Company or a Subsidiary, so that the Original Option is converted into a Stock Option (hereinafter referred to as a "Conversion Stock Option"); provided, however, that such Conversion Stock Option as of the date of its grant (the "***Conversion Stock Option Grant Date***") shall have substantially the same economic value as the Original Option as of the Conversion Stock Option Grant Date.

8. STOCK APPRECIATION RIGHTS

8.1. **In General** . The Committee may, in its sole discretion, grant SARs to Employees, Nonemployee Directors, and/or Independent Contractors. An SAR is a right to receive a payment in cash, Common Stock or a combination of both, in an amount equal to the excess of (x) the Fair Market Value of the Common Stock, or other specified valuation, of a specified number of shares of Common Stock on the date the SAR is exercised over (y) the Fair Market Value of the Common Stock, or other specified valuation (which shall be no less than the Fair Market Value of the Common Stock), of such shares of Common Stock on the date the SAR is granted, all as determined by the Committee. If a SAR is granted retroactively in tandem with or in substitution for a Stock Option, the designated Fair Market Value of the Common Stock in the Award Agreement shall be the Fair Market Value of the Common Stock on the date such Stock Option was granted, the SAR shall cover the same number of shares of Common Stock as covered by the Stock Option (or such lesser number of shares as the Committee may determine) and the SAR shall be exercisable only at such time or times and to the extent the related Stock Option shall be exercisable, and shall have the same term and exercise price as the related Stock Option. Upon exercise of a Stock Appreciation Right granted in tandem with a Stock Option, the related Stock Option shall be cancelled automatically to the extent of the number of shares covered by such exercise; conversely, if the related Stock Option is exercised as to some or all of the shares covered by the tandem grant, the tandem Stock Appreciation Right shall be cancelled automatically to the extent of the number of shares covered by the Stock Option exercised. Each SAR shall be subject to such terms and conditions, including, but not limited to, a provision that automatically converts a SAR into a Stock Option on a conversion date specified at the time of grant, as the Committee shall impose from time to time in its sole discretion and subject to the terms of the Plan.

9. STOCK AWARDS AND STOCK UNITS

9.1. **Stock Awards** . The Committee may, in its sole discretion, grant Stock Awards to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Stock Award shall consist of shares of Common Stock which shall be subject to such terms and conditions as the Committee in its sole discretion determines appropriate, including, without limitation, restrictions on the sale or other disposition of such shares, the Vesting Date with respect to such shares, and the right of the Company to reacquire such shares for no consideration upon termination of the Participant's employment within specified periods. With respect to the shares of Common Stock subject to a Stock Award, the Participant shall have all of the rights of a holder of shares of Common Stock, including the right to receive dividends and to vote the shares, unless the Committee determines otherwise on the date of grant. The Committee may require the Participant to deliver a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Stock Award. As a condition to any Stock Award, the Participant may be required to deliver to the Company a share power, endorsed in blank, relating to the Shares covered by such Award. Any share certificate issued in connection with a Stock Award may be held in the custody of the Company and will bear the following legend and/or any other legend required by this Plan, the applicable Award Agreement or applicable law:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE OPKO HEALTH, INC. 2007 EQUITY INCENTIVE PLAN AND AN AGREEMENT ENTERED INTO BETWEEN THE PARTICIPANT AND OPKO HEALTH, INC. (WHICH TERMS AND CONDITIONS MAY INCLUDE, WITHOUT LIMITATION, CERTAIN TRANSFER RESTRICTIONS AND FORFEITURE CONDITIONS). COPIES OF THAT PLAN AND AGREEMENT ARE ON FILE IN THE PRINCIPAL OFFICES OF EXEGENICS INC. AND WILL BE MADE AVAILABLE TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON REQUEST TO THE SECRETARY OF OPKO HEALTH, INC.

9.2. **Stock Units** . The Committee may, in its sole discretion, grant Stock Units to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Stock Unit is a hypothetical share of Common Stock represented by a notional account established and maintained (or caused to be established or maintained) by the Company for such Participant who receives a grant of Stock Units. Stock Units shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate including, without limitation, determinations of the Vesting Date with respect to such Stock Units and the criteria for the Vesting of such Stock Units. A Stock Unit granted by the Committee shall provide for payment in shares of Common Stock at such time or times as the Award Agreement shall specify. The Committee shall determine whether a Participant who has been granted a Stock Unit shall also be entitled to a Dividend Equivalent Right.

9.3. **Payout of Stock Units** . Subject to a Participant's election to defer in accordance with Section 17.3 below, upon the Vesting of a Stock Unit, the shares of Common Stock representing the Stock Unit shall be distributed to the Participant, unless the Committee, in its sole discretion, provides for the payment of the Stock Unit in cash (or partly in cash and partly in shares of Common Stock) equal to the value of the shares of Common Stock which would otherwise be distributed to the Participant.

10. PERFORMANCE SHARES AND PERFORMANCE UNITS

10.1. **Performance Shares** . The Committee may, in its sole discretion, grant Performance Shares to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Performance Share shall consist of a share or shares of Common Stock which shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate, including, without limitation, determining the performance goal or goals which, depending on the extent to which such goals are met, will determine the number and/or value of the Performance Shares that will be paid out or distributed to the Participant who has been granted Performance Shares. Performance goals may be based on, without limitation, Company-wide, divisional and/or individual performance, as the Committee, in its sole discretion, may determine, and may be based on the performance measures listed in Section 12.3 below. With respect to the Performance Shares, the Participant shall have none of the rights of a holder of shares of Common Stock, including the right to receive dividends and to vote the shares, unless and until such Performance Shares shall have been Vested and distributed to the Participant.

10.2. **Performance Units**. The Committee may, in its sole discretion, grant Performance Units to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Performance Unit is a hypothetical share or shares of Common Stock represented by a notional account which shall be established and maintained (or caused to be established or maintained) by the Company for such Participant who receives a grant of Performance Units. Performance Units shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate, including, without limitation, determining the performance goal or goals which, depending on the extent to which such goals are met, will determine the number and/or value of the Performance Units that will be accrued with respect to the Participant who has been granted Performance Units. Performance goals may be based on, without limitation, Company-wide, divisional and/or individual performance, as the Committee, in its sole discretion, may determine, and may be based on the performance measures listed in Section 12.3 below.

10.3. **Payout of Performance Shares or Performance Units**. Subject to a Participant's election to defer in accordance with Section 17.3 below, upon the Vesting of a Performance Share or a Performance Unit, the shares of Common Stock representing the Performance Share or the Performance Unit shall be distributed to the Participant, unless the Committee, in its sole discretion, provides for the payment of the Performance Share or a Performance Unit in cash (or partly in cash and partly in shares of Common Stock) equal to the value of the shares of Common Stock which would otherwise be distributed to the Participant.

11. CASH AWARDS

11.1. **In General**. The Committee may, in its sole discretion, grant Cash Awards to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Cash Award shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate, including, without limitation, determining the Vesting Date with respect to such Cash Award, the criteria for the Vesting of such Cash Award, and the right of the Company to require the Participant to repay the Cash Award (with or without interest) upon termination of the Participant's employment within specified periods.

12. PERFORMANCE-BASED AWARDS

12.1. **In General**. The Committee, in its sole discretion, may designate Awards granted under the Plan as Performance-Based Awards (as defined below) if it determines that such compensation might not be tax deductible by the Company due to the deduction limitation imposed by Code Section 162(m). Accordingly, an Award granted under the Plan may be granted in such a manner that the compensation attributable to such Award is intended by the Committee to qualify as "qualified performance-based compensation" (as such term is used in Code Section 162(m) and the Treasury Regulations thereunder) and thus be exempt from the deduction limitation imposed by Code Section 162(m) ("Performance-Based Awards").

12.2. **Qualification of Performance-Based Awards**. Awards shall only qualify as Performance-Based Awards under the Plan if:

(a) at the time of grant the Committee is comprised solely of two or more "outside directors" (as such term is used in Code Section 162(m) and the Treasury Regulations thereunder);

(b) with respect to either the granting or Vesting of an Award (other than (i) a Nonqualified Stock Option or (ii) a SAR, which are granted with an exercise price at or above the Fair Market Value of the Common Stock on the date of grant), such Award is subject to the achievement of a performance goal or goals based on one or more of the performance measures specified in Section 12.3 below;

(c) the Committee establishes in writing (i) the objective performance-based goals applicable to a given performance period and (ii) the individual employees or class of employees to which such performance-based goals apply no later than 90 days after the commencement of such performance period (but in no event after 25 percent of such performance period has elapsed);

(d) no compensation attributable to a Performance-Based Award will be paid to or otherwise received by a Participant until the Committee certifies in writing that the performance goal or goals (and any other material terms) applicable to such performance period have been satisfied; and

(e) after the establishment of a performance goal, the Committee shall not revise such performance goal (unless such revision will not disqualify compensation attributable to the Award as "performance-based compensation" under Code Section 162(m)) or increase the amount of compensation payable with respect to such Award upon the attainment of such performance goal.

12.3. **Performance Measures**. The Committee shall use the following performance measures (either individually or in any combination) to set performance goals with respect to Awards intended to qualify as Performance-Based Awards: net sales; pretax income before allocation of corporate overhead and bonus; budget; cash flow; earnings per share; net income; financial goals; return on shareholders' equity; return on assets; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of the Common Stock or any other publicly-traded securities of the Company; market share; gross profits; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; economic value-added models; comparisons with various stock market indices; and/or reductions in costs.

13. CHANGE IN CONTROL

13.1. **Accelerated Vesting**. Notwithstanding any other provision of this Plan to the contrary, and without limiting the powers of the Committee under Section 4.3 of the Plan, if there is a Change in Control of the Company, the Vesting Date and/or payout of each outstanding Award shall be accelerated so that each such Award shall, immediately prior to the effective date of the Change in Control, become fully vested with respect to the total number of shares of Common stock subject to such Award. Upon the consummation of any Change of Control, all outstanding Awards under the Plan shall, to the extent not previously exercised, either be assumed by any successor corporation or parent thereof or be replaced with a comparable Award with respect to shares of common stock of such successor corporation or parent thereof.

13.2. **Cashout**. The Committee, in its sole discretion, may determine that, upon the occurrence of a Change in Control of the Company, all or a portion of certain outstanding Awards shall terminate within a specified number of days after notice to the holders, and each such holder shall receive an amount equal to the value of such Award on the date of the Change in Control, and with respect to each share of Common Stock subject to a Stock Option or SAR, an amount equal to the excess of the Fair Market Value of such shares of Common Stock immediately prior to the occurrence of such Change in Control (or such other greater amount as the Committee may determine in its sole and absolute discretion to be equitable to prevent dilution or enlargement of Participants' rights under the Plan) over the exercise price per share of such Stock Option or SAR. Such amount shall be payable in cash, in one or more kinds of property (including the property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its sole discretion, shall determine.

13.3. **Assumption or Substitution of Awards**. Notwithstanding anything contained in the Plan to the contrary, the Committee may, in its sole discretion, provide that an Award may be assumed by any entity which acquires control of the Company or may be substituted by a similar award under such entity's compensation plans.

14. TERMINATION OF EMPLOYMENT IF PARTICIPANT IS AN EMPLOYEE

14.1. **Termination of Employment Due to Death**. Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated due to death:

(a) all non-Vested portions of Awards held by the Participant on the date of the Participant's death shall immediately be forfeited by such Participant as of such date; and

(b) all Vested portions of Stock Options and SARs held by the Participant on the date of the Participant's death shall remain exercisable until the earlier of:

(i) the end of the 12-month period following the date of the Participant's death, or

(ii) the date the Stock Option or SAR would otherwise expire.

14.2. **Termination of Employment for Cause**. Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated by the Company for Cause, all Awards held by a Participant on the date of the termination of his or her employment for Cause, whether Vested or non-Vested, shall immediately be forfeited by such Participant as of such date. If a Participant's employment is terminated for Cause during the six months following any exercise, payment or delivery pursuant to an Award, such exercise, payment or delivery may be rescinded within two years thereafter. In the event of any such rescission, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required, and the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Participant by the Company.

14.3. **Termination of Employment Due to Retirement or Disability** . Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated due to Retirement or Disability of the Participant:

(a) all non-Vested portions of Awards held by the Participant on the date of the Participant's Retirement or the date of the termination of his or her employment, as the case may be, shall immediately be forfeited by such Participant as of such date; and

(b) all Vested portions of Stock Options and SARs held by the Participant on the date of the Participant's Retirement or the date of the termination of his or her employment, as the case may be, shall remain exercisable until the earlier of:

(i) the end of the 36-month period following the date of the Participant's Retirement or the date of the termination of his or her employment, as the case may be, or

(ii) the date the Stock Option or SAR would otherwise expire.

14.4. **Other Terminations of Employment** . Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated for any reason other than for Cause, retirement or due to death or Disability:

(a) all non-Vested portions of Awards held by the Participant on the date of the termination of his or her employment shall immediately be forfeited by such Participant as of such date; and all Vested portions of Stock Options and/or SARs held by the Participant on the date of the termination of his or her employment shall remain exercisable until the earlier of;

(i) the end of the 12-month period following the date of the termination of the Participant's employment, or

(ii) the date the Stock Option or SAR would otherwise expire.

14.5. **Change in Status** . Notwithstanding anything to the contrary set forth in the Plan, if any Employee ceases for any reason to be an Employee but continues to perform services for the Company (whether as a Nonemployee Director, consultant, agent, Independent Contractor or otherwise), such Participant shall retain his or her Awards upon the original terms and conditions thereof; provided, however, that if such Participant thereafter ceases to perform services for the Company then the provisions of this Section 14.4 shall no longer apply and such Award shall thereafter be subject to the provisions of Section 14.1, 14.2 or 14.3, as applicable.

14.6. **Committee Discretion** . Notwithstanding anything contained in the Plan to the contrary, and without limiting the powers of the Committee under Section 4.3 of the Plan, the Committee may, in its sole discretion, provide that:

(a) any or all non-Vested portions of Stock Options and/or SARs held by the Participant on the date of the Participant's death and/or the date of the termination of his or her employment shall immediately become exercisable as of such date and shall remain exercisable until a date that occurs on or prior to the date the Stock Option or SAR is scheduled to expire;

(b) any or all Vested portions of Nonqualified Stock Options and/or SARs held by the Participant on the date of the Participant's death and/or the date of the termination of his or her employment shall remain exercisable until a date that occurs on or prior to the date the Stock Option or SAR is scheduled to expire; and/or

(c) any or all non-Vested portions of Stock Awards, Stock Units, Performance Shares, Performance Units, and/or Cash Awards held by the Participant on the date of the Participant's death and/or the date of the termination of his or her employment shall immediately Vest or shall become Vested on a date that occurs on or prior to the date the Award is scheduled to vest.

(d) Cancellation and Rescission of Awards Due to Detrimental Activity. Unless the Award Agreement specifies otherwise, and regardless of whether the Participant's employment or engagement with the Company is terminated (whether for Cause or otherwise), the Committee may cancel, rescind, or otherwise withhold any Awards held by a Participant, whether Vested or non-Vested, and any such Awards shall immediately be forfeited by such Participant at any time that the Participant is not in compliance with all applicable provisions of the Award Agreement and the Plan, or if the Participant engages in any "Detrimental Activity." For purposes of this Section 14.6, "Detrimental Activity" shall include: (i) the rendering of services, directly or indirectly, to or for the benefit of any organization or engaging directly or indirectly in any business which is competitive with the Company, or which organization or business, or the rendering of services to or for the benefit of such organization, is prejudicial to or in conflict with the interests of the Company; (ii) the disclosure to anyone outside the Company, or the use in other than the Company's business, without prior written authorization from the Company, of any "confidential information," as defined in the Company's Employee Handbook, acquired by the Participant either during or after employment with the Company; (iii) the failure or refusal to disclose promptly and to assign exclusively to the Company, all right title and interest in any invention or idea, patentable or not, made or conceived by the Participant during employment with the Company, relating in any manner to the actual or anticipated business, research or development work of the Company or the failure or refusal to do anything reasonably necessary to enable the Company to secure a patent where appropriate in the United States and in other countries; (iv) a violation of any rule, policy, procedure or guideline of the Company, including but not limited to the Company's Code of Conduct; (v) any attempt, directly or indirectly, to induce any employee of the Company to be employed or render services other than for the Company, or any attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier, or partner of the Company, other than in connection with the Company's business; (vi) the Participant being convicted of, or entering a guilty plea with respect to a crime, whether or not connected with the Company; (vii) any other conduct or act determined to be injurious, detrimental or prejudicial to any interest of the Company or (viii) any agreement, whether or not in writing, to do any of the foregoing. Upon exercise, payment or delivery pursuant to an Award, the Participant may be required to certify, in a manner acceptable to the Committee, that he or she is in compliance with all of the terms and conditions of the Plan and is not and has not engaged in any Detrimental Activity. In the event a Participant fails to comply with the provisions of this Section 14.6 after the grant of the Award and prior to, or during the six months after any exercise, payment or delivery pursuant to an Award, such exercise, payment or delivery may be rescinded within two years thereafter. In the event of any such rescission, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required, and the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Participant by the Company.

15. TAXES

15.1. **Withholding Taxes** . With respect to Employees, the Company, or the applicable Subsidiary, may require a Participant whose Stock Award, Stock Unit, Performance Share or Performance Unit granted hereunder has Vested, or who exercises a Stock Option or SAR granted hereunder to reimburse the Company or the Subsidiary which employs such Participant for any taxes required by any governmental regulatory authority to be withheld or otherwise deducted and paid by such corporation or entity in respect of the issuance or disposition of such shares or the payment of any amounts. In lieu thereof, the Company or the Subsidiary which employs such Participant, shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Company or the Subsidiary, as applicable, to the Participant upon such terms and conditions as the Committee shall in its sole discretion prescribe. The Company or the Subsidiary that employs such Participant may, in its discretion, hold the stock certificate to which such Participant is entitled upon the Vesting of a Stock Award, Stock Unit, Performance Share or Performance Unit or the exercise of a Stock Option or SAR as security for the payment of such withholding
tax liability, until cash sufficient to pay that liability has been accumulated by or paid to the Company or such Subsidiary.

15.2. **Use of Common Stock to Satisfy Withholding Obligation** . With respect to Employees, at any time that the Company, Subsidiary or other entity that employs such Participant becomes subject to a withholding obligation under applicable law with respect to the vesting of a Stock Award, Stock Unit, Performance Share or Performance Unit or the exercise of a Nonqualified Stock Option (the "Tax Date"), except as set forth below, a holder of such Award may, subject to the approval of the Committee, elect to satisfy, in whole or in part, the holder's related personal tax liabilities (an "Election") by (i) directing the Company, Subsidiary or other entity that employs such Participant to withhold from shares issuable in the related vesting or exercise either a specified number of shares or shares of Common Stock having a specified value (in each case equal to the related minimum statutory personal withholding tax liabilities with respect to the applicable taxing jurisdiction in order to comply with the requirements for a "fixed plan" under Accounting Principals Board Opinion No. 25), (ii) tendering shares of Common Stock or other securities of the Company previously issued pursuant to the exercise of a Stock Option or other shares of the Common Stock owned by the holder, or (iii) combining any or all of the foregoing Elections in any fashion. The foregoing notwithstanding, however, when previously issued shares of Common Stock or other securities of the Company are tendered pursuant to an Election, such tender of shares will not be accepted unless the Participant has held such shares for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes. An Election shall be irrevocable. The withheld shares and other shares of Common Stock or other securities tendered in payment shall be valued at their Fair Market Value on the Tax Date. The Committee may in its sole discretion disapprove of any Election, suspend or terminate the right to make Elections or provide that the right to make Elections shall not apply to particular shares or exercises. The Committee may impose any additional conditions or restrictions on the right to make an Election as it shall deem appropriate, including conditions or restrictions with respect to Section 16 of the Exchange Act.

15.3. **No Guarantee of Tax Consequences** . No Person connected with the Plan in any capacity, including, but not limited to, the Company and any Subsidiary and their respective directors, officers, agents and employees makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to amounts deferred under the Plan, or paid to or for the benefit of a Participant under the Plan, or that such tax treatment will apply to or be available to a Participant on account of participation in the Plan.

16. AMENDMENT AND TERMINATION

16.1. **Termination of Plan** . The Board or the Committee may suspend or terminate the Plan at any time with or without prior notice; provided, however, that no action authorized by this Section 16.1 shall reduce the amount of any outstanding Award or adversely change the terms and conditions thereof without the Participant's consent.

16.2. **Amendment of Plan** . Provided that no amendment may adversely affect the rights of any Participant under any outstanding Award without the Participant's consent; and, provided further, that no such amendment shall be effective without shareholder approval if such approval is required to comply with any applicable law or the rules of any national securities exchange or other market system on which the Company's securities are then listed or traded; and, provided further, that the Board or the Committee may not, without shareholder approval, increase the maximum number of shares issuable under the Plan, the Board or the Committee may amend the Plan at any time with or without prior notice. Notwithstanding any provision herein to the contrary, the Board or the Committee shall have broad authority to amend the Plan or any Award to take into account changes in applicable tax laws, securities laws, accounting rules and other applicable state and federal laws.

16.3. **Amendment or Cancellation of Award Agreements** . Without limitation to the rights of the Committee under Sections 4.3 and 14.6 of the Plan, the Committee may amend or modify any Award Agreement at any time by mutual agreement between the Committee and the Participant or such other Persons as may then have an interest therein. In addition, by mutual agreement between the Committee and a Participant or such other Persons as may then have an interest therein, Awards may be granted to an Employee, Nonemployee Director or Independent Contractor in substitution and exchange for, and in cancellation of, any Awards previously granted to such Employee, Nonemployee Director or Independent Contractor under the Plan, or any award previously granted to such Employee, Nonemployee Director or Independent Contractor under any other present or future plan of the Company or any present or future plan of an entity which (i) is purchased by the Company, (ii) purchases the Company, or (iii) merges into or with the Company.

17. MISCELLANEOUS

17.1. **Other Provisions** . Awards granted under the Plan may also be subject to such other provisions (whether or not applicable to the Award granted to any other Participant) as the Committee determines in its sole discretion on the date of grant to be appropriate, including, without limitation, for the installment purchase of Common Stock under Stock Options, to assist the Participant in financing the acquisition of Common Stock, for the forfeiture of, or restrictions on resale or other disposition of, Common Stock acquired under any Stock Option, for the acceleration of Vesting of Awards in the event of a Change in Control of the Company, for the payment of the value of Awards to Participants in the event of a Change in Control of the Company, or to comply with federal and state securities laws, or understandings or conditions as to the Participant's employment in addition to those specifically provided for under the Plan.

17.2. **Transferability** . Each Award granted under the Plan to a Participant shall not be transferable otherwise than by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations adopted thereunder and Stock Options and SARs shall be exercisable, during the Participant's lifetime, only by the Participant; provided, however, that the Committee may in its sole discretion permit the transfer of an Award to a Participant's Family Members or to one or more trusts established in whole or in part for the benefit of one or more such Family Members In the event of the death of a Participant, each Stock Option or SAR theretofore granted to him or her shall be exercisable during such period after his or her death as the Committee shall, in its sole discretion, set forth in the Award Agreement on the date of grant and then only by the executor or administrator of the estate of the deceased Participant or the Person or Persons to whom the deceased Participant's rights under the Stock Option or SAR shall pass by will or the laws of descent and distribution.

17.3. **Election to Defer Compensation Attributable to Award** . The Committee may, in its sole discretion, allow a Participant to elect to defer the receipt of any compensation attributable to an Award under guidelines and procedures to be established by the Committee after taking into account the advice of the Company's tax counsel.

17.4. **Listing of Shares and Related Matters** . If at any time the Committee shall determine that the listing, registration or qualification of the shares of Common Stock subject to any Award on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of, or in connection with, the granting of an Award or the issuance of shares of Common Stock thereunder, such Award may not be exercised, distributed or paid out, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee. The Committee may require each Participant purchasing or acquiring shares of Common Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that such Participant is acquiring the shares for investment and not with a view to the distribution thereof. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission or any national securities exchange or other market system on which the Company's securities are listed or traded, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

17.5. **No Right, Title, or Interest in Company Assets** . Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other Person. The Plan is intended to constitute an unfunded plan for incentive compensation. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

17.6. **No Right to Continued Employment or Service or to Grants** . The Participant's rights, if any, to continue to serve the Company as a director, officer, employee, independent contractor or otherwise, shall not be enlarged or otherwise affected by his or her designation as a Participant under the Plan, and the Company or the applicable Subsidiary reserves the right to terminate the employment of any Employee or the services of any Independent Contractor or director at any time. The adoption of the Plan shall not be deemed to give any Employee, Nonemployee Director, Independent Contractor or any other individual any right to be selected as a Participant or to be granted an Award.

17.7. **Awards Subject to Foreign Laws** . The Committee may grant Awards to individual Participants who are subject to the tax laws of nations other than the United States, and such Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action, which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; provided, however, that no such Awards may be granted pursuant to this Section 17.7 and no action may be taken which would result in a violation of the Exchange Act or any other applicable law.

17.8. **Governing Law** . The Plan, all Awards granted hereunder, and all actions taken in connection herewith shall be governed by and construed in accordance with the laws of the State of Florida without reference to principles of conflict of laws, except as superseded by applicable federal law or as otherwise provided in any Award Agreement.

17.9. **Other Benefits** . No Award granted under the Plan shall be considered compensation for purposes of computing benefits under any retirement plan of the Company or any Subsidiary nor affect any benefits or compensation under any other benefit or compensation plan of the Company or any Subsidiary now or subsequently in effect.

17.10. **No Fractional Shares** . No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine in its sole discretion whether cash, Common Stock, Stock Options, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

17.11. **Authority of the Company and Shareholders** . The existence of the Plan, the Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

17.12. **Other Compensation Plans** . The adoption of the Plan shall not affect any other stock option, incentive or other compensation plans in effect for the Company or any Subsidiary, nor shall the plan preclude the Company from establishing any other forms of incentive or other compensation for Employees and Nonemployee Directors of the Company or any Subsidiary.

Exhibit 21

SUBSIDIARIES OF OPKO HEALTH, INC.

NAME	JURISDICTION OF INCORPORATION
OPKO Instrumentation, LLC	Delaware
OPKO Ophthalmics, LLC	Delaware
Froptix LLC	Florida
Ophthalmics Technology, Inc.	Ontario, Canada

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-144040) pertaining to the OPKO Health, Inc. 2007 Equity Incentive Plan of our report dated March 28, 2008, with respect to the consolidated financial statements of OPKO Health, Inc. in this Annual Report (Form 10-K) for the year ended December 31, 2007.

/s/ Ernst & Young LLP

Certified Public Accountants

Miami, Florida
March 28, 2008

Exhibit 31.1

CERTIFICATIONS

I, Phillip Frost, certify that:

(1) I have reviewed this Annual Report on Form 10-K of OPKO Health, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2008

/s/ Phillip Frost

Phillip Frost, M.D.
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Rao Uppaluri, certify that:

(1) I have reviewed this Annual Report on Form 10-K of OPKO Health, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(c) 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: March 31, 2008

/s/ Rao Uppaluri

Rao Uppaluri
Chief Executive Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of OPKO Health, Inc. (the "Company") on Form 10-K for the year ending December 31, 2007 (the "Report"), and pursuant to pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, Phillip Frost, Chief Executive Officer of the Company, certify 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; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Phillip Frost

Phillip Frost, M.D.
Chief Executive Officer
March 31, 2008

Exhibit 32.2

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 OPKO Health, Inc. (the "Company") on Form 10-K for the year ending December 31, 2007 (the "Report"), and pursuant to pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, Rao Uppaluri, Chief Financial Officer of the Company, certify 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; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Rao Uppaluri

Rao Uppaluri
Chief Financial Officer
March 31, 2008