

November 13, 2014

HEALTHCARE/BIO TECHNOLOGY

Stock Rating:

**OUTPERFORM**

12-18 mo. Price Target \$25.00  
OCUL - NASDAQ \$16.00

3-5 Yr. EPS Gr. Rate NA  
52-Wk Range \$16.97-\$11.90  
Shares Outstanding 20.6M  
Float 6.5M  
Market Capitalization \$341.2M  
Avg. Daily Trading Volume 80,635  
Dividend/Div Yield NA/NM  
Book Value \$0.72  
Fiscal Year Ends Dec  
2014E ROE NA  
LT Debt \$15.0M  
Preferred NA  
Common Equity \$56M  
Convertible Available No  
*Trading range since July 2014 IPO.*

| EPS Diluted | Q1      | Q2      | Q3      | Q4     | Year   | Mult. |
|-------------|---------|---------|---------|--------|--------|-------|
| 2013A       | --      | --      | --      | --     | (5.11) | NM    |
| 2014E       | (2.45)A | (2.10)A | (0.48)A | (0.40) | (2.78) | NM    |
| Prior (E)   | --      | (2.31)  | (0.55)  | --     | (2.97) | NM    |
| 2015E       | --      | --      | --      | --     | (1.31) | NM    |
| Prior (E)   | --      | --      | --      | --     | (1.42) | NM    |

| Revenue (\$/mil) | Q1   | Q2   | Q3   | Q4  | Year | Mult. |
|------------------|------|------|------|-----|------|-------|
| 2013A            | --   | --   | --   | --  | 0.0  | NM    |
| 2014E            | 0.0A | 0.1A | 0.1A | 0.2 | 0.5  | NM    |
| Prior (E)        | --   | --   | --   | --  | 0.3  | NM    |
| 2015E            | --   | --   | --   | --  | 1.8  | NM    |

## Ocular Therapeutix

### 3Q14: Allergic Conjunctivitis Data Look Very Good

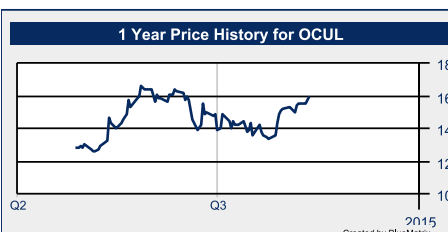
#### SUMMARY

Ocular hit the ground running on its first earnings call as a public company with positive top-line data in allergic conjunctivitis for the dexamethasone punctal plug (OTX-DP). We see the data as impressive for a single-administration sustained release formulation, particularly as stat. sig. vs. placebo was achieved at the distant six-week time point. Ocular has an upcoming FDA meeting on December 12 to discuss the data and the path forward for OTX-DP in allergic conjunctivitis. The FDA appears to be in new territory here in terms of how to regulate a product like OTX-DP and the traditional agency criteria for treatment success for anti-allergy eye drops (see below) may not be suitable for the plugs.

#### KEY POINTS

- **Allergic conjunctivitis top-line data.** The six-week trial showed stat. sig. lower ocular itching and redness vs. placebo at days 14, 28, and 42. The three time points also exceeded a mean difference vs. placebo of 0.5 units (5-point scale) for itching (0=none, 4=incapacitating) and redness (0=none, 4=extremely severe). Itching approached a 1.0 unit improvement vs. placebo.
- **FDA criteria for anti-allergy eye drops do not apply clearly to OTX-DP.** Briefing docs for ISTA's Bepreve emphasized achieving a  $\geq 1.0$ -unit difference in mean itching/redness grades at a majority of time points *within a study visit* and  $\geq 0.5$ -unit difference for all time points *within the visit*. Max. visit length was 16 hours.
- **Applying the same FDA criteria** given how Ocular measured itching/redness time points (days 14, 28, 42) implies a *visit* should be defined as the entire six-week trial duration. Obviously, we don't believe FDA designed the guidelines on improvements in itching/redness scores to apply to such extended timeframes. Regardless, OTX-DP still met the 0.5-unit threshold at 42 days.
- **Framing the next trial.** The allergic conjunctivitis top-line data were intent-to-treat (i.e., included pts who may have lost plugs). Conducting a follow-on study with plug replacement could be expected to increase itching/redness scores, an approach the FDA could suggest.
- **ReSure coming along.** ReSure is not central to/required for our thesis, but seeing solid 47% seq. growth for a minor product still reflects well on mgmt's commercial execution strengths looking ahead to the plugs. We now model 35% growth for 4Q or ~\$0.2M, implying ~\$0.5M for 2014 and minor EPS change, as a result.

#### Stock Price Performance



#### Company Description

Ocular Therapeutix, Inc. is a biopharmaceutical company focused on the development and commercialization of therapies for diseases and conditions of the eye using its hydrogel platform technology. The company's bioresorbable hydrogel based product candidates are designed to provide sustained delivery of therapeutic agents to the eye.

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## Exhibit 1

### Catalyst Calendar

| Drug               | Type                | Event  | Phase | Timing | Clinical Trial ID |
|--------------------|---------------------|--|-------|--------|-------------------|
| OTX-DP             | Product Advancement | FDA Meeting on Allergic Conjunctivitis                                       | 2     | 4Q14   |                   |
| Anti-VEGF Hydrogel | Clinical Data       | Feasibility Study for anti-VEGF Hydrogel in wAMD                             |       | 1Q15   |                   |
| OTX-DP             | Clinical Data       | Readout in Post-Surgical Ocular Inflammation and Pain After Cataract Surgery | 3     | 1Q15   | NCT02034019       |
| OTX-DP             | Product Advancement | Submit NDA for OTX-DP in Post Surgical Inflammation and Pain                 |       | 2Q15   |                   |
| OTX-TP             | Clinical Data       | OTX-TP in Glaucoma and Ocular Hypertension Readout                           | 2b    | 3Q15   | NCT01845038       |

Sources: Oppenheimer Research, Ocular Therapeutix reports.

## Exhibit 2

### Variance Table

|                                  | 3Q14            | 3Q14E           | Variance (Actual - Estimate) |
|----------------------------------|-----------------|-----------------|------------------------------|
| OTX-TP Glaucoma                  | \$0.0           | \$0.0           | \$0.0                        |
| OTX-DP Inflammation              | \$0.0           | \$0.0           | \$0.0                        |
| ReSure                           | \$0.1           | \$0.1           |                              |
| <b>Total Revenue</b>             | <b>\$0.1</b>    | <b>\$0.1</b>    | <b>\$0.0</b>                 |
| COGS                             | \$0.0           | \$0.0           | \$0.0                        |
| R&D                              | \$4.5           | \$5.5           |                              |
| SG&A                             | \$2.4           | \$2.5           | (\$0.1)                      |
| <b>Operating Income</b>          | <b>(\$6.8)</b>  | <b>(\$7.9)</b>  | <b>\$1.1</b>                 |
| Interest Income                  | \$0.0           | \$0.1           | (\$0.1)                      |
| Interest Expense                 | (\$0.4)         | (\$0.3)         | (\$0.1)                      |
| Other income (expense), net      | (\$0.1)         | \$0.0           | (\$0.1)                      |
| <b>Pre-Tax Income</b>            | <b>(\$7.3)</b>  | <b>(\$8.1)</b>  | <b>\$0.8</b>                 |
| Tax Expense (Benefit)            | 0.0             | 0.0             | \$0.0                        |
| <i>Tax Rate</i>                  | <i>35.0%</i>    | <i>35.0%</i>    |                              |
| <b>Net Income to Common</b>      | <b>(\$7.3)</b>  | <b>(\$8.1)</b>  | <b>\$0.8</b>                 |
| <b>Net Income per Share</b>      | <b>(\$0.48)</b> | <b>(\$0.55)</b> | <b>\$0.07</b>                |
| Weighted average shares, basic   | 15.2            | 14.7            | 0.4                          |
| Weighted average shares, diluted | 15.2            | 14.7            |                              |

Sources: Oppenheimer Research Estimates, Ocular Therapeutix Reports.

## Exhibit 3

## Ocular Therapeutix Income Statement

(\$MMs except per share data)

|   | 2013          | 1Q14         | 2Q14          | 3Q14          | 4Q14E         | 2014E         | 2015E         | 2016E         | 2017E         | 2018E         | 2019E        | 2020E        | 2021E        | 2022E        | 2023E        | 2024E        |
|---|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OTX-TP Glaucoma                                     |               |              |               |               |               | 0.0           | 0.0           | 0.0           | 0.0           | 25.2          | 63.2         | 107.0        | 153.8        | 203.1        | 254.8        | 309.2        |
| OTX-DP Allergy                                      |               |              |               |               |               | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| OTX-DP Inflammation                                 |               |              |               |               |               | 0.0           | 0.0           | 4.8           | 15.7          | 27.9          | 35.6         | 37.4         | 38.1         | 38.9         | 39.7         | 40.5         |
| ReSure  |               | 0.0          | 0.1           | 0.1           | 0.2           | 0.5           | 1.8           | 3.1           | 6.5           | 8.0           | 10.3         | 12.8         | 15.0         | 15.6         | 16.4         | 17.1         |
| <b>Total Revenue</b>                                | <b>0.0</b>    | <b>0.0</b>   | <b>0.1</b>    | <b>0.1</b>    | <b>0.2</b>    | <b>0.5</b>    | <b>1.8</b>    | <b>7.9</b>    | <b>22.1</b>   | <b>61.2</b>   | <b>109.1</b> | <b>157.2</b> | <b>207.0</b> | <b>257.6</b> | <b>310.8</b> | <b>366.8</b> |
| COGS  |               | 0.0          | 0.0           | 0.0           | 0.0           | 0.1           | 0.1           | 0.8           | 2.3           | 6.9           | 12.4         | 17.8         | 23.5         | 29.3         | 35.5         | 41.9         |
| OTX-TP Glaucoma                                     |               | 0.0          | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 2.5           | 6.3          | 10.7         | 15.4         | 20.3         | 25.5         | 30.9         |
| OTX-DP Inflammation                                 |               | 0.0          | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.5           | 1.6           | 2.8           | 3.6          | 3.7          | 3.8          | 3.9          | 4.0          | 4.0          |
| ReSure  |               | 0.0          | 0.0           | 0.0           | 0.0           | 0.0           | 0.1           | 0.2           | 0.3           | 0.4           | 0.5          | 0.6          | 0.8          | 0.8          | 0.8          | 0.9          |
| Royalties to Incept                                 |               | 0.0          | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.2           | 0.4           | 1.2           | 2.0          | 2.7          | 3.5          | 4.3          | 5.2          | 6.1          |
| R&D   | 10.5          | 5.0          | 4.3           | 4.5           | 5.5           | 19.2          | 20.2          | 21.2          | 23.3          | 25.7          | 28.2         | 31.0         | 34.1         | 37.6         | 41.3         | 45.5         |
| SG&A  | 2.4           | 1.9          | 1.7           | 2.4           | 3.0           | 9.0           | 9.9           | 17.4          | 26.0          | 48.2          | 53.0         | 55.7         | 56.2         | 56.8         | 57.3         | 57.9         |
| <b>Operating Income</b>                             | <b>(12.9)</b> | <b>(6.8)</b> | <b>(5.9)</b>  | <b>(6.8)</b>  | <b>(8.3)</b>  | <b>(27.9)</b> | <b>(28.4)</b> | <b>(31.4)</b> | <b>(29.6)</b> | <b>(19.5)</b> | <b>15.5</b>  | <b>52.6</b>  | <b>93.2</b>  | <b>133.9</b> | <b>176.7</b> | <b>221.5</b> |
| Interest Income                                     | 0.0           | 0.0          | 0.0           | 0.0           | 0.4           | 0.4           | 0.4           | 0.2           | 0.3           | 0.4           | 0.5          | 0.5          | 0.7          | 1.1          | 1.4          | 1.9          |
| Interest Expense                                    | (0.4)         | (0.0)        | (0.3)         | (0.4)         | (0.3)         | (1.0)         | 1.0           | 0.7           | 0.3           | 0.5           | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Other income (expense), net                         | 0.0           | (0.1)        | (0.2)         | (0.1)         |               | (0.4)         |               |               |               |               |              |              |              |              |              |              |
| <b>Pre-Tax Income</b>                               | <b>(13.3)</b> | <b>(7.0)</b> | <b>(6.4)</b>  | <b>(7.3)</b>  | <b>(8.2)</b>  | <b>(28.9)</b> | <b>(27.0)</b> | <b>(30.5)</b> | <b>(29.0)</b> | <b>(18.6)</b> | <b>16.0</b>  | <b>53.1</b>  | <b>93.8</b>  | <b>135.0</b> | <b>178.1</b> | <b>223.4</b> |
| Tax Expense (Benefit)                               | 0             | 0.0          | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0          | 0.0          | 2            | 47.2         | 62.3         | 78.2         |
| Tax Rate  | 35.0%         | 35%          | 35%           | 35%           | 35%           | 35.0%         | 35.0%         | 35.0%         | 35.0%         | 35.0%         | 35.0%        | 35.0%        | 35.0%        | 35.0%        | 35.0%        | 35.0%        |
| <b>Net Income</b>                                   | <b>(13.3)</b> | <b>(7.0)</b> | <b>(6.4)</b>  | <b>(7.3)</b>  | <b>(8.2)</b>  | <b>(28.9)</b> | <b>(27.0)</b> | <b>(30.5)</b> | <b>(29.0)</b> | <b>(18.6)</b> | <b>16.0</b>  | <b>53.1</b>  | <b>92.0</b>  | <b>87.7</b>  | <b>115.8</b> | <b>145.2</b> |
| Accretion of redeemable convertible preferred stock | (0.0)         | 0.0          | 0.0           | 0.0           |               | (0.0)         |               |               |               |               |              |              |              |              |              |              |
| <b>Net Income to Common</b>                         | <b>(13.3)</b> | <b>(7.0)</b> | <b>(6.4)</b>  | <b>(7.3)</b>  | <b>(8.2)</b>  | <b>(28.9)</b> | <b>(27.0)</b> | <b>(30.5)</b> | <b>(29.0)</b> | <b>(18.6)</b> | <b>16.0</b>  | <b>53.1</b>  | <b>92.0</b>  | <b>87.7</b>  | <b>115.8</b> | <b>145.2</b> |
| <b>Net Income per Share</b>                         | <b>(5.11)</b> | <b>(2.5)</b> | <b>(2.10)</b> | <b>(0.48)</b> | <b>(0.40)</b> | <b>(2.78)</b> | <b>(1.31)</b> | <b>(1.35)</b> | <b>(1.18)</b> | <b>(0.70)</b> | <b>0.53</b>  | <b>1.78</b>  | <b>3.07</b>  | <b>2.93</b>  | <b>3.86</b>  | <b>4.84</b>  |
| <b>Weighted average shares, basic</b>               | <b>2.6</b>    | <b>2.9</b>   | <b>3.0</b>    | <b>15.2</b>   | <b>20.6</b>   | <b>10.4</b>   | <b>20.6</b>   | <b>22.6</b>   | <b>24.6</b>   | <b>26.7</b>   | <b>26.7</b>  | <b>26.7</b>  | <b>26.7</b>  | <b>26.8</b>  | <b>26.8</b>  | <b>26.8</b>  |
| <b>Weighted average shares, diluted</b>             | <b>2.6</b>    | <b>2.9</b>   | <b>3.0</b>    | <b>15.2</b>   | <b>23.8</b>   | <b>11.2</b>   | <b>23.8</b>   | <b>25.8</b>   | <b>27.8</b>   | <b>29.9</b>   | <b>29.9</b>  | <b>29.9</b>  | <b>29.9</b>  | <b>30.0</b>  | <b>30.0</b>  | <b>30.0</b>  |

Sources: Oppenheimer Research Estimates, Ocular Therapeutix Filings.

## Exhibit 4

## Ocular Therapeutix Balance Sheet

(\$MMs except per share data)

|   | 2013        | 1Q14          | 2Q14          | 3Q14        | 4Q14E       | 2014E       | 2015E       | 2016E       | 2017E       | 2018E        | 2019E        | 2020E        | 2021E        | 2022E        | 2023E        | 2024E        |
|---|-------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Assets</b>                             |             |               |               |             |             |             |             |             |             |              |              |              |              |              |              |              |
| Cash and Equivalents                      | 17.5        | 12.8          | 19.9          | 80.9        | 71.1        | 71.1        | 49.6        | 65.1        | 77.2        | 96.0         | 96.8         | 136.9        | 214.6        | 287.7        | 388.2        | 517.4        |
| Prepaid Expenses and Other Current Assets | 0.2         | 0.3           | 0.3           | 1.2         | 0.3         | 0.3         | 1.2         | 1.6         | 2.1         | 3.2          | 3.7          | 4.2          | 4.6          | 4.9          | 5.4          | 5.8          |
| Inventory                                 | -           | 0.1           | 0.1           | 0.1         | 0.0         | 0.0         | 0.1         | 0.7         | 1.9         | 5.7          | 10.3         | 14.9         | 19.6         | 24.4         | 29.6         | 34.9         |
| Accounts receivable from related party    | 0.0         | 0.0           | 0.0           | 0.0         | 0.0         | 0.0         | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Deferred Offering Costs                   | -           | 0.3           | 2.2           | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Receivables                               | 0.3         | 0.3           | 0.1           | 0.1         | 0.1         | 0.1         | 0.2         | 1.0         | 2.8         | 7.6          | 13.6         | 19.6         | 25.9         | 32.2         | 38.9         | 45.8         |
| Other Current Assets                      | -           | -             | -             | -           | 0.0         | 0.0         | 0.0         | 0.2         | 0.6         | 1.5          | 2.7          | 3.9          | 5.2          | 6.4          | 7.8          | 9.2          |
| <b>Current Assets</b>                     | <b>18.0</b> | <b>13.8</b>   | <b>22.6</b>   | <b>82.3</b> | <b>71.6</b> | <b>71.6</b> | <b>51.2</b> | <b>68.6</b> | <b>84.5</b> | <b>114.1</b> | <b>127.2</b> | <b>179.5</b> | <b>269.8</b> | <b>355.7</b> | <b>469.7</b> | <b>613.2</b> |
| Property, Plant, & Equipment              | 0.9         | 1.0           | 1.2           | 1.4         | 1.7         | 1.7         | 0.9         | 1.0         | 1.4         | 3.4          | 6.8          | 11.1         | 15.9         | 20.9         | 26.0         | 31.3         |
| Restricted Cash                           | 0.2         | 0.2           | 0.2           | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          |
| Deposits                                  | -           | -             | -             | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Other Long-Term Assets                    | -           | -             | -             | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Assets</b>                       | <b>19.1</b> | <b>15.1</b>   | <b>24.0</b>   | <b>83.9</b> | <b>73.6</b> | <b>73.6</b> | <b>52.4</b> | <b>69.8</b> | <b>86.2</b> | <b>117.8</b> | <b>134.3</b> | <b>190.8</b> | <b>285.9</b> | <b>376.8</b> | <b>495.9</b> | <b>644.7</b> |
| <b>Liabilities</b>                        |             |               |               |             |             |             |             |             |             |              |              |              |              |              |              |              |
| Accounts Payables                         | 0.5         | 1.0           | 1.5           | 0.6         | 0.9         | 0.9         | 3.0         | 3.9         | 5.2         | 8.1          | 9.4          | 10.5         | 11.4         | 12.4         | 13.4         | 14.5         |
| Accrued Liabilities                       | 0.7         | 0.7           | 1.6           | 2.5         | 1.0         | 1.0         | 3.6         | 4.7         | 6.2         | 9.7          | 11.2         | 12.5         | 13.7         | 14.8         | 16.1         | 17.4         |
| Deferred Revenue                          | 0.3         | 0.3           | 0.3           | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          |
| Notes Payable, net of discount, current   | 1.8         | 0.2           | 1.1           | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Taxes Payable                             | -           | -             | -             | -           | 0.0         | 0.0         | 0.0         | 0.1         | 0.2         | 0.6          | 1.1          | 1.6          | 2.1          | 2.6          | 3.1          | 3.7          |
| Loans Payable, Current Portion            | -           | -             | -             | -           | 1.1         | 1.1         | 4.5         | 4.5         | 3.4         | -            | -            | -            | -            | -            | -            | -            |
| Other                                     | -           | -             | -             | -           | 0.4         | 0.4         | 1.5         | 2.0         | 2.6         | 4.0          | 4.7          | 5.2          | 5.7          | 6.2          | 6.7          | 7.3          |
| <b>Current Liabilities</b>                | <b>3.3</b>  | <b>2.1</b>    | <b>4.5</b>    | <b>3.4</b>  | <b>3.7</b>  | <b>3.7</b>  | <b>13.0</b> | <b>15.5</b> | <b>17.8</b> | <b>22.7</b>  | <b>26.6</b>  | <b>30.0</b>  | <b>33.1</b>  | <b>36.2</b>  | <b>39.6</b>  | <b>43.2</b>  |
| Preferred Stock Warrants                  | 0.3         | 0.4           | 0.9           | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Deferred rent, long-term                  | 0.0         | 0.0           | 0.1           | 0.1         | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Loans Payable, Less Current Portion       | -           | -             | 13.6          | 14.8        | 12.5        | 12.5        | 9.1         | 7.9         | 4.5         | 3.4          | -            | -            | -            | -            | -            | -            |
| Other Liabilities                         | -           | -             | -             | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Notes Payable, net of discount, long-term | 0.7         | 1.9           | -             | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Liabilities</b>                  | <b>4.3</b>  | <b>4.3</b>    | <b>19.1</b>   | <b>18.3</b> | <b>16.1</b> | <b>16.1</b> | <b>22.0</b> | <b>23.4</b> | <b>22.4</b> | <b>26.1</b>  | <b>26.6</b>  | <b>30.0</b>  | <b>33.1</b>  | <b>36.2</b>  | <b>39.6</b>  | <b>43.2</b>  |
| Redeemable convertible preferred stock    | 74.3        | 74.4          | 74.4          | -           | -           | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            | -            |
| Common stock                              | 0.0         | -             | -             | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Additional paid-in capital                | 1.3         | 4.2           | 4.7           | 147.1       | 147.1       | 147.1       | 147.1       | 193.6       | 240.1       | 286.5        | 286.5        | 286.5        | 286.5        | 286.5        | 286.5        | 286.5        |
| Accumulated surplus/(deficit)             | (60.8)      | (67.8)        | (74.2)        | (81.5)      | (89.7)      | (89.7)      | (116.7)     | (147.2)     | (176.2)     | (194.8)      | (178.9)      | (125.8)      | (33.7)       | 54.0         | 169.8        | 315.0        |
| <b>Shareholders' Equity</b>               | <b>14.9</b> | <b>(63.6)</b> | <b>(69.4)</b> | <b>65.6</b> | <b>57.4</b> | <b>57.4</b> | <b>30.4</b> | <b>46.3</b> | <b>63.9</b> | <b>91.7</b>  | <b>107.7</b> | <b>160.8</b> | <b>252.8</b> | <b>340.6</b> | <b>456.3</b> | <b>601.6</b> |
| <b>Total Liabilities &amp; Equity</b>     | <b>19.1</b> | <b>15.1</b>   | <b>24.0</b>   | <b>83.9</b> | <b>73.6</b> | <b>73.6</b> | <b>52.4</b> | <b>69.8</b> | <b>86.2</b> | <b>117.8</b> | <b>134.3</b> | <b>190.8</b> | <b>285.9</b> | <b>376.8</b> | <b>495.9</b> | <b>644.7</b> |

Sources: Oppenheimer Research Estimates, Ocular Therapeutix Filings.

## Exhibit 5

## Ocular Therapeutix Cash Flow Statement

(\$MMs except per share data)

|  | 2013          | 1Q14         | 2Q14         | 3Q14         | 4Q14E        | 2014E         | 2015E         | 2016E         | 2017E         | 2018E         | 2019E        | 2020E        | 2021E         | 2022E         | 2023E         | 2024E         |
|--|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Operating Cash Flows</b>                                  |               |              |              |              |              |               |               |               |               |               |              |              |               |               |               |               |
| Net Income   | (13.3)        | (7.0)        | (6.4)        | (7.3)        | (8.2)        | (28.9)        | (27.0)        | (30.5)        | (29.0)        | (18.6)        | 16.0         | 53.1         | 92.0          | 87.7          | 115.8         | 145.2         |
| Adjustments:   |               |              |              |              |              |               |               |               |               |               |              |              |               |               |               |               |
| Non-cash Interest expense                                    | 0.0           | 0.0          | 0.0          | 0.0          |              | 0.1           |               |               |               |               |              |              |               |               |               |               |
| Licensing and consulting fees paid in common stock           |               | 2.4          | -            | -            |              | 2.4           |               |               |               |               |              |              |               |               |               |               |
| Depreciation   | 0.4           | 0.1          | 0.2          | 0.1          | 0.1          | 0.5           | 0.3           | 0.4           | 0.6           | 1.1           | 2.0          | 3.6          | 5.6           | 7.9           | 10.4          | 13.0          |
| Amortization   | -             | -            | -            | -            | -            | -             | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Loss on Extinguishment of Debt                               | -             | -            | 0.1          | -            | -            | 0.1           | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Share-Based Compensation                                     | 0.5           | 0.5          | 0.6          | 0.6          | -            | 1.7           | 0.6           | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Revaluation of preferred stock warrants                      | (0.0)         | 0.1          | 0.1          | 0.1          |              | 0.4           |               |               |               |               |              |              |               |               |               |               |
| Other  | -             | -            | 0.0          | -            |              | 0.0           | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| <b>Total Operating Sources</b>                               | <b>(12.4)</b> | <b>(3.9)</b> | <b>(5.5)</b> | <b>(6.4)</b> | <b>(8.1)</b> | <b>(23.9)</b> | <b>(26.2)</b> | <b>(30.1)</b> | <b>(28.4)</b> | <b>(17.5)</b> | <b>18.0</b>  | <b>56.7</b>  | <b>97.6</b>   | <b>95.7</b>   | <b>126.2</b>  | <b>158.2</b>  |
| Prepaid Expenses and other current assets                    | 0.1           | (0.1)        | 0.1          | (0.3)        | 0.9          | 0.5           | (0.9)         | (0.4)         | (0.5)         | (1.2)         | (0.5)        | (0.4)        | (0.4)         | (0.4)         | (0.4)         | (0.4)         |
| Inventory  | -             | (0.1)        | (0.0)        | (0.0)        | 0.1          | (0.0)         | (0.1)         | (0.6)         | (1.3)         | (3.8)         | (4.6)        | (4.5)        | (4.7)         | (4.9)         | (5.1)         | (5.4)         |
| Accounts Receivable from third party                         | 0.0           | (0.0)        | 0.0          | -            | -            | 0.0           | 0.0           | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Accounts Receivables   | (0.3)         | (0.0)        | 0.2          | 0.0          | (0.0)        | 0.2           | (0.1)         | (0.8)         | (1.8)         | (4.9)         | (6.0)        | (6.0)        | (6.2)         | (6.3)         | (6.7)         | (7.0)         |
| Other Current Assets   | -             | -            | -            | -            | (0.0)        | (0.0)         | (0.0)         | (0.2)         | (0.4)         | (1.0)         | (1.2)        | (1.2)        | (1.2)         | (1.3)         | (1.3)         | (1.4)         |
| Accounts Payable   | (0.2)         | 0.3          | 0.0          | (0.3)        | 0.2          | 0.3           | 2.2           | 0.9           | 1.2           | 2.9           | 1.3          | 1.1          | 0.9           | 1.0           | 1.0           | 1.1           |
| Accrued Liabilities  | (0.2)         | (0.2)        | 0.6          | 0.7          | (1.5)        | (0.4)         | 2.6           | 1.1           | 1.5           | 3.5           | 1.5          | 1.3          | 1.1           | 1.2           | 1.3           | 1.3           |
| Taxes Payable  | -             | -            | -            | -            | 0.0          | 0.0           | 0.0           | 0.1           | 0.1           | 0.4           | 0.5          | 0.5          | 0.5           | 0.5           | 0.5           | 0.6           |
| Deferred Revenue   | 0.3           | -            | -            | -            | -            | -             | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Other  | -             | -            | -            | -            | 0.4          | 0.4           | 1.1           | 0.5           | 0.6           | 1.5           | 0.6          | 0.5          | 0.5           | 0.5           | 0.5           | 0.6           |
| <b>Changes in Operating Assets/Liabilities</b>               | <b>(0.2)</b>  | <b>(0.1)</b> | <b>1.0</b>   | <b>0.1</b>   | <b>0.1</b>   | <b>1.0</b>    | <b>4.8</b>    | <b>0.7</b>    | <b>(0.4)</b>  | <b>(2.6)</b>  | <b>(8.3)</b> | <b>(8.8)</b> | <b>(9.6)</b>  | <b>(9.7)</b>  | <b>(10.2)</b> | <b>(10.6)</b> |
| <b>Operating Cash Flow</b>                                   | <b>(12.6)</b> | <b>(4.0)</b> | <b>(4.5)</b> | <b>(6.3)</b> | <b>(8.1)</b> | <b>(22.9)</b> | <b>(21.4)</b> | <b>(29.4)</b> | <b>(28.8)</b> | <b>(20.1)</b> | <b>9.7</b>   | <b>47.9</b>  | <b>88.0</b>   | <b>86.0</b>   | <b>116.0</b>  | <b>147.6</b>  |
| Capital Expenditures   | (0.4)         | (0.3)        | (0.2)        | (0.3)        | (0.4)        | (1.2)         | (0.1)         | (0.4)         | (1.1)         | (3.1)         | (5.5)        | (7.9)        | (10.4)        | (12.9)        | (15.5)        | (18.3)        |
| Purchase/Maturities of Securities                            | -             | -            | -            | -            | -            | -             | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Other  | -             | -            | -            | -            | -            | -             | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| <b>Investing Cash Flow</b>                                   | <b>(0.4)</b>  | <b>(0.3)</b> | <b>(0.2)</b> | <b>(0.3)</b> | <b>(0.4)</b> | <b>(1.2)</b>  | <b>(0.1)</b>  | <b>(0.4)</b>  | <b>(1.1)</b>  | <b>(3.1)</b>  | <b>(5.5)</b> | <b>(7.9)</b> | <b>(10.4)</b> | <b>(12.9)</b> | <b>(15.5)</b> | <b>(18.3)</b> |
| Proceeds from issuance of redeemable convertible preferred : | 8.5           | -            | -            | -            | -            | -             | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Issuance/Purchase of Stock                                   | -             | -            | (1.1)        | 70.6         | -            | 69.5          | -             | 46.5          | 46.5          | 46.5          | -            | -            | -             | -             | -             | -             |
| Issuance/Payment Debt  | -             | -            | 14.9         | -            | (1.3)        | 13.6          | -             | (1.1)         | (4.5)         | (4.5)         | (3.4)        | -            | -             | -             | -             | -             |
| Proceeds from exercise of stock options                      | 0.0           | 0.0          | 0.0          | 0.0          |              | 0.0           |               |               |               |               |              |              |               |               |               |               |
| Repayment of notes payable                                   | (1.8)         | (0.5)        | (1.8)        | (3.1)        | -            | (5.3)         | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| <b>Financing Cash Flow</b>                                   | <b>6.7</b>    | <b>(0.4)</b> | <b>12.0</b>  | <b>67.6</b>  | <b>(1.3)</b> | <b>77.8</b>   | <b>-</b>      | <b>45.4</b>   | <b>42.0</b>   | <b>42.0</b>   | <b>(3.4)</b> | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| Effect of Exchange Rates                                     | -             | -            | -            | -            | -            | -             | -             | -             | -             | -             | -            | -            | -             | -             | -             | -             |
| Beginning Cash   | 23.9          | 17.5         | 12.8         | 19.9         | 80.9         | 17.5          | 71.1          | 49.6          | 65.1          | 77.2          | 96.0         | 96.8         | 136.9         | 214.6         | 287.7         | 388.2         |
| Net Increase (Decrease) in Cash                              | (6.3)         | (4.8)        | 7.2          | 60.9         | (9.8)        | 53.6          | (21.5)        | 15.5          | 12.1          | 18.8          | 0.8          | 40.1         | 77.7          | 73.1          | 100.5         | 129.2         |
| <b>Ending Cash</b>   | <b>17.5</b>   | <b>12.8</b>  | <b>19.9</b>  | <b>80.9</b>  | <b>71.1</b>  | <b>71.1</b>   | <b>49.6</b>   | <b>65.1</b>   | <b>77.2</b>   | <b>96.0</b>   | <b>96.8</b>  | <b>136.9</b> | <b>214.6</b>  | <b>287.7</b>  | <b>388.2</b>  | <b>517.4</b>  |

Sources: Oppenheimer Research Estimates, Ocular Therapeutix Filings.

## Investment Thesis

Ocular is an appealing platform play in the ophthalmology space, driven by several technological advances that permit steady delivery of drugs to the eye using punctal plugs. The company's pipeline is substantially de-risked as Ocular's plugs deliver medications already approved for glaucoma (travoprost) and post-surgical inflammation (dexamethasone). Both the inflammation (OTX-DP) and glaucoma (OTX-TP) plugs have achieved clinical proof-of-concept, and we expect FDA approvals in 2016/2018, respectively. Longer term, we see the interplay between compliance advantages of plugs vs. generic/soon-to-be generic eye-drop markets as a key debate for the stock. However, at current levels even a conservative view of peak share suggests significant upside.

## Price Target Calculation

We value Ocular Therapeutix using a discounted cash flow (DCF) analysis with a weighted average cost of capital (WACC) of 10% and a 0% terminal growth rate post 2030, generating a terminal value of \$255M. Our DCF valuation indicates an equity value of ~\$585M or \$25 per diluted share.

## Key Risks to Price Target

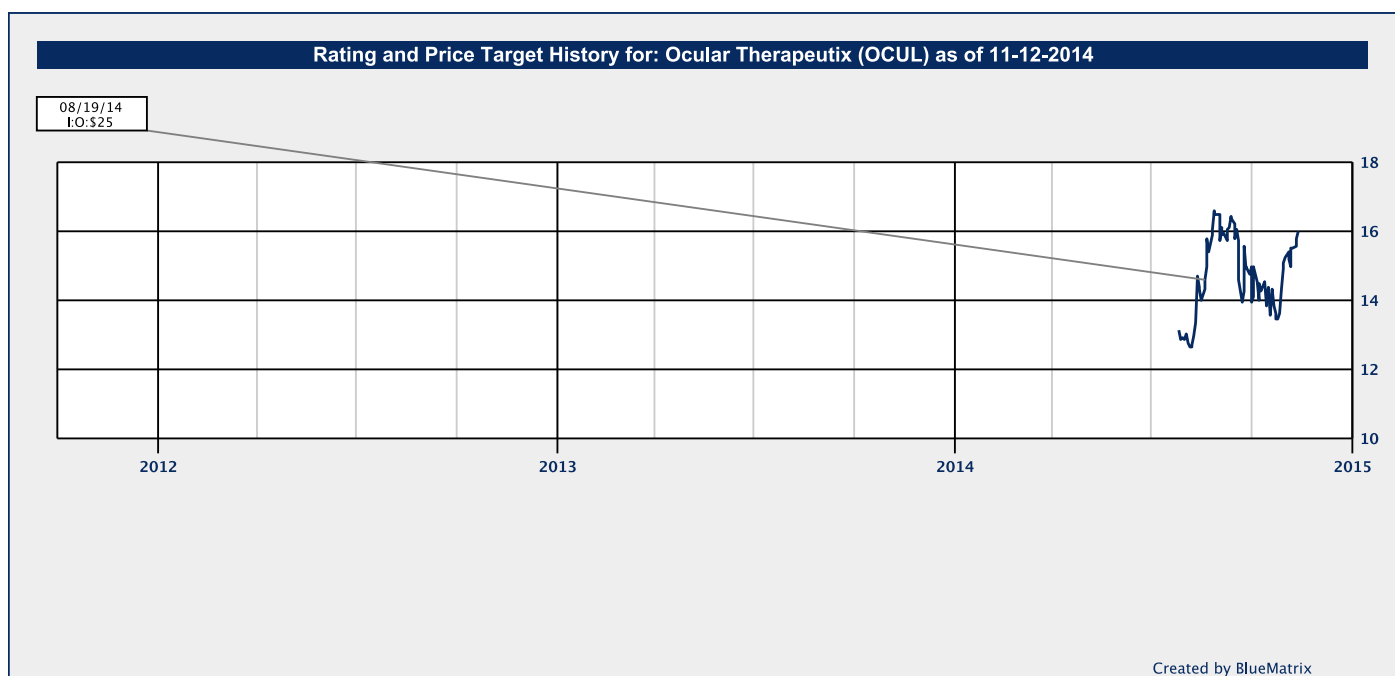
Key risks include the following: 1) Future retention rates and/or the degree of IOP reductions in Phase 2b and/or Phase 3 for OTX-TP in glaucoma may prove insufficient for widespread treatment adoption. 2) The Phase 3 post-surgical inflammation and pain trial may fail to meet clinical endpoints. 3) Future competitors may develop punctal plug products with better clinical efficacy and/or retention characteristics than Ocular's. 4) Ocular's patent estate could be challenged by third parties owning related pending or issued patents for technology similar to ReSure and/or the hydrogel plugs. 5) Ocular may not be successful in commercializing OTX-TP and OTX-DP and/or share capture may be weaker than our current projections. 6) Our pricing assumptions may not be supportable in view of generic dexamethasone eye drops and soon-to-be generic travoprost eye drops. 7) Ocular will likely need additional dilutive capital to develop its products and we assume additional financings of \$150MM over 2016-2018. 8) OCUL has a relatively small float (~6.5M of ~20.6M shares outstanding), which could generate high volatility. 9) Approximately ~15.6M shares are restricted securities under Rule 144, shares which existing shareholders may elect to sell upon waiver or expiration of the 180-day post-IPO lockup period (i.e., Versant Ventures, Polaris Ventures, SV Life Sciences, CHV II LP and others entities own ~70% of the restricted securities, and directors and named executive officers own ~30%).

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