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For the fiscal year ended December 31, 2009

OR

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Commission file number 001-33528

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	75-240,>0d2au0 n

In the event that we successfully 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 other than our Mexican facility 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 if and 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.

The investigators and contract research organizations that we engage to conduct our clinical trials may not be diligent in conducting our clinical trials

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 NYSE Amex, 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.

We were originally incorporated in Delaware in October 1991 under the name Cytoclonal Pharmaceutics, Inc., which was later changed to eXegen

Product Candidate	Initial Indication	Development Stage
Rolapitant	Emesis	Phase III
Alzheimer's Test	Alzheimer's Diagnostic	Pre-Clinical
Flu Vaccine	Pan-Influenza (e.g. H1, H3, H5)	Pre-Clinical
Bevasiranib	Wet AMD	Phase III
Doxovir	Viral Conjunctivitis	Phase II
SCH 900978	Emesis	Phase II
OPK-HVB-004	Wet AMD/Diabetic Retinopathy/Diabetic Macular Edema	Pre-Clinical
OPK-HVB-010	Wet AMD/Diabetic Retinopathy/Diabetic Macular Edema	Pre-Clinical

All of our product development candidates are in an early stage of development. There can be no assurance that we will be able to successfully formulate any of these product candidates under development as planned, or that we will be successful in demonstrating the safety and efficacy of such products under development in human clinical trials. Thus, there can be no assurances that any of these product candidates will be developed and commercialized in a timely manner, or in accordance with our plans or projections, or at all. We may determine to discontinue the development of any or all of our products under development at any time.

Rolapitant. Our lead product candidate, rolapitant, a potent and selective competitive antagonist of the NK-1 receptor, has successfully completed Phase II clinical testing for prevention of chemotherapy induced nausea and vomiting and post-operative induced nausea and vomiting. We intend to pursue final development and commercialization of rolapitant for both indications. NK-1 receptors are highly concentrated in the brain and are also found in other tissues of the body. Activation of NK-1 receptors leads to the release of neurotransmitters and other signaling molecules that play a central role in controlling nausea and vomiting and other basic functions. Phase I clinical testing has also been completed for a second compound in the same class, which is being considered for further development in other indications.

The emesis market is estimated to be in excess of $2 billion. There are more than two million chemotherapy patients each year in the United States, Europe, and Japan alone, and there are more than 23 million surgery patients in the United States and Europe. NK-1 receptor antagonists and 5HT3 receptor antagonists are major classes of drugs used for prevention of nausea and vomiting. In general, NK-1 inhibitors are complementary to 5HT3 inhibitors with potential for additive effects in post operative nausea and vomiting and demonstrated additive effects in chemotherapy induced nausea and vomiting. While there are several approved 5HT3 receptor antagonists (palonosetron (Aloxi), ondansetron (Zocor), and other generics), there is only one NK-1 receptor antagonist approved for commercial use, aprepitant (Emend®).

In June 2009, we acquired exclusive, worldwide rights to a new platform technology for the rapid identification of molecules that can be useful as vaccines and new drugs, and to create new diagnostic tests. The first diagnostic product we are pursuing utilizing this technology is a simple blood test for Alzheimer's Disease. The test is designed to detect elevated levels of antibodies that are unique to Alzheimer's Disease and could be useful in stratifying patients for ongoing clinical trials of potential Alzheimer's drugs as well as to confirm the diagnosis in a clinical setting. The Alzheimer Disease-specific antibodies were discovered using this novel proprietary platform that we believe is capable of identifying biomarkers for any disease to which the immune system reacts, including cancer, autoimmune disease, neurodegenerative disease and infectious disease.

Currently it is estimated that over five million people in the United States, and almost 35 million worldwide, have Alzheimer's disease and the national cost of caring for people with Alzheimer's is estimated to exceed $148 billion annually. By 2050, it is estimated that 16 million people in the United States will have Alzheimer's, and the global prevalence of Alzheimer's is expected to be greater than 115 million. Currently there are no approved early diagnostic tests to detect Alzheimer's disease and follow its progression. Confirmation of diagnosis is performed through a series of behavioral measurements and brain scans. Definitive diagnosis can be made only from exam

Doxovir™. In June 2008, we acquired ex

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Our strategy is to develop a portfolio of product candidates through a combination of internal development,ii tion of int

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 ldure ofw droente ntent ulat rpertiar&

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.

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.

Foreign Corrupt Practices Act

We are also subject to the U.S. Foreign Corrupt Practices Act ("FCPA"), which prohibits corporations and individuals from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. Our international activities create the risk of unauthorized payments or offers of payments by our employees, consultants, sales agents or distributors, even though they may not always be subject to our control. We discourage these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Any failure by us to adopt appropriate compliance procedures and ensure that our employees and agents comply with the FCPA and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on our ability to conduct business in certain foreign jurisdictions.

Executive Officers

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

Name	Age	Title
Phillip Frost, M.D.	73	Chief Executive Officer and Chairman of the Board
Jane H. Hsiao, Ph.D., MBA	62	Chief Technical Officer and Vice Chairman
Steven D. Rubin	49	Executive Vice President — Administration and Director
Rao Uppaluri, Ph.D.	60	Senior Vice President and Chief Financial 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 Chairman of the Board of Teva Pharmaceutical Industries, Limited, or Teva, (NASDAQ:TEVA) in March 2010 and had previously been Vice Chairman since 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. (NYSE Amex:LTS), 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 PROLOR Biotech, Inc., a development stage biopharmaceutical company (OTCBB:MODG), and Castle Brands, a developer and marketer of premium brand spirits (NYSE Amex:ROX). He serves on the Board of Regents of the Smithsonian Institution, and is 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. Dr. Frost is also a director of Continucare Corporation, a provider of outpatient healthcare services, and Cocrystal Discovery, Inc., a privately held biopharmaceutical 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 each of Safestitch Medical, Inc. (OTCBB:SFES) and Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), both medical device companies, since September 2007 and October 2008, respectively. Dr. Hsiao is also a director of PROLOR Biotech, Inc., a development stage biopharmaceutical company, Sorrento Therapeutics, Inc. (OTCBB:SRNE), a development-stage biopharmaceutical company, Cocrystal Discovery, Inc., a privately held biopharmaceutical company, and Neovasc, Inc. (TSXV:NVC), a company developing and marketing medical specialty vascular devices.

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. Mr. Rubin currently serves on the board of directors of Dreams, Inc. (NYSE Amex:DRJ), a vertically integrated sports licensing and products company, Safestitch Medical, Inc., a medical device company, PROLOR Biotech, Inc., a development stage biopharmaceutical company, Kidville, Inc. (OTCBB:KVIL), which operates large, upscale facilities, catering to newborns through five-year-old children and their families and offers a wide range of developmental classes for newborns-5 year olds, Non-Invasive Monitoring Systems, Inc., a medical device company, Cardo Medical, Inc., an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices (OTCBB:CDOM), Castle Brands, Inc., a developer and marketer of premium brand spirits, SearchMedia Holdings Limited (NYSE Amex:IDI), a multi-platform media advertising company in China, Cocrystal Discovery, Inc., a privately held biopharmaceutical company, and Neovasc, Inc., a company developing and marketing medical specialty vascular devices.

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 Kidville, Inc , which operates large, upscale facilities, catering to newborns through five-year-old children and their families and offers a wide range of developmental classes for newborns-5 year olds, Cardo Medical, Inc., an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, Non-Invasive Monitoring Systems, Inc., a medical devices company, and Winston Pharmaceuticals Inc. (OTCBB:WPHM), a specialty pharmaceutical company engaged in the discovery and development of products for pain management.

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.

Available Information

We make available free of charge on or through our web site, at www.opko.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the SEC. Additionally, the public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information regarding the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov.

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-U.S. 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-U.S. 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. In addition our device candidates may not 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-U.S. 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 and other non-U.S. regulatory authorities approval. 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. The FDA or other non-U.S. regulatory authorities may not approve the labeling claims necessary or desirable for the successful commercialization of our product candidates.

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 Non-U.S. 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. As a result of our entry into private placement transactions during 2009 in which we raised $81 million, we believe we have the cash and cash equivalents on hand sufficient to meet our anticipated cash requirements for operations and debt service for the next 12 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 regulat [illegible]

We will need to raise substantial additional ca

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.

We may not continue to develop or be able to successfully commercialize bevasiranib, and our failure to commercialize bevasiranib, or the experience of significant delays in doing so, may have a material adverse effect on our business, results of operation, and financial condition.

On March 6, 2009, following the recommendation of the Independent Data Monitoring Committee, or the IDMC, we determined to terminate the ongoing Phase III clinical trial of bevasiranib. Review of the data by the IDMC indicated that the trial as structured was unlikely to meet its primary end point. We have invested a significant portion of our efforts and financial resources in the development of bevasiranib. We are continuing to evaluate the clinical data in an effort to determine the factors causing this outcome. Our willingness to continue to develop bevasiranib will depend on our understanding of the trial data and the efficacy of the underlying technology. Our inability to timely assess and understand with certainty the factors causing the unfavorable results of the Phase III trial, a decision not to further commercialize bevasiranib or our ultimate inability to successfully commercialize bevasiranib could adversely affect our future business, operating results and financial condition.

Our product development activities could be delayed or stopped.

We do not know whether our other current or planned clinical trials will be completed on schedule, or at all. Furthermore, 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 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 or other non-U.S. regulatory authorities 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 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 commencing or completing clinical trials for our product candidates could materially harm our results of operations and financial condition, as well as 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-U.S. 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 a NDA or PMA application or premarket notification, nor have we received marketing approval or clearance for any of our proprietary pharmaceutical product candidates. Obtaining approval of a 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-U.S. regulatory authorities, or other applicable United States and non-U.S. 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.

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.

Our inability to address quality control issues in a timely manner could delay the production and sale of our instrumentation products.

We previously received a warning letter in connection with a FDA inspection of the OTI facility in Toronto, Canada on March 25, 2008 noting several deficiencies in OTI's, quality control systems relating to certain products. Immediately upon receipt of the warning letter, we began to take corrective action to address the FDA's concerns and to assure the quality of OTI's products. On September 18, 2008, we received a letter from the FDA stating that our responses to the warning letter indicated that we may have made adequate corrections to the deficiencies identified in the warning letter, and a re-inspection by the FDA of the OTI facility in Toronto would be necessary. During January 2009, the FDA re-inspected the Toronto facility, and we did not receive a citation of deficiency. During the fourth quarter of 2009, we relocated operations from Toronto to our Hialeah facility.

We are committed to providing high quality products to our customers, and we plan to meet this commitment by working diligently to continue implementing updated and improved quality systems and concepts throughout our organization. Although we believe we have properly addressed each of the deficiencies cited by the FDA, we cannot assure you that we will not have quality control issues in the future, which may result in future warning letters and citations from the FDA. If we receive any warning letters from the FDA in the future, there can be no assurances regarding the length of time or cost it will take us to resolve such 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 business, results of operations and financial condition.

We manufacture products in Mexico through our Mexican subsidiary. Any quality control issues at our Mexican facility may weaken our competitive position and have a material adverse effect on our business results of operations and financial condition.

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

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, or our manufacturers' failure to meet QSR ISO, or any other regulatory requirements or industry standards 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 bus

In addition, the FDA and other non-U.S. regulatory authorities may change their policies and additional regulations may be enacted that could prevent or delay marketing approval or clearance of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future lev pprur of f ,

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 product candidates. These payors may conclude that our 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 product candidates for insurance coverage and adequate reimbursement. The failure to obtain coverage and adequate or any reimbursement for our product candidates, or health care cost containment initiatives that limit or restrict reimbursement for our product candidates, may reduce any future product revenue. Even though a drug (not administered by a physician) may be approveÖeÂ l anaged careeipDanagimbe rov e

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 product candidates. Because certain U.S. 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 nolo t dis pens ue, s

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

We may be exposed to liabilities under the Foreign Corrupt Practices Act, and any determination that we violated the Foreign Corrupt Practices Act could have a material adverse effect on our business.

We are subject to the Foreign Corrupt Practice Act, or FCPA, and other laws that prohibit U.S. companies or their agents and employees from providing anything of value to a foreign official or political party for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity or obtain any unfair advantage. We have operations and agreements with third parties and we make sales in internationally. Our international activities create the risk of unauthorized payments or offers of payments by our employees, consultants, sales agents or distributors, even though they may not always be subject to our control. We discourage these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Any failure by us to adopt appropriate compliance procedures and ensure that our employees and agents comply with the FCPA and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on our ability to conduct business in certain foreign jurisdictions.

Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold our Company liable for successor liability FCPA violations committed by companies in which we invest or that we acquire.

We are subject to risks associated with doing business globally.

Our operations, both within and outside the United States, are subject to risks inherent in conducting business globally and under the laws, regulations and customs of various jurisdictions and geographies. These risks include fluctuations in currency exchange rates, changes in exchange controls, loss of business in government tenders that are held annually in many cases, nationalization, increasingly complex labor environments, expropriation and other governmental actions, changes in taxation, including legislative changes in U.S. and international taxation of income earned outside of the United States, importation limitations, export control restrictions, violations of U.S. or local laws, including the U.S. Foreign Corrupt Practices Act, dependence on a few government entities as customers, pricing restrictions, economic destabilization, political and economic instability, disruption or destruction in a significant geographic region — due to the location of manufacturing facilities, distribution facilities or customers — regardless of cause, including war, terrorism, riot, civil insurrection or social unrest, or natural or man-made disasters, including famine, flood, fire, earthquake, storm or disease. Failure to comply with the laws and regulations that affect our global operations, could have an adverse effect on our business, financial condition or results of operations.

Acquisitions, investments and strategic alliances that we have made or may make in the future may use significant resources, result in disruptions to our business or distractions of our management, may not proceed as planned, and could expose us to unforeseen liabilities. We intend to continue to expand our business through the acquisition of, investments in and strategic alliances with companies, technologies, products, and services. Acquisitions, investments and strategic alliances 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 negative 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, financial condition and cash flows.

Funding may not be available for us to continue to make acquisitions, investments and strategic alliances in order to grow our business.

We have made and anticipate that we may continue to make acquisitions, investments and strategic alliances with complementary businesses, technologies, products and services to expand our business. Our growth plans rely, in part, on the successful completion of future acquisitions. At any particular time, we may need to raise substantial additional capital or to issue additional equity to finance such acquisitions, investments, and strategic alliances. There is no assurance that we will be able to secure additional funding on acceptable terms, or at all, or obtain the stockholder approvals necessary to issue additional equity to finance such acquisitions, investments, and strategic alliances. If we are unsuccessful in obtaining the financing, our business would be adversely impacted.

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;

results of our clinical trials and other development efforts;

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, including debt;

the addition or departure of key personnel;

announcements by us or our competitors of acquisitions, investments, or strategic alliances; and

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, now known as the NYSE Amex, 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 for a period of time. 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.

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, 2009. We continuously monitor our existing internal control over financial reporting systems to [illegible] 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 [illegible] 404, [illegible] s to

None.

Our common stock is traded publicly on the NYSE Amex (formerly the American Stock Exchange) under the symbol “OPK”. 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 NYSE Amex:

First Quarter	$ 1.70	$ 0.60
Second Quarter	1.87	0.98
Third Quarter	2.76	1.55
Fourth Quarter	2.43	1.55
First Quarter	$ 3.90	$ 2.00
Second Quarter	2.84	1.46
Third Quarter	2.39	0.87
Fourth Quarter	1.80	1.01

As of March 8, 2010, there were approximately 361 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 2010. The Company also has shares of Series A and Series D Preferred Stock Outstanding that have preferential dividend rights over any dividend payments to holders of common stock.

We are a specialty healthcare company involved in the discovery, development, and commercialization of pharmaceutical products, medical devices, vaccines, diagnostic technologies, and imaging systems. Initially focused on the treatment and management of ophthalmic diseases, we have since expanded into other areas of major unmet medical need.

We expect to incur substantial losses as we continue the development of our product candidates, continue our other research and development activities, and establish a sales and marketing infrastructure in anticipation of the commercialization of our pharmaceutical product candidates. We currently have limited commercialization capabilities, and it is possible that we may never successfully develop marke

Write-off of acquired in-process research and development. On October 12, 2009, we entered into an agreement to acquire certain assets from Schering Plough Corporation's neurokinin-1 ("NK-1") development program, of which, rolapitant is our lead pharmaceutical product candidate, in an all cash transaction for $2.0 million at closing. We recorded this acquisition as an asset acquisition and recorded the assets at fair value and allocated the entire purchase price to acquired in-process research and development expense and recorded a charge of $2.0 million. On Mas n M Æed aEd

Research and development expense. Research and development expense for the year ended December 31, 2008 was $21.6 million as compared to $10.9 million during the year ended December 31, 2007. The increase during 2008 is primarily a result of expense related to our Phase III clinical trial for bevasiranib. The Phase III clinical trial, which was initiated in July 2007, completed enrollment in December 2008. In addition, the 2008 period includes a full year of activities for both Acuity and OTI, which were acquired in March 2007 and November 2007, respectively. Research and development expenses for the years ended December 31, 2008 and December 31, 2007 include equity-based compensation of $2.5 million and $4.1 million, respectively. 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.

Write-off of acquired in-process research and development. On May 6, 2008, we acquired Vidus in a stock for stock transaction. We recorded Vidus' assets and liabilities at fair value, and as a result, we recorded acquired in-process research and development expense and recorded a charge of $1.4 million. On March 27, 2007, we acquired Acuity in a stock for stock transaction. We recorded Acuity's 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 valued our common stock issued to Vidus and Acuity shareholders at the average closing price of the common stock on the date of the transactions and two days prior to the transactions. 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 acquisitions of Vidus and Acuity, neither company's [illegible]

On September 18, 2009, we entered into a securities purchase agreement (the "Preferred Purchase Agreement") with the private investors named therein (the "Preferred Investors"), pursuant to which the Preferred Investors agreed to purchase an aggregate of 1,209,677 shares (the "Preferred Shares") of the Company's newly-designated 8.0% Series D Cumulative Convertible Preferred Stock, par value $0.01 per share ("Series D Preferred Stock"), at a purchase price of $24.80 per share, together with warrants to purchase up to an aggregate of 3,024,196 shares of the Company's common stock, par value $.01 (the "Common Stock") at an exercise price of $2.48 per share (the "Preferred Investment"). Initially, the Series D Preferred Stock is convertible into ten shares of the Company's Common Stock, and the Preferred Shares purchase price was based on the average closing price of the Company's Common Stock as reported on the NYSE Amex for the five days preceding the execution of the Preferred Purchase Agreement. In connection with the Preferred Investment, the Company issued the Preferred Shares on September 28, 2009 and raised approximately $30 million.

On June 10, 2009, we entered into a stock purchase agreement with Sorrento Therapeutics, Inc. ("Sorrento"), pursuant to which we invested $2.3 million in cash in Sorrento.

On May 26, 2009, May 29, 2009, and June 1, 2009, we entered into stock purchase agreements with a total of seven accredited investors ("Investors") pursuant to which the Investors agreed to make a $31.0 million investment in the Company in exchange for 31,000,000 shares of our Common Stock, par value $.01, at $1.00 per share. The purchase price represented a range of discounts of approximately 16-21% to the average closing price of our Common Stock on the NYSE Amex for the five trading days immediately preceding the closing date of the agreements.

On March 4, 2009, Frost Gamma Investments Trust (the "Gamma Trust"), of which Phillip Frost, M.D., our Chairman and CEO, is the sole trustee, advanced $3.0 million to us under a Promissory Note we issued to the Gamma Trust (the "Note"). The entire amount of this Note and all accrued interest thereon was due and payable on May 4, 2009 or such earlier date following the closing of the transaction contemplated by the Stock Purchase Agreement with the Gamma Trust, dated February 23, 2009. The Note bears interest at a rate equal to 11% per annum and may be prepaid in whole or in part without penalty or premium. We repaid the Note in full, plus accrued interest of $48 thousand on April 27, 2009.

On February 23, 2009, we entered into a stock purchase agreement with the Gamma Trust pursuant to which the Gamma Trust agreed to make a $20.0 million investment in exchange for 20,000,000 shares of our Common Stock, at $1.00 per share, representing an approximately 20% discount to the average closing price of our Common Stock on the NYSE Amex for the five trading days immediately preceding the effective date of Audit Committee and stockholder approval of the transaction. We issued the Shares and received the proceeds of $20.0 million on April 27, 2009.

We have a fully-drawn $12.0 million line of credit with The Frost Group LLC, (the "Frost Group"), a related party. We are obligated to pay interest upon maturity, compounded quarterly, on outstanding borrowings under the line of credit at an 11% annual rate, which is due January 11, 2011. The line of credit is collateralized by all of our personal property except our intellectual property.

We believe the cash and cash equivalents on hand at December 31, 2009 and the amounts available to be borrowed under existing lines of credit, are sufficient to meet our anticipated cash requirements for operations and debt service for the next 12 months. We based this estimate on assumptions that may prove to be wrong or are subject to change, and we may be required to use our available cash resources sooner than we currently expect. If we acquire additional assets or companies, accelerate our product development programs or initiate additional clinical trials, including trials for rolapitant, we will need additional funds. Our future cash requirements will depend on a number of factors, including possible acquisitions, the continued progress of research and development of our 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 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 and add infrastructure.

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. We analyze accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the ad ecati

We have audited the accompanying consolidated balance sheets of OPKO Health, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of OPKO Health, Inc. and subsidiaries at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally

(in thousands, except share data)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 42,658	$ 6,678
Accounts receivable, net	8,767	1,005
Inventory, net	10,520	4,063
Current tax asset	109	—
Prepaid expenses and other current assets	1,764	1,720
Total current assets	63,818	13,466
Property and equipment, net	593	659
Intangible assets, net	12,722	6,336
Goodwill	5,408	1,097
Investments	4,447	—
Deferred tax assets	427	—
Other assets	15	206
Total assets	$ 87,430	$ 21,764
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 4,784	$ 2,221
Accrued expenses	3,918	5,394
Current portion of lines of credit and notes payable	4,321	97
Total current liabilities	13,023	7,712
Long-term liabilities — interest payable to related party	3,409	1,826
Deferred tax liability	1,339	—
Line of credit with related party, net unamortized discount of $68 and $133, respectively	11,932	11,867
Total liabilities	29,703	21,405
Commitments and contingencies		
Shareholders' equity		
Series A Preferred stock — $0.01 par value, 4,000,000 shares authorized; 1,025,934 and 953,756 shares issued and outstanding (liquidation value of $2,564 and $2,384) at December 31, 2009 and 2008, respectively	10	10
Series C Preferred Stock — $0.01 par value, 500,000 shares authorized; No shares issued or outstanding	—	—
Series D Preferred Stock — $0.01 par value, 2,000,000 shares authorized; 1,209,677 and 0 shares issued and outstanding (liquidation value of $30,613 and $0) at December 31, 2009 and 2008, respectively	12	—
Common Stock — $0.01 par value, 500,000,000 shares authorized; 253,762,552 and 199,020,379 shares issued and outstanding at December 31, 2009 and 2008, respectively	2,538	1,991
Treasury stock (45,154 and 18,000 shares at December 31, 2009 and 2008, respectively)	(61)	(24)
Additional paid-in capital	393,144	307,498
Accumulated other comprehensive income	1,313	—
Accumulated deficit	(339,229)	(309,116)
Total shareholders' equity	57,727	359
Total liabilities and shareholders' equity	$ 87,430	$ 21,764

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

(in thousands, except share data)

	For the years ended December 31,		
	2009	2008	2007
Revenue	$ 13,147	$ 9,440	$ 847
Cost of goods sold, excluding amortization of intangible assets	9,567	[illegible]	

(in thousands)

	For the year ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net loss	$(30,113)	$(39,834)	$(268,405)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,357	1,823	184
Impairment of goodwill	1,097	—	—
Write-off of acquired in-process research and development	2,000	1,398	243,761
Accretion of debt discount related to notes payable	123	190	279
Losses from investments in investees	353	—	629
Equity based compensation — employees and non-employees.	4,498	6,730	7,373
Provision for bad debts	73	204	—
Provision for inventory obsolescence	279	255	—
Foreign exchange	122	—	—
Loss on disposal of assets	—	148	—
Changes in:			
Accounts receivable	(1,271)	590	(554)
Inventory	(928)	(2,104)	(317)
Prepaid expenses and other current assets	431	25	(789)
Other assets	(276)	—	—
Accounts payable	(1,019)	(1,225)	(607)
Accrued expenses	(1,062)	2,506	1,497
Net cash used in operating activities	(23,336)	(29,294)	(16,949)
Cash flows from investing activities:			
Investments in investees	(4,800)	—	(5,000)
Acquisition of businesses, net of cash	(15,632)	48	2,751
Acquisition of rolapident	(2,000)	—	—
Purchase of marketable securities	(9,997)	—	—
Maturities of marketable securities	9,997	—	—
Capital expenditures	(172)	(378)	(489)
Net cash used in investing activities	(22,604)	(330)	(2,738)
Cash flows from financing activities:			
Issuance of common stock for cash to related party	30	—	—

We accounted for the Vidus acquisition as an asset acquisition. We valued the common stock issued to Vidus' stockholders at the average closing price on the date of the acquisition and the two days prior to the transaction, or $1.65 per share. In addition, we valued the options to acquire our common stock that were issued to the founders of Vidus using the Black-Scholes-Merton pricing model and recorded the value of those options as part of the purchase price of Vidus, or $1.17 per common stock option. All other contingent consideration will be valued and added to the purchase price if the milestones occur.

The table below reflects the estimated fair value of the net assets acquired at the date of acquisition:

(in thousands)	
Current assets (cash of $48)	$ 48
In-process research and development	1,398
Accounts payable and accrued expenses	(127)
Total purchase price	$1,319

The portion of the purchase price allocated to in-process research and development of $1.4 million was immediately expensed.

On April 13, 2007, we invested $5 million in exchange for common shares of Ophthalmic Technologies, Inc. ("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 $10.0 million 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 50 countries. 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 OTI at the date of acquisition:

(in thousands)	
Current assets (including cash of $1,616)	$ 4,682
Intangible assets	8,087
Other assets	602
Goodwill	1,732
Accounts payable and accrued expenses	(6,374)
Total purchase price	$11,701

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.

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

(in thousands)	Fair value assigned	Weighted average amortization period
Customer relationships	$ 7,259	3 years
Technology	4,597	10 years
Product registrations	3,829	10 years
Covenants not to compete	317	3 years
Tradename	578	3 years
Other	7	Indefinite
Total amortizing intangible assets	16,587	
Goodwill	5,408	Indefinite
Total intangible assets acquired	$ 21,995	

All of the intangible assets acquired and goodwill acquired relate to our acquisitions of Pharma Genexx and OTI. The weighted average period prior to the next renewal or extension for our product registrations is 2.7 years. We do not anticipate capitalizing the cost of product registration renewals, rather we expect to expense, in general, as

Loss Per Common Share. Basic and dilC1 1 i De, 1C1 1 i D,1ha5

In October 2009, the FASB issued an amendment to the accounting for own-share lending arrangements in contemplation of convertible debt issuance or other financing. This amendment clarifies how an entity should account for an agreement between a company (share lender) and an investment bank (share borrower) under which the company loans shares of its stock to the investment bank, enabling the investment bank to use the shares to enter into equity derivative contracts with the ultimate investors of the convertible debt. Under the amendment, at the date of issuance, the share lending arrangement is required to be measured at fair value and recognized as a debt issuance cost in the financial statements of the entity. The debt issuance cost should be amortized under the effective interest method over the life of the financing arrangement as interest cost. This amendment is effective for fiscal years beginning on or after December 15, 2009, and interim periods within those fiscal years. Early adoption is not permitted. The adoption of this amendment requires retrospective application for all arrangements outstanding as of the beginning of the fiscal year in which the guidance is initially applied. The adoption of this amendment is not expected to have a material impact on our results of operations or financial condition.

In October 2009, the FASB issued an amendment to the accounting for multiple-deliverable revenue arrangements. This amendment provides guidance on whether multiple deliverables exist, how the arrangements should be separated, and how the consideration paid should be allocated. As a result of this amendment, entities may be able to separate multiple-deliverable arrangements in more circumstances than under existing accounting guidance. This guidance amends the requirement to establish the fair value of undelivered products and services based on objective evidence and instead provides for separate revenue recognition based upon management's best estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. The existing guidance previously required that the fair value of the undelivered item reflect the price of the item either sold in a separate transaction between unrelated thirucelďs8î a separan per n aer n a

The changes to goodwill include $0.2 million from the foreign exchange translation and reflect the carrying value of the assets and liabilities valued in connection with the Pharma Genexx acquisition, partially offset by the impairment of $1.1 million of goodwill related to our instrumentation business. As a result of competition in the U.S. market, the broad global economic conditions, and pricing pressures globally, we determined that goodwill was impaired for the instrumentation reporting unit. The impairment loss was determined by calculating the fair value of the instrumentation reporting unit based on a discounted net present-value calculation. The purchase price allocation of the assets acquired in the Pharma Genexx acquisition are subject to change while contingencies that existed on the acquisition date are resolved.

The following table reflects the changes in the allowance for doubtful accounts, provision for inventory reserve and tax valuation allowance accounts:

(in thousands)	Beginning balance	Charged to expense	Written-off	Charged to other	Ending balance
2009					
Allowance for doubtful accounts	$ (407)	(73)	130		$ (350)
Provision for inventory reserve	$ (255)	(279)	293		$ (241)
Tax valuation allowance					

Foreign: Under the statutes of limitations applicable to our foreign operations, we are no longer subject to tax examination for years before 2005 in jurisdictions we have filed income tax returns.

As a result of our January 1, 2008

Effective September 21, 2009, we entered into an agreement pursuant to which the we invested $2.5 million in Cocrystal in exchange for 1,701,723 shares of Cocrystal's Convertible Series A Preferred Stock. A group of Investors, led by the Frost Group (the "CoCrystal Investors"), previously invested $5 million in Cocrystal, and agreed to invest an additional $5 million payable in two equal installments in September 2009 and March 2010. As a result of an amendment to the CoCrystal Investors agreements dated June 9, 2009, OPKO, rather than the CoCrystal Investors, made the first installment investment ($2.5 million) on September 21, 2009. Refer to Note 2.

On September 18, 2009, we entered into the Preferred Purchase Agreement with various investors. Refer to Note 6. Included among the investors is the Gamma Trust, Hsu Gamma Investment, L.P, a limited partnership controlled by Jane H. Hsiao and Oracle Partners LP, a limited partnership in which Dr. Frost is a limited partner.

On July 20, 2009, the Company entered into a worldwide exclusive license agreement with Academia Sinica in Taipei, Taiwan, for a new technology to develop protein vaccines against influenza and other viral infections. Dr. Alice Yu, a member of our board of directors, is a Disti

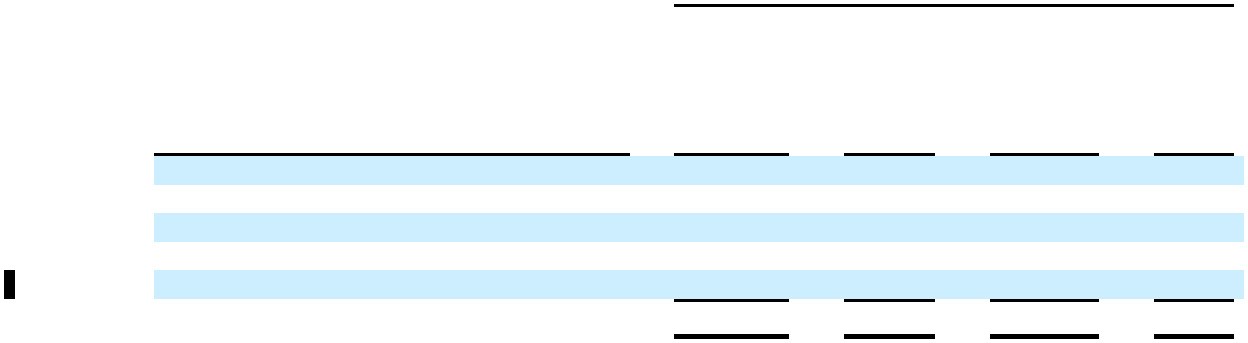
We conduct certain of our operations under operating lease agreements. Rent expense was approximately $0.7 million for the year ended December 31, 2009, and $0.6 million for the year ended December 31, 2008.

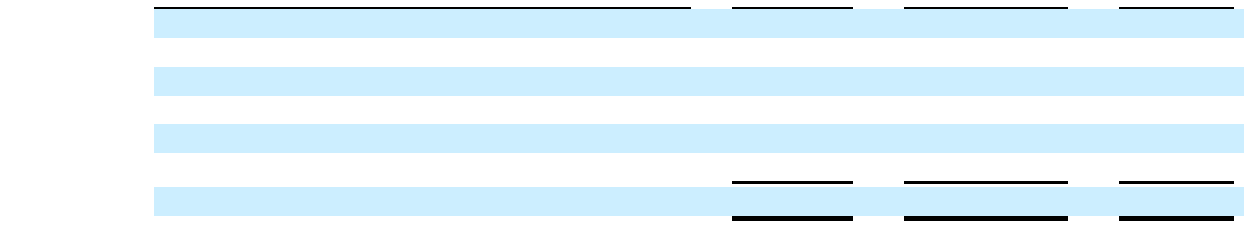
As of December 31, 2009, the aggregate future minimum lease payments under all non-cancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

Year Ending	(in thousands)
2010	$ 448
2011	428
2012	261
2013	—
2014	—
Total minimum lease commitments	$ 1,137

We currently manage our operations in two reportable segments, pharmaceutical and instrumentation segments. The pharmaceutical segment consists of two operating segments, our (i) pharmaceutical research and development segment which is focused on the research and development of pharmaceutical products, diagnostic tests and vaccines, and (ii) the pharmaceutical operations we acquired in Chile through the acquisition of Pharma Genexx. The instrumentation segment consists of ophthalmic instrumentation products and the activities related to the research, development, manufacture and commercialization of those products. There are no inter-segment sales. We evaluate the performance of each segment based on operating profit or loss. There is no inter-segment allocation of interest expense and income taxes.

As of December 31, 2009, we held money market funds that qualify a s nds um d ket fun ﻧ ﻫ u





Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation oftparas l'

The information required in Items 10 (Directors, Executive Officers and Corporate Governance), Item 11 (Executive Compensation), Item12 1dd

* Denotes management contract or compensatory plan or arrangement.

\+ Certain confidential material contained in the document has been omitted and filed separately with the Securities and Exchange Commission.

(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.

(4) Filed with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2008 and incorporated herein by reference.

(5) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 8, 2008 for the Company's three-month period ended June 30, 2008, and incorporated herein by reference.

(6) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2008 for the Company's three-month period ended September 30, 2008, and incorporated herein by reference.

(7) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 8, 2009 for the Company's three-month period ended March 31, 2009, and incorporated herein by reference.

(8) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 7, 2009 for the Company's three-month period ended June 30, 2009, and incorporated herein by reference.

(9) Filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 2l g 2009, and ĭd i:

This Stock Purchase Agreement is entered into as of October 1, 2009, among the Laboratorio Volta S.A., a *sociedad anónima cerrada* organized and existing under the laws of Chile ("Volta"), Farmacias Ahumada S.A., a *sociedad anónima abierta* organized and existing under the laws of Chile ("FASA"), FASA Chile S.A., a *sociedad anónima cerrada* organized and existing under the laws of Chile ("FASA Chile" and collectively with Volta and FASA, the "Sellers"), OPKO Chile Limitada, a *sociedad de responsabilidad limitada* organized and existing under the laws of Chile, ("OPKO Chile), and Inversiones OPKO Limitada, a *sociedad de responsabilidad limitada* organized and existing under the laws of Chile, ("OPKO" and together with OPKO Chile, the "Buyers") for the sale and transfer from the Sellers to the Buyers of 100% of Pharma Genexx S.A., a *sociedad anónima cerrada* organized and existing under the laws of Chile (the "Company").

A. The Company is engaged principally in the business of importation, commercialization and distribution of pharmaceutical products and medical devices for the government, private and institutional markets.

r B. Volta owns 60 (sixty) shares of the Company, FASA owns 59 (fifty nine) shares of the Company and FASA Chile owns one (1) share of the Company, all representing 100% of the issued and outstanding shares of the Company (the "Shares") and desire to sell to the Buyers at Closing, and the Buyers desire to acquire, on the terms and subject to the conditions set forth in this Agreement, all of the Shares from each of the Sellers, following 1) llo fent,hient , each of the issued and outstanding shares of the

settlements, decrees, orders, injunctions, judgments or rulings governing the use, validity or enforceability of Company Intellectual Property.

"Competing Transaction" means any of the following: (a) any merger, consolidation, capital exchange, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, (b) any sale, exchange, transfer or other disposition or issuance of any of the Shares or any other registered capital, share capital or other ownership interests in the Company (including any financing of the Company), or (c) any other transaction the consummation of which would reasonably be expected to impede, prevent or materially delay the transactions contemplated by this Agreement.

"Contracts" means all contracts, agreements, covenants, commitments and other instruments of any kind, whether oral or written, to which the Company is a party or to which any Assets (as defined below) of the Company are bound.

"Environmental Laws" means any Law and any enforceable judicial or administrative interpretation thereof relating to pollution or protection of the environment or natural resources.

"Governmental Authority" means any Chilean governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered into by or with any Governmental Authority.

"Guaranty" means, as to any Person, any contract, agreement or understanding of such Person pursuant to which such Person guarantees the indebtedness, Liabilities or obligations of others, directly or indirectly, in any manner.

"Hazardous Materials" means (a) any petroleum, petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials or polychlorinated byphenyls, (b) any chemical, material or substance defined or regulated as toxic or hazardous or as a pollutant or contaminant or waste under any applicable Environmental Law and (c) any other chemical, material or substance which is regulated by any Environmental Law.

"Intellectual Property" means (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, statutory invention registrations together with all reissuances, divisions, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof and all rights therein provided by Law or international treaties and conventions; (b) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith; (d) all trade secrets and confidential business information (including databases, ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (e) all computer programs and software (including data and source and object codes and related documentation); (f) all other property rights in connection with the foregoing; and (g) all copies and tangible embodiments thereof.

"Law" means any law, statute, ordinance, rule, regulation, order, writ, judgment or decree.

"Liabilities" means any liability, debt or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, and whether accrued or unaccrued, any and all Actions, damages, deficiencies, fines, penalties, interest, assessments, judgments, losses, Taxes, costs, expenses, including, without limitation, fees and disbursements of counsel and experts.

"Licensed Intellectual Property" means Intellectual Property licensed to the Company pursuant to the Company IP Agreements.

"Liens" means any liens, claims, charges, rights, pledges, security interests, mortgages, options, title defects, conditions or other encumbrances, restrictions or limitations of any nature whatsoever, including any restriction on the use, voting, transfer or other exercise of any attributes of ownership.

"Material Adverse Effect" means any change in or effect on the business of the Company that individually, or together with all other such changes and effects, (a) is or could reasonably be expected to be materially adverse to the business, assets, liabilities (contingent or otherwise), condition, prospects or results of operations of the Company or (b) could reasonably be expected to materially adversely affect the ability of the Buyers to operate or conduct the business of the Company in the manner in which it is currently operated or conducted after the Closing Date.

"Organizational Documents" means any and all documents pursuant to which an entity is organized and/or operates under the applicable laws of its jurisdiction.

"Person" means any natural person, corporation, limited liability corporation, unincorporated organization, partnership, association, joint stock company, joint venture, trust or government, or any agency or political subdivision of any government, or any other entity.

"Subsidiary" of a specified Person means a Person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the specified Person.

"Tax" means any Chilean, national, provincial, or local income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, all gross receipts, sales, use, *ad valorem*, valu 8 1

Seller's right, title and interest in and to the Shares, which, in the aggregate, represents all of the outstanding contributed registered capital of the Company.

(a) In consideration of the sale of the Shares by the Sellers to Buyer, Buyers shall deliver an aggregate of US$133,333 per Share in immediately available funds payable as follows:

(i) OPKO Chile shall deliver to Volta at Closing an aggregate of US$7.2 million; and to FASA US$7,066,667. In turn, OPKO shall deliver to FASA Chile US$133,333. All those amounts shall be delivered in immediately available funds (the "Closing Consideration").

(ii) OPKO Chile shall deliver to Escrow Agent at Closing an aggregate of US$1.6 million in immediately available funds ("Escrow Consideration") 50% of which shall be allocated to each of Volta and FASA, and to be held in escrow (as part of the "Escrow Fund") pursuant to the escrow agreement (the "Escrow Agreement") with an escrow agent selected by the Parties (the "Escrow Agent") substantially in the form of Exhibit A hereto.

In order to induce each of the Sellers to enter into this Agreement and to consummate the transactions contemplated hereby, each Buyer makes the representations and warranties set forth below to each of the Sellers as of the date hereof and as of the Closing Date.

Buyer is duly organized, validly existing and in good standing under the Laws of the state of its formation.

Buyer has all necessary corporate power and authority to execute and deliver the Transaction Documents, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of the Transaction Documents by Buyer and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate action. This Agreement has been, and upon execution the Escrow Agreement shall have been, duly and validly executed and delivered by Buyer and constitutes, and upon execution the Escrow Agreement shall constitute, the legal, valid and binding obligation of Buyer, enforceable in accordance with their respective terms.

relating to the issued or unissued capital stock, registered capital or equity interests of the Company or obligating the Company to issue or sell any shares of capital stock or other equity interests in the Company.

_____ As of (i) the date hereof, the Company has delivered a true and complete copy of (A) the audited consolidated balance sheet of the Company for the fiscal years ended December 31, 2008 and 2007, and the audited consolidated profit and loss statement and statement of cash flows for the fiscal years ended December 31, 2008 and 2007, including any related notes and schedules thereto, certified by the Company's independent registered public accounting firm pursuant to their audit of the financial records of the Company, and (B) the audited consolidated balance sheet of the Company as of June 30, 2009 (the "Reference Balance Sheet") and the audited consolidated profit and loss statement and statement of cash flows for the three months ended June 30, 2009 and 2008, including any related notes and schedules thereto (collectively, the "Financial Statements"). The Financial Statements: (1) have been prepared in accordance with the books of account and records of the Company; (2) fairly present, and are true, correct and complete statements of, the consolidated financial condition of the Company and the results of its operations at the dates and for the periods specified in those statements; and (3) have been prepared in accordance with Chilean generally accepted accounting principles ("GAAP"), consistently applied. In addition, Sellers have delivered to Buyers the Financial Statements in accordance with U.S. generally accounting principles.

_____ The Company has no Liabilities or commitments of any nature whatsoever, whether accrued, absolute, contingent or otherwise, other than (a) those incurred since June 30 in the ordinary course of business consistent with past practice and which do not and could not, individually or in the aggregate, have a Material Adverse Effect, or (b) as disclosed and accrued for or reserved against in the Reference Balance Sheet.

_____ Set forth on Schedule 4.9 is a true and complete aged list of unpaid accounts and notes receivable owing to and owed by the Company as of the date hereof. All of such accounts and notes receivable and payable constitute only bona fide, valid and binding claims arising in the ordinary course of the Company's business.

_____ Since June 30, 2009, the Company has conducted its business only in the ordinary course of business consistent with past practice and, since such date: (a) there has been no Material Adverse Effect; and (b) the Company has not engaged or agreed to engage in any of the actions described in Section 5.1.

_____. Listed in Schedule 4.11 are the names of the twenty-five (25) most significant customers (measured by Chilean peso volume) of the Company (the "Significant Customers") during the fiscal years ended December 30, 2008 and December 31, 2007, and the amount for which each such Significant Customer was invoiced during such periods. Since December 31, 2007, no Significant Customer, in a manner adverse to the Company, (i) has canceled, suspended or otherwise terminated its relationship with the Company, (ii) has advised the Company of its intention to cancel, suspend or terminate its relationship or to materially decrease its purchase of the products or services of the Company or to change the terms upon which it purchases products or services, or (iii) could reasonably be expected to cancel, suspend or terminate its relationship or to decrease its purchase of the products or services of the Company as a result of the consummation of the transactions contemplated hereby.

_____. All Tax returns and other similar documents required to be filed with respect to the Company have been timely filed with the appropriate Governmental Authorities in all jurisdictions in which such returns and documents are required to be filed, all of the foregoing are true, correct and complete and reflect accurately all liabilities for Taxes of the for the periods to which such returns and documents relate, and all amounts shown as owing thereon have been paid. All Taxes, if any, collectible or payable by the

Company or relating to or chargeable against any of their assets, revenues or income through the Closing Date were fully collected and paid by such date or provided for by adequate reserves in the Financial Statements and all similar items due through the Closing Date will have been fully paid by that date or provided for by adequate reserves in the Financial Statements. No claims or deficiencies have been asserted against the Company with respect to any Taxes which have not been paid or otherwise satisfied or for which accruals or reserves have not been made in the Financial Statements, and there exists no reasonable basis for the making of any such claims. There are no tax liens on any asset of the Company.

_____. The Company owns, leases or has the legal rights to use all properties and assets (tangible and intangible), including the Leased Real Property and Company Intellectual Property, used or intended to be used in the conduct of the Company's business (the "Assets"). The Company has good and marketable title or leasehold interest to each Asset, fre ope

knowledge of each of the Sellers and the Company after due inquiry, there have been no p

(i) the Material Contracts are each in full force and effect and are the valid and legally binding obligations of the Company which is a party thereto and, are valid and legally binding obligations of the counterparties thereto;

(ii) The Company is not in breach of any of the Material Contracts, in a manner which could give rise to a Material Adverse Effect, or is in substantial violation of, or default under, any of the Material Contracts, and no counterparty is in breach or violation of, or default under, any Material Contract except as listed in Schedule 4.19(ii); and

(iii) The Company has not received any claim of default and no event has occurred which with the giving of notice or lapse of time or both would constitute such a default.

Schedule 4.19 further identifies each Material Contract which would require the Company to give notice to, or obtain the consent of, another party to such Material Contract as a result of transactions contemplated by this Agreement.

(a) Schedule 4.20 lists (i) each product developed, licensed, distributed or sold by the Company (collectively, the "Products") and (ii) each service provided by the Company (collectively, the "Services"). Each Product has been distributed or sold in accordance with, and each Service has been provided in compliance with, the applicable contractual commitments, express or implied warranties, product and service specifications and quality standards for such Product and Service, and the provisions of all applicable Laws. No Product or Service sold, provided or delivered by the Company is subject to any guaranty, warranty (other than warranties imposed by Law) or other indemnity, other than as set forth in Schedule 4.20(a).

(b) At no time have any of the Products been recalled, withdrawn or suspended by the Company, voluntarily or otherwise; nor are there any pending Actions or proceedings seeking the recall, withdrawal, suspension or seizure of any Product; and neither the Company has received any regulatory letters, warning letters, or other notice of adverse findings, except as provided in Schedule 4.20(b).

(c) There exist no set of facts: (i) which could furnish a basis for the withdrawal or suspension of any Permit, license, approval or consent of any Governmental Authority with respect to the Company, or any Product or Service; (ii) which could furnish a basis for the recall, withdrawal or suspension of any Product from the market, the termination or suspension of any clinical testing of any Product, or the change in marketing classification of any Product or (iii) which could furnish a basis for the termination or suspension of any Service, except as provided in Schedule 4.20(b).

. Except as set forth in Schedule 4.21, no officer, director, or shareholder of the Company, nor any relative or spouse of such officer, director or shareholder, nor any Seller, has, directly or indirectly, (a) any ownership interest in any property or asset, tangible or intangible, including any Company Intellectual Property, used in the conduct of the Company's business; (b) any interest in or is, directly or indirectly, a party to, any Contract, except as provided in Schedule 4.19; (c) any cause of action or claim whatsoever against, or owes any amount to, the Company except as provided in Schedule 4.19, or (d) any Liability to the Company. Except as set forth in Schedule 4.21, the Company has no Liability to any Seller or its Subsidiaries or its or their Representatives (as defined below). Accounts payable to Farmindustria S.A., a company related to Volta, are listed in Schedule 4.9. and not in Schedule 4.21.

None of the Sellers, the Company or any of their respective directors, officers, employees, agents, advisors or representatives ("Representative") (in their capacity as Representatives) has: (a) used any funds for unlawful contributions, gifts, entertainment or other

unlawful expenses relating to political activity in respect of the Company's business; (b) directly or indirectly paid or delivered any fee, commission or other sum of money or item of property, however characterized, to any finder, agent, or other party acting on behalf of or under the auspices of a governmental official or Governmental Authority which is in any manner illegal under applicable Law; or (c) made any unlawful payment to any customer or supplier of the Company or any officer, director, partner, employee or agent of any such customer or supplier or given any other unlawful consideration to any such customer or supplier or any such officer, director, partner, employee or agent, in respect of the Company's business.

. Except as set forth in Schedule 4.20(b), the Company is in compliance with all Laws applicable to it, its business or properties. The Company has not received notification from any Governmental Authority asserting that it is not in compliance with or has violated any Laws, or threatening to revoke any authorization, consent, approval, franchise, license, or Permit, and the Company is not subject to any Governmental Order, agreement or consent decree with any Governmental Authority arising out of previously asserted violations.

There is no Action, mediation or out-of-court settlement negotiation by or against the Company or affecting any of the Assets or business of the Company pending, or to the knowledge of the Company or any each of the Sellers after due inquiry, threatened. No person who is or was a I e C mpan e e

(a) Except as otherwise approved in writing by Buyer, the Company shall, and each of the Sellers shall cause the Company to, operate its business in, and not take any action except in, the ordinary course consistent with past practice and to preserve intact their respective business organizations, Assets, Intellectual Property, and the current relationships and goodwill of their customers, suppliers and others with whom it has significant business relations.

(b) The Company, and each of the Sellers shall cause the Company not to, during the period from the date of this Agreement to the Closing Date, except with the prior written consent of Buyer, directly or indirectly;

(i) amend or otherwise change the Organizational Documents of the Company;

(ii) issue, sell, dispose of, create a Lien on, or authorize the issuance, sale, disposal or creation of any Lien on, (A) any capital stock of, or other ownership interests in, the Company, including the Shares (including, but not limited to, by way of stock split or dividend) or any subscriptions, options, warrants, convertible securities or other rights to acquire the foregoing, or (B) any Asset or property right, except for sales of inventory in the ordinary course of business consistent with past practice;

(iii) redeem, purchase, reclassify, combine, split, subdivide, change the terms of, or otherwise acquire, any capital stock of, or other ownership interests in, the Company;

(iv) declare or pay any dividend or other distribution (whether in cash, stock or other property) with respect to any capital stock of, or other ownership interests in, the Company;

(v) with respect to the Company create, incur or assume any indebtedness or any Liability, including granting or becoming subject to any Guaranty in excess of $100.000;

(vi) with respect to the Company make or commit to make any capital expenditures in excess of $10.000;

(vii) with respect to the Company, except in the ordinary course of business consistent with past practice, discharge or otherwise obtain the release of any Lien or pay or otherwise discharge any Liability;

(viii) with respect to the Company except in the ordinary course of business consistent with past practice, write off the value of any assets, inventory or any accounts receivable or increase the reserves for obsolete, damaged, spoiled or otherwise not usable inventory or doubtful or uncollectable accounts;w

(ix) increase the compensation payable or to become payable to directors, officers or employees of the Company, or grant any rights to severance or termination pay to, or enter into any employment or severance agreement with, any such person or establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation

Competing Transaction, (b) agree to or enter into any commitment or agreement relating to a Competing Transaction, (c) disclose any confidential information to any Person concerning the business or Assets of the Company in connection with any of the foregoing or (d) authorize any Representative to take any such action. The Sellers and the Company shall notify the Buyers promptly (and in any event within one day after attaining knowledge thereof) of receipt of any inquiry, contact or offer regarding a Competing Transaction, including all of the material terms thereof. The Company and the Sellers shall cease and cause to be terminated all existing discussions with any parties conducted heretofore with respect to any Competing Transaction.

Each party shall promptly notify the other of (a) any Action that shall be instituted or threatened against such party or its Subsidiaries to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement, (b) any occurrence or event which makes or could reasonably be expected to make any representation or warranty of such party untrue or inaccurate and (c) any breach by such party of any covenant or agreement to be complied with or satisfied in the Transaction Documents, provided, however, that the delivery of any notice pursuant to this Section 5.6 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Each of the Sellers will cause the Company to perform all of the Company's obligations set forth in the Transaction Documents, including causing the board of directors of the Company to unanimously approve and adopt this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, and each of the Sellers shall vote all of the Registered Capital held by them in favor of the approval and adoption of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, and shall not modify such approval or adoption in a manner adverse to Buyer.

The representations and warranties contained in this Agreement shall survive the Closing Date for a period of two (2) years, except for the representations and warranties set forth in Sections 4.12, 4.16 and 4.17 which shall survive for the applicable statute of limitations. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties by a party hereto to another party hereto, then the relevant representations and warranties shall survive as to such claim until such claim has been finally resolved.

As additional consideration for the sale of the Shares pursuant to this Agreement, each of the Seller hereby unconditionally and irrevocably releases and forever discharges, effective as of the Closing Date, the Company and their Representatives, from any and all rights, claims, demands, judgments, obligations, Liabilities and damages, whether accrued or unaccrued, asserted or unasserted, and whether known or unknown, relating to the Company, which ever existed, now exist, or may hereafter exist, by reason of any tort, breach of contract, violation of Law or other act or failure to act which shall have occurred at or prior to the Closing Date, or in relation to any other Liabilities of the Company, except as provided in Schedule 6.2 . The Sellers expressly intend that the foregoing release shall be effective regardless of whether the basis for any claim or right hereby released shall have been known to or anticipated by the Sellers.

(a) Indemnification. Each of the Sellers agree, separately, to indemnify and hold harmless OPKO and their respective affiliates and their respective Representatives, successors and assigns (the "Buyer Indemnified Parties") from, against and in respect of, the full amount of:

(i) any and all Liabilities arising from, in connection with any breach or violation of (A) any representation or warranty of each of the Sellers contained in this Agreement or in any schedule or exhibit hereto, and (B) any covenant or agreement of each of the Sellers contained in this Agreement;

(ii) any other Taxes related to or arising from the transactions contemplated hereby or in contemplation hereof by reason of any Liability for Taxes of the Company's shareholders and assessed by any taxing authority against the Sellers, their shareholders, the Company, either before or after the Closing Date;

(iii) any and all Liabilities related to or arising from any products or services delivered by the Company prior to the Closing Date, including Liabilities for product recalls, product defects, warranty claims, personal injury or death. It is expressly agreed that, in connection with any claims filed by *Central Nacional de Abastecimiento* with respect to products delivered on or prior to Closing, Sellers will only indemnify the difference, if any, between the amount of any fines so imposed by *Central Nacional de Abastecimiento* and the amount of any payment, set-off or such other compensation that the Company agrees, according to past practice, and receives from the supplier of the product giving rise to such claim; and

(iv) any and all Actions, demands, assessments or judgments, costs and expenses incidental to any of the foregoing.

(b) Indemnification Procedure as to Third Party Claims.

(i) Promptly after a Buyer Indemnified Party obtains knowledge of the commencement of any third party Action (any such Action being hereinafter referred to in this Section 6.3 as a "Claim"), in respect of which a Buyer Indemnified Party is entitled to indemnification under this Agreement, the Buyer Indemnified Party shall notify each of the Sellers of such Claim in writing. With respect to any Claim as to which such notice is given, the Sellers will assume and control the defense or otherwise settle such Claim with counsel reasonably satisfactory to the Buyer Indemnified Parties.

and warranties which are by their terms qualified by materiality, which shall be true and correct in all respects) as of the Closing Date (except to the extent such representations and warranties are as of another date, in which case as of such date) with the same force and effect as though made on and as of such date.

(b) Covenants. The covenants and agreements of Buyers contained in this Agreement to be performed or complied with on or prior to the Closing Date shall have been duly performed or complied with in all material respects.

(a) This Agreement and the transactions contemplated hereby may be terminated prior to the Closing:

(i) at any time by mutual consent of the parties;

(ii) by either party if the Closing has not occurred on or prior to [December 31, 2009] (the "Termination Date"), provided that the failure of the Closing to occur by such date is not the result of the failure of the party seeking to terminate this Agreement to perform or fulfill any of its obligations hereunder;

(iii) by eithey e sl[illegible]mpli der;

_____ Any notice or other communication under this Agreement shall be in writing and shall be delivered personally or sent by certified mail, return receipt requested, postage prepaid, or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below their names on the signature pages of this Agreement (or at such other addresses as shall be specified by the parties by like notice). Such notices, demands, claims and other communications shall be deemed given when actually received or (a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery, (b) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise. A copy of any notices delivered to Buyer shall also be sent to OPKO Health, Inc., 4400 Biscayne Boulevard, Miami, Florida 33137, Attn: Deputy General Counsel, Fax (305) 575-4140.

_____ This Agreement, its schedules and exhibits, contain every obligation and understanding between the parties relating to the subject matter hereof, merges all prior discussions, and be s

_____ This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

he parties hereto have each executed and delivered this Agreement as of the day and year first above written.

Buyer:

By: _____
Name:
Title:

By: _____
Name:
Title:

Apoquindo 3.721, piso 13
Las Condes, Santiago
Tel: 367 30000
Attn.: Matías de Marchena
e-mail: mdemarchena@claro.cl

With copies to:

OPKO HEALTH, INC.

4400 Biscayne Boulevard
Miami, Florida 33137
USA
Attn: Kate Inman
Facsimile: (305) 575-4138

COMPANY:

Pharma Genexx S.A.

By: _____
Name:
Title:

Sellers:
Farmacias Ahumada S.A.

By: _____
Name:
Title:

[Address]
Attn:
Facsimile:

FASA Chile S.A.

By: _____
Name:
Title:

[Address]
Attn:
Facsimile:

Laboratorio Volta S.A.

By: _____

[Address]
Facsimile:

Company:

_____

"*Excluded Liabilities*" has the meaning set forth in Section 2.4.

"*Execution Date*" has the meaning set forth in the introductory paragraph of this Agreement.

"*FTC*" has the meaning set forth in the Preliminary Statements.

"*GAAP*" means United States generally accepted accounting principles.

"*Governmental Authority*" means any nation or government, any provincial, state, regional, local or other political subdivision thereof, any supranational organization of sovereign states, and any entity, department, commission, bureau, agency, authority, board, court, official or officer Ď m m Ď Ô f

"*Party*" or "*Parties*" has the meaning set forth in the introductory paragraph of this Agreement.

"*Permitted Encumbrances*" means (a) statutory liens for current Taxes of Seller not yet due and payable or Taxes of Seller being contested in good faith by appropriate proceedings, and (b) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of Seller or the validity or amount of which is being contested in good faith by appropriate proceedings, or pledges, deposits or other liens securing the performance of bids, trade contracts, leases or statutory obligations (including workers' compensation, unemployment insurance or other social security legislation.

"*Person*" means any individual, corporation, partnership, joint venture, limited liability company, trust or unincorporated organization or Governmental Authority.

"*Prime Rate*" means the rate of interest from time to time at the prime commercial lending rate to the most creditworthy customers by a bank of national standing agreed by the Parties.

"*Purchase Price*" has the meaning set forth in Section 2.7.

"*Purchased Assets*" means, collectively, the NK-1 Drug Substance, the Regulatory Filings, the NK-1 Patents and the NK-1 Records.

"*Purchaser Proprietary Information*" has the meaning set forth in Section 7.1.2.

"*Purchaser*" has the meaning set forth in the introductory paragraph of this Agreement.

"*Purchaser Registrations*" means the permits, approvals, licenses, franchises or authorizations, including the Regulatory Filings, from any Governmental Authority that relate to the testing, manufacture, distribution, marketing, promoting, offering for sale and selling of the NK-1 Compounds that are necessary for the conduct of the NK-1 Program which are granted to Purchaser or Purchaser's Affiliate by any Governmental Authority after the Closing Date.

"*Regulatory Filings*" means (a) (i) the Investigational New Drug Applications (INDs) having numbers IND **** and IND ****, filed by Seller with the United States Food and Drug Administration ("FDA") for the NK-1 Compounds, and (ii) any counterparts of such INDs in any other country in the Territory, and (b) all supplements and amendments that may be filed with respect to any filings described in the preceding clause (a).

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2.3.4 Purchaser's obligations under this Section 2.3 shall not be subject to offset or reduction by reason of any actual or alleged breach of any representation, warranty or covenant contained in this Agreement or the BSAA Agreement or any right or alleged right to indemnification under this Agreement or the BSAA Agreement.

2.4 *Excluded Liabilities*. Seller shall retain and shall be responsible for paying, performing and discha ghج ا

2.11 *Transactions at Closing.* At the Closing, subject to the terms and conditions of this Agreement:

2.11.1 *Seller's Actions and Deliveries*. Seller shall deliver or cause to be delivered to Purchaser:

(a) executed counterparts of the BSAA Agreement to which the Seller or an Affiliate of Seller is a party;

(b) a certificate of a duly authorized officer of Seller certifying as to the matters set forth in Sections 6.2.1 and 6.2.2;

(c) such Purchased Assets designated to be delivered on the Closing Date in accordance with the plan agreed upon by the Parties pursuant to Schedule 2.11 (the "*Asset Transfer Schedule"*); and

(d) such other documents and instruments as may be reasonably necessary to effect or evidence the Transactions.

2.11.2 *Purchaser's Actions and Deliveries*. Purchaser shall deliver or cause to be delivered to Seller:

(a) the Purchase Price in full by wire transfer of immediately available funds directly to the bank account designated by Seller in a written notice to Purchaser prior to the Closing;

(b) executed counterparts of the BSAA Agreement to which Purchaser or an Affiliate of Purchaser is a party;

(c) a certificate of a duly authorized officer of Purchaser certifying as to the matters set forth in Sections 6.3.1 and 6.3.2; and

(d) such other documents and instruments as may be reasonably necessary to effect or evidence the Transactions.

Except as set forth in Schedule 3, Seller hereby represents and warrants to Purchaser, as of the Closing Date, as follows:

3.1 *Organization.* Seller is a corporation duly organized, validly existing and in good standing under the laws of the state of New Jersey. Seller has all requisite corporate power and authority to own, lease and operate, as applicable, the Purchased Assets.

3.2 *Due Authorization*. Seller has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and the BSAA Agreement, and the execution and delivery of this Agreement and the BSAA Agreement and the performance of all of its obligations under this Agreement and the BSAA Agreement has been duly authorized by Seller.

3.3 *No Conflicts; Enforceability*. The execution, delivery and performance of this Agreement and the BSAA Agreement by Seller (1) are not prohibited or limited by, and will not result in the breach of or a default under, any provision of the certificate of incorporation or bylaws of Seller, (2) do not conflict with any Law applicable to Seller, and (3) do not conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to terminate, modify or cancel, or require any notice, consent or waiver under, any material agreement or instrument binding on Seller or any applicable order, writ, injunction or 1r a[illegible]

3.6 *Litigation.* As of the Closing Date, there is no Action pending or, to Seller's Knowledge, threatened, and, to Seller's Knowledge, there is no claim, governmental investigation or administrative action pending or threatened as to Seller (or to Seller's Knowledge, any Third Party) related to the NK-1 Compounds, NK-1 Program or the Transactions.

3.7 *Consents*. Except for the consent of the FTC, no notice to, filing with, authorization of, exemption by, or consent of, any Person, including any Governmental Authority, is required for Seller to consummate the Transactions.

3.8 *Taxes*. There are no liens for Taxes on the Purchased Assets.

3.9 *Compliance with Laws.* To Seller's Knowledge, Seller has conducted the NK-1 Program in compliance with all applicable Laws, and the Regulatory Filings were filed in compliance with applicable Laws.

3.10 *Regulatory Filings.*

3.10.1 Seller or its Affiliates are the sole and exclusive owners of the Regulatory Filings.

3.10.2 Seller has not received any written or, to Seller's Knowledge, other notice of proceedings from a Governmental Authority alleging that the NK-1 Compounds or any of the Purchased Assets or the ownership, manufacturing, operation, storage, warehousing, handling and/or testing of any NK-1 Compound is in violation of any applicable Law and such violation has not been remedied, except for such violations that would not reasonably be expected to have a Material Adverse Effect.

3.10.3 Seller has completed and filed all reports required by the applicable Governmental Authority in order to maintain the Regulatory Filings, except where failure to file such reports would not have a Material Adverse Effect or any significant impact on the validity or maintainability of the Regulatory Filings.

3.11 *Clinical Trials.* To Seller's Knowledge, the clinical trials, animal studies and other preclinical tests conducted by or on behalf of the Seller under the NK-1 Program were, and if still pending, are, being conducted in all material respects in accordance with all experimental protocols, informed consents, procedures and controls of the Seller and applicable FDA requirements including, but not limited to, good clinical practice and good laboratory practice regulations. Neither the Seller nor its Affiliates have received any written notice from the FDA or any other Governmental Authority requiring the termination or suspension of any animal study, preclinical study or clinical trial conducted by or on behalf of the Seller or its Affiliates.

3.12 *Contracts.* Except for confidentiality agreements that were put in place with Third Parties interested in evaluating the NK-1 Program, neither Seller nor any of its Affiliates is a party to any contract, agreement or understanding (other than this Agreement) relating to the Purchased Assets or the NK-1 Program.

3.13 *NK-1 Records.* To the Knowledge of Seller, the NK-1 Records are all of the records and recorded information exclusively related to the NK-1 Program.

3.14 *Brokers, Etc*. No broker, investment banker, agent, finder or other intermediary acø †

Purchaser represents and warrants to Seller, as of the Closing Date, as follows:

4.1 *Organization*. Purchaser is a corporation duly organized and validly existing and in good standing under the laws of Delaware. Purchaser has all requisite corporate power and authority to own, lease and operate its properties and to carry on the NK-1 Program as now being conducted.

4.2 *Due Authorization*. Purchaser has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and the BSAA Agreement, and the execution and delivery of this Agreement and the BSAA Agreement and the performance of all of its obligations under this Agreement and under the BSAA Agreement have been duly authorized by Purchaser and, to the extent required by Law, contract or otherwise, its stockholders.

4.3 *Sufficiency of Purchaser*. Purchaser is a viable competitor in the research, development, marketing and sale of pharmaceutical products such as the NK-1 Compoundtle

4.6 *Consents*. Except for the requisite filings as may be necessary as a result of any facts or circumstances relating solely to the Seller, no notice to, filing with, authorization of, exemption by, or consent of, any Person, including any Governmental Authority, is required for Purchaser to consummate the Transactions.

4.7 *Financing*. Purchaser has sufficient immediately available funds to pay, in cash, the Purchase Price and all other amounts payable pursuant to this Agreement and the BSAA Agreement or otherwise necessary to consummate all the Transactions. Upon the consummation of the Transactions (a) Purchaser will not be insolvent, (b) Purchaser will not be left with unreasonably small capital, (c) Purchaser will not have incurred debtt l aseTr ll as uc as

4.10 ****

5.1 *Required Approvals and Consents; Cooperation*.

5.1.1 As soon as reasonably practicable after the Execution Date, the Parties shall make all filings required to be made in order to consummate the Transactions.

5.1.2 Purchaser, including its Affiliates, as applicable, shall as promptly as practicable after the Execution Date (i) prepare and furnish all necessary information and documentation (including furnishing all information requested by any Governmental Authorities) and make presentations to the FTC, (ii) take all other actions that may be necessary to demonstrate to the FTC that Purchaser is an acceptable purchaser of the Purchased Assets and that Purchaser will effectively compete in the marketplace using the Purchased Assets (and Seller shall use its reasonable efforts to assist Purchaser in taking such actions) and (iii) otherwise to do whatever is necessary, proper or advisable to assist and cooperate with Seller in obtaining necessary consents, approvals or orders of all Governmental Authorities necessary to consummate the Transactions (on the terms and conditions of this Agreement and the BSAA Agreement) and the Merger. Purchaser shall keep Seller apprised of the status of any inquiries made of Purchaser or its Affiliates by the FTC or any other Governmental Authorities, including their respective staffs, with respect to this Agreement (or any part hereof) and the Transactions (or any part hereof) and, to the extent possible, permit Seller (and its counsel) to attend any meetings between Purchaser (including its counsel) and the FTC and communicate with Seller in advance of any communications or correspondence with the FTC. Without limiting the generality of the undertakings pursuant to this Section, Purchaser agrees to assist and cooperate with Seller if it contests and resists any Action seeking to have imposed any order, decree, judgment, injunction, ruling or other order (whether temporary, preliminary or permanent) that would materially delay, restrain, enjoin or otherwise prohibit consummation of the Transactions. The provisions of this Section 5.2 shall also be applicable to any request for information from other Governmental Authorities in connection with the NK-l Program.

5.2 *Notifications.* Between the Execution Date and the Closing Date, each of Seller and Purchaser shall promptly notify the other Party in writing of any fact, change, condition, circumstance or occurrence or nonoccurrence of any event of which it is aware that will or is reasonably likely to result in any of the conditions set for . nnonoc

7.1.4 From and after the Execution Date, all Seller Proprietary Information (which shall not include Confidential Information exclusively concerning the NK-1 Program, the Purchased Assets and the Assumed Liabilities disclosed by Seller to Purchaser), shall be used by Purchaser solely as required to perform its obligations, exercise or enforce its rights under this Agreement (or the BSAA Agreement), or comply with applicable Law, and for no other purpose. Purchaser shall not disclose, or permit the disclosure of, any of the Seller Proprietary Information to any Person except those Persons to whom such disclosure is necessary to permit Purchaser to perform its obligations, exercise or enforce its rights under this Agreement (or the BSAA Agreement), or comply with applicable Law. Purchaser shall treat, and will cause its Affiliates and the directors, officers, employees, agents, representatives and advisors of Purchaser or any of their Affiliates to treat, the Seller Proprietary Information as confidential, using the same degree of care as Purchaser normally employs to safeguard its own confidential information from unauthorized use or disclosure, but in no event less than a reasonable degree of care.

7.1.5 Purchaser acknowledges and agrees, that Seller (and its Affiliates) may retain one (1) or more copies of all or part of the documentation (including written or electronic records, files, manuals, filings, etc.), including any Purchaser Proprietary Information contained in such documentation, that Seller delivered to Purchaser as part of the Purchased Assets, in accordance with the provisions of and solely for the purposes set forth in this Section 7.1.

7.1.6 In the event either Party is requested pursuant to, or required by, applicable Law to disclose any of the other Party's Confidential Information (*i.e.*, Seller Proprietary Information or Purchaser Proprietary Information, as applicable), it will notify the other Party in a timely manner so that such Party may seek a protective order or other appropriate remedy or, in such Party's sole discretion, waive compliance with the confidentiality provisions of this Agreement. Each Party will co-operate in all reasonable respects, in connection with any reasonable actions to be taken for the foregoing purpose. In any event, the Party requested or required to disclose such Confidential Information may furnish it as requested or required pursuant to applicable Law (subject to any such protective order or other appropriate remedy) without liability under this Agreement, provided that such Party furnishes only that portion of the Confidential Information which such Party is advised by a reasoned opinion of its counsel is legally required, and such Party exercises reasonable efforts to obtain reliable assurances that confidential treatment will be accorded such Confidential Information.

7.2 *Publicity*. The Parties shall jointly agree upon the necessity and content of any press release in connection with the Transactions. Any other publication, news release or other public announcement by a Party relating to this Agreement or to the performance under this Agreement shall first be reviewed and consented to in writing by the other Party; *provided*, *however*, that notwithstanding any contrary term contained in the Confidentiality Agreement, (i) any disclosure that is required by Law as advised by the disclosing Party's counsel may be made without the prior written consent of the other Party and (ii) any Party may issue a press release or public announcement if the contents of such press release or public announcement have previously been made public other than through a breach of this Agreement by the issuing Party, without the prior written consent of the other Party. To the extent practicable, the disclosing Party shall give at least three (3) Business Days advance notice of any such legally required disclosure to the other Party, and such other Party may provide any comments on the proposed disclosure during such period and if not practicable, such lesser practicable period, if any. Notwithstanding any contrary term contained in the Confidentiality Agreement, to the extent that either Party determines that it or the other Party is required to file or register this Agreement, a summary thereof or a notification thereof to comply with the requirements of an applicable stock exchange or any Governmental Authority, including without limitation the SEC, such Party shall give at least three (3) Business Days advance written notice of any such required disclosure to the other Party. Prior to making any such filing, registration or notification, the Parties shall consult with respect thereto regarding confidentiality. The Parties shall cooperate, each at its own expense, in such filing, registration or notification, including without limitation such confidential treatment request, and shall execute all documents reasonably required in connection therewith.

7.3 *Availability of Records.* After the Closing, in connection with Tax matters, governmental contracts, litigation or potential litigation, each as it relates to the NK-1 Compounds, NK-1 Program, Purchased Assets or Assumed Liabilities, Seller, on the one hand, and Purchaser, on the other hand, shall make available to the other Party and its Affiliates and Representatives during normal business hours when reasonably requested, all NK-1 Records and Retained Information in its possession and shall preserve all such information, records and documents until the later of: (i) **** after the Closing; (ii) the expiration of all statutes of limitations for assessing or collecting Taxes for periods ending on or prior to the Closing and periods including the Closing Date, including extensions thereof applicable to Seller or Purchaser; or (iii) the required retention period under any applicable Laws for all such information, records or documents (it being understood that the Parties shall not be required to provide any Tax Returns to any Person, other than as required by applicable Laws). Purchaser and Seller shall also make available to each other during normal business hours, when reasonably requested, personnel responsible for pho[illegible],

7.10 *Additional Information*. ****

7.11 *Supply*. ****

8.3 ***Indemnification by Purchaser***. Purchaser shall indemnify Seller and its Affiliates and their respective officers, directors, employees, stockholders, agents and Representatives against, and agrees to hold them harmless from, any Losses, to the extent arising ss fff to the exte exte

8.7 *Limitation on Liability.* EXCEPT WITH RESPECT TO THIRD PARTY CLAIMS, THE INDEMNIFICATION OBLIGATIONS OF THE PARTIES SHALL NOT EXTEND TO INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING NK-1 PROGRAM INTERRUPTION, LOST PROFITS, LOSS OF USE, DAMAGE TO GOODWILL OR LOSS OF THE NK-1 PROGRAM.

9.1 *Assignment; Binding Effect.* This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns; *provided, however,* that neither party may assign this Agreement without the prior written consent of the other party hereto, except that either party may assign its rights and obligations under this Agreement to an Affiliate without such consent.

9.2 *No Third Party Beneficiaries*. This Agreement is solely for the benefit of the Parties and their respective Affiliates and no provision of this Agreement shall be deemed to confer upon any Third Parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

If to Purchaser, to:

OPKO Health, Inc.
4400 Biscayne Blvd.
Miami, FL 33137 Attn: Jamie Freedman, Executive Vice President of R&D and Business Development
Facsimile: 305-575-6444

With a copy sent concurrently to:

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OPKO Health, Inc.
4400 Biscayne Blvd.
Miami, FL 33137
Attn: Kate Inman, Deputy General Counsel
Facsimile: 305-575-4140

provided, *however*, that if any Party shall have designated a different address by notice to the others, then to the last address so designated.

9.5 *Governing Law*. This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be governed by the laws of the State of Delaware without regard to conflict of law principles.

9.6 *Dispute Resolution.*

9.6.1 The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Any Party may give the other Parties written notice of any dispute not resolved in the normal course of business. Within ten (10) days after delivery of the notice, the receiving Party shall submit to the other Party a written response. The notice and response shall include: (a) a statement of that Party's position and a summary of arguments supporting that position, and (b) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Within thirty (30) days after delivery of the initial notice, the executives of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other Party will be honored. All negotiations pursuant to this Section are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

9.6.2 Except for disputes concerning non-payment of a development milestone payment when due (which are not subject to the remainder of this Section 9.6), if a dispute has not been resolved by negotiation as provided in Section 9.6.1 within forty-five (45) days after delivery of the initial notice of negotiation, or if the parties failed to meet within thirty (30) days after delivery, the Parties shall endeavor to settle the dispute by mediation under the CPRoth Partiesa b

9.6.3 Each Party will bear its own cost of mediation, including any counsel fees; provided, however, the cost charged by any independent Third Party mediator will be shared equally by the Parties. In the mediation, each Party shall be represented by a business person fully authorized to negotiate and settle the dispute and may also be represented by counsel.

9.6.4 Any dispute which has not been resolved by mediation as provided in Section 9.6.2 within forty-five (45) days after initiation of the mediation procedure shall be finally resolved by arbitration in accordance with the CPR Rules for Non-Administered Arbitration then currently in effect by a sole arbitrator; provided, however, that if one Party fails to participate in either the negotiation or mediation as provided in Section 9.6.1 or 9.6.2, the other Parties can commence arbitration prior to the expiration of the time periods set forth above. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et seq., and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof.

9.7 *Injunctive Relief*. Notwithstanding anything to the contrary in this Agreement, either Party will have the right to seek temporary injunctive relief in any court of competent jurisdiction as may be available to such Party under the laws and rules applicable in such jurisdiction with respect to any matters arising out of the other Party's performance of its obligations under this Agreement. Either Party agrees that in the event the other Party institutes an appropriate Action seeking injunctive/equitable relief for specific performance under this Agreement, the Party seeking such relief shall not be required to provide the other Party with service of process of a complaint and summons under the procedures set forth in any non-United States judicial process or system. Under such circumstances, the Party seeking such relief need only provide the other Party with two copies of a true, correct and lawfully issued summons and complaint, via overnight mail (next day delivery).

9.8 *Termination.* Without prejudice to other remedies which may be available to the Parties by Law or this Agreement, this Agreement may be terminated at any time prior to the Closing Date:

9.8.1 by the mutual written consent of the Parties;

9.8.2 by the Purchaser by written notice to the Seller if the Closing has not occurred on or prior to **** after the Execution Date, provided that the failure of the Closing to occur by such date is not attributable in whole or in part to a failure of the Purchaser to fulfill any of its obligations under this Agreement;

9.8.3 by any Party, by written notice to the other Parties if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable; or

9.8.4 by any Party, if the FTC shall have disapproved of this Agreement or the Parties hereto at any time.

9.9 *Effect of Termination.* In the event of termination of this Agreement pursuant to Section 9.8, this Agreement shall forthwith become null and void and there shall be no liability on the part of any Party, or any Party's Affiliates, with respect to this Agreement, except that such a termination shall not preclude any party from suing any other party for breach of this Agreement. The following Sections shall survive any termination of this Agreement: Section 1, Section 7.1, Section 7.2, Section 7.3 and Section 9.2 which shall remain in full force and effect.

9.10 *Amendments; Entire Agreement*. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by all of the Parties. This Agreement, the BSAA Agreement and the Confidentiality Agreement contain the entire agreement of the Parties with respect to the Transactions, superseding all negotiations, prior discussions and preliminary agreements made prior to the Closing Date.

9.11 *Waiver*. The failure of any Party to enforce any condition or part of this Agreement at any time shall not be construed as a waiver of that condition or part, nor shall it forfeit any rights to future enforcement thereof.

9.12 *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, such determination shall not affect the enforceability of any others or of the remainder of this Agreement.

9.13 *Schedules*. Purchaser agrees that any disclosure by Seller in any Schedule attached to this Agreement shall not establish any threshold of materiality or concede the materiality of any matter or item disclosed.

9.14 *Construction*. The language in all parts of this Agreement shall be construed, in all cases, according to its fair meaning. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

9.15 *Headings*. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement.

9.16 *Counterparts*. This Agreement may be executed manually or by facsimile by the Parties, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart of this Agreement shall have been signed by each of the Parties and delivered to the other Party.

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be executed by their respective duly authorized representatives as of the date first above written.

By: _____
Name:
Title:

By: _____
Name:
Title:

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 reports dated March 17, 2010, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting of OPKO Health, Inc. in this Annual Report (Form 10-K) for the year ended December 31, 2009.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
March 17, 2010

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 t dF ment öF Π ک .

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

In connection with the Annual Report of OPKO Health, Inc. (the "Company") on Form 10-K for the year ended December 31, 2009 (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 results of operations of the Company.

/s/ Phillip Frost

Phillip Frost, M.D.
Chief Executive Officer
March 17, 2010

In connection with the Annual Report of OPKO Health, Inc. (the "Company") on Form 10-K for the year ended December 31, 2009 (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 results of operations of the Company.

/s/ Rao Uppaluri

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