As filed with the Securities and Exchange Commission on October 2, 2014

Registration No. 333-198073

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO.1
TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SECOND SIGHT MEDICAL PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

California	**3845**	**02-0692322**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

12744 San Fernando Road, Building 3
Sylmar, California 91342
(818) 833-5000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert Greenberg, M.D., Ph.D.
President and Chief Executive Officer
Second Sight Medical Products, Inc.
12744 San Fernando Road, Building 3
Sylmar, California 91342
(818) 833-5000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Aaron A. Grunfeld
Law Offices of Aaron A. Grunfeld & Associates
11111 Santa Monica Boulevard, Suite 1840
Los Angeles, California 90025
(310) 788-7577

Andrew Hudders
Carl Van Demark
Golenbock Eiseman Assor Bell & Peskoe LLP
437 Madison Avenue, 40th Floor
New York, NY 10022
(212) 907-7300

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price (1)**	**Amount of Registration Fee (7)**
Common Stock, no par value per share (2)	$ 36,225,000(2)	$ 4,665.78
Common Stock, no par value per share (3)(4)(6)	$ 0	—
Underwriter Warrant(4)(5)(6)	$ 100	—

Shares of Common Stock underlying Underwriter Warrant	$	9,056,250	$	1,166.45

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. See "Underwriting" beginning on page 91 of the prospectus contained within this registration statement for information on underwriting arrangements relating to this offering.
(2) Includes the aggregate offering price of additional shares that the underwriter has the option to purchase, amounting to 15% of the shares and rights offered to the public to cover over-allotments, if any.
(3) Includes up to 4,025,000 shares that may be issued in connection with the non-transferable Long Term Investor Rights described under "Description of Capital Stock – Long Term Investor Right to Receive Additional Shares" for no additional consideration two years from the closing date of this offering.
(4) No registration fee required pursuant to Rule 457(g) under the Securities Act of 1933.
(5) Represents and registers a warrant to be granted to the underwriter to purchase shares of common stock in an amount equal to 20% of the number of the shares sold to the public. See "Underwriting" beginning on page 93 of the prospectus contained within this Registration Statement for information on underwriting arrangements relating to this offering.
(6) Pursuant to Rule 416 under the Securities Act of 1933, as amended, there is also being registered hereby such indeterminate number of additional shares of common stock of the registrant as may be issued or issuable because of stock splits, stock dividends, stock distributions, and similar transactions.
(7) Previously paid

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment, which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED October 2, 2014

PRELIMINARY PROSPECTUS

Second Sight

3,500,000 Shares of Common Stock

SECOND SIGHT MEDICAL PRODUCTS

We are offering 3,500,000 shares of our common stock, no par value, coupled with a non-transferable contractual right for the registered holder of these offered shares to obtain up to one additional share of common stock for each share purchased, at no additional expense, on the second anniversary of the closing date of this offering, as more fully described under "Description of Capital Stock" in this prospectus. The common stock is being offered in a firm commitment underwriting.

This is an initial public offering of our common stock. We expect the public offering price to be $9.00 per share. There is currently no public market for our common stock. We have applied for listing of our common stock on the Nasdaq Capital Market under the symbol "EYES". We expect that listing to occur upon consummation of this offering. If our application to the Nasdaq Capital Market is not approved or if we otherwise determine that we will not be able to secure the listing of our common stock on the Nasdaq Capital Market, we will not complete the offering.

We are an "emerging growth company" under the federal securities laws and will have the option to use reduced public company reporting requirements. Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 16 for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

If we sell all of the common stock we are offering, we will pay the underwriter $1.26 million, or 4% of the gross proceeds of this offering and an accountable expense allowance up to a maximum of $200,000. Please see "Underwriting." We have agreed also to issue to MDB Capital Group, LLC a warrant to purchase shares of our common stock in an amount up to 20% of the shares of common stock sold in the public offering, with an exercise price equal to 125% of the per-share public offering price. The shares of common stock underlying the warrant exclude the Long Term Investor Right^{SM}. See "Description of Capital Stock".

	Per Share	Total
Public offering price	$ 9.00	$ 31,500,000
Underwriting discounts and commissions	$ 0.36	$ 1,260,000
Proceeds to us (before expenses)(1)	$ 8.64	$ 30,240,000

(1) Excludes an accountable expense allowance of up to a maximum of $200,000 payable to MDB Capital Group, LLC, the underwriter. See "Underwriting" for a description of compensation payable to the underwriter.

The underwriter may also purchase up to an additional 525,000 shares of our common stock amounting to 15% of the number of shares offered to the public, within 45 days of the date of this prospectus, to cover over-allotments, if any, on the same terms set forth above.

The underwriter expects to deliver the shares on or about ____________________, 2014.

MDB Capital Group, LLC

The date of this prospectus is ________, 2014 .

The first FDA-approved medical device for the totally blind*

Second Sight

Second Sight Medical Products, Inc. | 12744 San Fernando Road | Building 3 | Sylmar, California 91342 | Tel: +1 (818) 833-5000 | Fax: +1 (818) 833-5067

** The Argus II System is indicated for use in patients with severe to profound RP.*

Table of Contents

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with additional or different information. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

No dealer, salesperson or any other person is authorized in connection with this offering to give any information or make any representations about us, the securities offered hereby or any matter discussed in this prospectus, other than those contained in this prospectus and, if given or made, the information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any circumstance in which the offer or solicitation is not authorized or is unlawful.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that you need to consider in making your investment decision. You should carefully read this entire prospectus, as well as the information to which we refer you, before deciding whether to invest in our common stock. You should pay special attention to the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our consolidated financial statements and related notes included elsewhere in this prospectus to determine whether an investment in our common stock is appropriate for you.

This registration statement, including the exhibits and schedules thereto, contains additional relevant information about us and our securities. With respect to the statements contained in this prospectus regarding the contents of any agreement or any other document, in each instance, the statement is qualified in all respects by the complete text of the agreement or document, a copy of which has been filed or incorporated by reference as an exhibit to the registration statement. Second Sight Medical Products, Inc, is referred to throughout this prospectus as Second Sight®.

About Second Sight

Overview

We are a medical device company that develops, manufactures and markets implantable visual prosthetics to restore some functional vision to blind patients. Our current product, the Argus® II System, treats outer retinal degenerations, such as retinitis pigmentosa, which we refer to as RP in this prospectus. RP is a hereditary disease, affecting an estimated 1.5 million people worldwide including about 100,000 people in the United States, that causes a progressive degeneration of the light-sensitive cells of the retina, leading to significant visual impairment and ultimately blindness. The Argus II System is the only retinal prosthesis approved in the United States by the Food and Drug Administration, or FDA, and the first approved retinal prosthesis in the world. By restoring some functional vision in patients who otherwise have total sight loss, the Argus II System can provide benefits which include,

- improving patients' orientation and mobility, such as locating doors and windows, avoiding obstacles, and seeing the lines of a crosswalk,
- allowing patients to feel more connected with people in their surroundings, such as seeing when someone is approaching or moving away,
- providing patients with enjoyment from being "visual" again, such as locating the moon, tracking groups of players as they move around a field, and watching the moving streams of lights from fireworks, and
- improving patients' well-being and ability to perform activities of daily living.

The Argus II System provides an artificial form of vision that differs from the vision that normally sighted people have. It does not restore normal vision and it does not slow or reverse the progression of the disease. Results vary among patients. While the majority of patients receive a benefit from the Argus II, some patients report receiving little or no benefit.

As with substantially all implantable medical devices, there are risks for Argus II patients associated with the surgery necessary to implant the device and with the long-term implantation and use of the device. Most side effects, such as eye pain, inflammation and eye redness, are minor in that they resolve on their own or with medication. Since patients with Argus II implants have relatively little to no residual vision, the risk of adverse events in terms of loss of remaining vision is minimal. However, some events, such as low eye pressure or thinning of the tissue over the implant, can require surgery to treat. Adverse events are typically treatable with standard ophthalmic practices and have not prevented continued use of the system.

Our Argus II System employs electrical stimulation to bypass defunct photoreceptor cells and to stimulate remaining viable retinal cells, inducing light and visual perception in blind individuals. The Argus II System works by converting video images captured by a miniature camera housed in a patient's glasses into a series of small electrical pulses that are transmitted wirelessly to an array of electrodes that are implanted on the surface of the retina. These pulses are intended to stimulate the retina's remaining cells, resulting in a corresponding perception of patterns of light in the brain. Following the implant surgery patients learn to interpret these visual patterns thereby regaining some functional vision, allowing them to detect shapes of people and objects in their surroundings.

We received marketing approval in Europe (CE mark) for the Argus II System in 2011. We received FDA approval in 2013 to market the Argus II System in the United States. In September 2014 we obtained registration of the product for sale in Turkey. We applied for regulatory approval in Canada and expanded approval[1] in Saudi Arabia and anticipate receiving these approvals before the end of 2014. A substantial portion of our revenue depends on the extent to which the costs of our products are reimbursed by third party private and governmental payers, including Medicare, and other US government sponsored programs, international governmental payers and private payers. In the US we have achieved several important reimbursement milestones that include obtaining:

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[1] We currently have approval to sell to one hospital in Saudi Arabia.

- required federally established codes: including Current Procedural Terminology (CPT) code 0100T to describe the out-patient surgical procedure, and Healthcare Common Procedure Coding System (HCPCS) code C1841 to describe the device, and ICD-9-CM codes 14.81, 14.82, and 14.83 to describe in-patient procedures related to the Argus II,
- payment mechanisms: including Medicare authorized Transitional Pass-through Payment and New Technology Add-on Payment programs, which provide for unique itemized payment for the device in both the out-patient and in-patient settings of care, and procedure assignment to Ambulatory Payment Classification (APC) 0672 (out-patient), and MS-DRG 116 and 117 (in-patient),
- coverage by some Medicare Administrative Contractors (MACs) and Medicare Advantage (MA) and commercial insurance company plans, or on a case by case basis.

All three items (coding, coverage, and payment) are necessary to have the surgical procedure and Argus II system reimbursed by payers. It should be noted that while coding and payment are established nation-wide, coverage is not currently being provided by the majority of MACs, MA plans, or commercial plans, although we expect more and more payers to agree to cover over time.

Within Europe, we have obtained reimbursement approval in Germany and France. We also are seeking reimbursement approval in Italy and other countries including England, Netherlands, Switzerland and Turkey.

We launched the Argus II System in Europe at the end of 2011, in Saudi Arabia in 2013, and in the US and Canada in 2014. We are pursuing what we refer to as a Centers of Excellence commercial model, focusing on high quality medical providers. We have concentrated our efforts on recruiting leading retinal surgeons and hospitals, along with raising awareness of the product and brand among potential patients and referring physicians. The Argus II System has the support of Foundation Fighting Blindness (FFB)[1] and Retina International[2].

We are the world leader in commercializing the restoration of sight by a visual prosthesis in that we have:

- implanted about 90 Argus II units,
- extensive follow up history experience with implanted patients, including several who have been using the system for over seven years,
- regulatory approval in both the US and Europe[3],
- a significant patent portfolio consisting of nearly 300 issued patents,
- established third party reimbursement for our implanted devices with government and private insurance.

Additionally, from a competitive standpoint, the Argus II System possesses attractive technical and other features that include:

- relative surgical ease of installation,
- a relatively large field of view (20 degrees),
- allowing patients to undergo MRI procedures,
- individually programmable electrodes on the prosthesis which can permit further optimization of the device after implantation, and
- upgradeability of the external system to improve the visual experience for current and future users of the Argus II System.

We have demonstrated the ability to design products with long-term reliability. The Argus I retinal prosthesis, a proof of concept device that was a predecessor to the Argus II, was implanted in six patients in the United States. Argus I patients were implanted an average of 5.8 years, with one patient having used the device for 10 years. The Argus II System has been implanted in about 90 patients. The average implant duration for these patients is 2.9 years with several users continuing to use the system more than seven years following implantation. To date we have successfully implanted patients in the United States, Canada, France, Italy, Germany, the Netherlands, Saudi Arabia, Spain, Switzerland and the United Kingdom.

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[1] The FFB is the world's leading non-governmental organization driving research to identify preventions, treatments and cures for people affected by the spectrum of inherited retinal degenerative diseases. The FFB has supported coding and payment applications submitted by Second Sight (in the forms of letters of support and by attending and speaking at meetings with CMS). The FFB has also submitted letters of support and reconsideration requests to help establish coverage for the Argus II.

[2] Retina International is a voluntary charitable umbrella association of 33 national societies each of which is created and run by people with Retinitis Pigmentosa (RP) and other allied retinal dystrophies, their families and friends. Retinal International promotes the search for a treatment for RP and other allied dystrophies. Retina International has supported Second Sight in educating and informing the organizations about Second Sight's treatment.

[3] The European Union, or EU, is a politico-economic union of 28 member states that are primarily located in Europe. The market approval of Argus II System covers 28 EU member states and Norway, Iceland, Liechtenstein, and Switzerland which also require products to bear the CE mark. In this prospectus we use the term Europe to refer to 28 EU member states, and to Norway, Iceland, Liechtenstein and Switzerland.

Over the next 12 to 18 months we intend to introduce the Argus II System in countries other than the US and Europe with the assistance of local partners in some cases. We plan further to conduct a clinical study that is intended to demonstrate the safety and efficacy of the Argus II System for the treatment of age-related macular degeneration, or AMD, which is the leading cause of blindness in people over the age of 65 in developed countries. AMD affects vision for between 20 and 25 million people around the world of whom approximately two million similarly are affected in the United States. In September 2014, we received permission from the British Medicines and Healthcare Products Regulatory Agency or MHRA to commence an AMD Study. We anticipate beginning this study late in 2014 and if we achieve favorable patient outcomes, we estimate that we can obtain regulatory approval for AMD in the US and Europe in 2019, and may be able to market the product to treat AMD during the same year.

Additionally, we are developing another product for cortical stimulation that we expect will be able to treat nearly all forms of blindness. We refer to this product as the Orion™ I visual prosthesis in this prospectus. As currently planned, the Orion I implant will be based on technology that we currently utilize in our Argus II system. We expect to use the electronics package, coil molding and attachment method, array technology and array attachment method substantially unchanged from the Argus II. We anticipate that we may need to modify the coil shape (round rather than oval) and array shape for cortical stimulation. We intend to further develop a new mounting method for implanting the coil and electronics package. Our objective in designing and developing the Orion I visual prosthesis is to bypass the optic nerve and directly stimulate the part of the brain responsible for vision. We estimate that about 575,900 people in the US, 1.13 million people in Europe, and 5.8 million people worldwide are legally blind due to causes that could be treated by Orion I. If the Orion I visual prosthesis is successfully developed and approved for marketing to those who have severe to profound vision loss, as to which no assurance can be given, we believe that the device's potential addressable market approaches these market numbers.

We believe that technology developed for the Argus II System also represents a platform for stimulating the nervous system that we may be able to leverage for several other clinical applications outside of vision restoration. There are features of the Argus II System, such as compact size, high electrode count and MRI compatibility, that we believe make it a compelling option to improve existing neuro-stimulation therapies and develop new ones. These possible additional applications may provide further opportunity to increase our revenue in non-core markets through strategic partnerships and/or licensing. Although we are optimistic about our abilities to develop these other clinical applications, no assurance can be given that we will be successful in reaching agreements or licenses with others.

Since 1998 we have received over $29 million in direct grant support from various US federal agencies including the National Institutes of Health, National Eye Institute and Department of Energy. We may seek additional federal and other grant support in the future. However, there is no assurance that we will receive further grants.

Within the past two years, Second Sight and/or Argus II System received the following awards

- TIME: Best Inventions of 2013,
- CNN: The CNN 10: Inventions of 2013,
- Medical Device and Diagnostics Industry (MD+DI): 2013 Medical Device Manufacturer of the Year,
- Popular Science: 2013 Innovation of the Year,
- Inc.: The 25 Most Audacious Companies 2013,
- Foundation Fighting Blindness: Visionary Award – Dr. Robert Greenberg,
- Ophthalmology Innovation Summit: Eye on Innovation Award,
- Cleveland Clinic: Top Medical Innovation of 2014,
- World Economic Forum: Technology Pioneer 2014,
- Edison Awards: 2014 Gold Winner – Science/Medical Category – Assistive Devices, and
- MIT Technology Review: The 50 Smartest Companies for 2014

In September, 2014, we entered a Joint Research and Development Agreement or JRDA with The Johns Hopkins University Applied Physics Laboratory or APL. The JRDA includes a subcontract to do applied research under a grant received by APL. Under the JRDA, we have agreed to perform research regarding integration of APL research in to a visual prosthesis system. APL will pay us $4.075 million in one lump sum to conduct our portion of the research. We expect to receive these funds before the end of 2014. The JRDA also includes a license from APL to us, for the life any patents resulting from APL's portion of the research. The APL portion of the research includes image processing enhancements for a visual prosthesis. In exchange for the license, we issued 1,000 shares of our common stock to APL, have agreed to pay APL its patent prosecution costs, and to pay APL a royalty of 0.25% of net sales of licensed products.

To date, we have not generated sufficient revenues from product sales to achieve positive earnings and operating cash flows to enable us to finance our operations internally. We have significant convertible debt and have incurred recurring operating losses and negative operating cash flows since inception, and we expect to continue to incur operating losses and negative operating cash flows for at least the next few years. For the years ended December 31, 2013 and 2012 we had revenue of $1,564,933 and $1,367,224 respectively, and incurred a net loss of $22,968,925 and $16,279,127 respectively. For the six months ended June 30, 2014 we had revenue of $1,268,203 and incurred a net loss of $13,979,828. As of December 31, 2013, our accumulated deficit was $117,462,721 and as of June 30 2014 our accumulated deficit was $131,442,549. In its report on our 2013 and 2012 consolidated financial statements, our independent registered public accounting firm, raised substantial doubt about our ability to continue as a going concern without the proceeds of this offering which will provide operating capital and result in our convertible debt automatically converting into equity.

Our Technology

The Argus II Retinal Prosthesis System ("Argus II") is also sometimes referred to as the bionic eye, artificial retina or the retinal implant. It is intended to provide electrical stimulation of the retina to restore some functional vision in blind individuals. It is indicated for use in patients with severe to profound RP in the US and for severe to profound outer retinal degeneration in Europe. A miniature video camera housed in the patient's glasses captures a scene. The video is sent to a small patient-worn computer (a video processing unit, which we refer to elsewhere in the prospectus as VPU) where it is processed and transformed into instructions that are sent back to the glasses via a cable. These instructions are transmitted wirelessly to an antenna in the retinal implant – a device which is implanted in and around the eye. The signals are then sent to the electrode array, which emits small pulses of electricity to the patient's retina – the active part of the eye. These pulses bypass the damaged photoreceptors and stimulate the retina's remaining cells, which transmit the visual information along the optic nerve resulting in the corresponding perception of patterns of light in the brain. Patients learn to interpret these visual patterns thereby regaining some visual function.

We believe the Argus II System possesses several unique technological advancements compared to the state of the art in other neurostimulation devices. Our implant has 60 independent electrodes to deliver electrical stimulation. The size of the implanted electronics (10.3 mm (0.40”) diameter by 3.2 mm (0.13”) in height) is to our knowledge the smallest multi-channel stimulator FDA approved for any indication. In addition, our product features a patented electrode material we call Platinum Gray that enables it to deliver high charge densities. Higher charge density enables smaller electrodes. The Argus II System currently, to our knowledge, has the smallest neural stimulating electrodes ever approved by the FDA. Each electrode is 0.2 mm (0.008)” in diameter. Several other engineering challenges, including device reliability, extended lifetime, and a safe and effective bio-interface, were overcome during the development of the product and these solutions have been protected both by patents and by trade secrets. As of September 1, 2014, we have 296 issued patents and 173 pending patent applications, on a worldwide basis.

We are planning product and clinical development efforts that may include:

- Improvements/upgrades to the externally worn system (glasses, VPU, and software) which may enable more advanced image processing capabilities, higher resolution vision, and possibly color vision. We expect that these enhancements will deliver a better visual experience for existing and future recipients of the Argus II System.
- Expanded indications for use for the current version of the Argus II System, which includes blindness resulting from AMD.
- Development of a visual cortical prosthesis (Orion I) building on the Argus II technology platform to address blindness from nearly all causes by providing neurostimulation directly to the visual cortex of the brain, rather than the retina.
- Leveraging the technology for other neurostimulation applications outside of vision restoration through licensing and/or strategic partnerships.

Our Market

The Argus II System is currently approved for RP patients with bare or no light perception in the US, and in Europe for severe to profound vision loss due to outer retinal degeneration, such as from retinitis pigmentosa, choroideremia, and other similar conditions. The number of people who are legally blind due to RP is estimated to be 25,000 in the US, 42,000 in Europe, and 375,000 total worldwide. A subset of these patients would be eligible for the Argus II System since the baseline vision for the Argus II System is worse than legally blind (20/200). Scarce epidemiological data on visual acuity below legal blindness make it difficult to determine a precise estimate of the potential patient population for this device.

We believe we can expand the market for the Argus II System beyond RP to patients with severe to profound vision loss due to age-related macular degeneration or AMD. We intend to conduct a pilot study, of about five patients, in Europe beginning in late 2014 to determine the utility of the Argus II System for use in persons suffering from AMD. If this small study yields positive results, then we will conduct a larger pivotal study in Europe and the United States comprising approximately 30 or more patients intended to demonstrate the safety and effectiveness of this therapy. We intend to use these clinical trial data to support regulatory approval in the US and Europe to expand our label to specifically cover AMD, and seek reimbursement in these markets for this expanded indication. We expect these approvals will be obtained in 2019. We estimate the population of people who are legally blind due to AMD to be about 552,500 in the US, 1.08 million in Europe, and two million worldwide. If approved for marketing, the labels will determine the subset of these patients who are eligible.

We believe we can further expand our market to include nearly all profoundly blind individuals, regardless of cause, other than those who are blind due to preventable diseases or due to brain damage, by developing a visual cortical prosthesis. We intend to develop a visual cortical prosthesis, the Orion I visual prosthesis, by modifying the Argus II device. We intend to begin clinical trials of the Orion I visual prosthesis in late 2016. We estimate that there are about 575,900 people in the US, 1.13 million in Europe, and 5.8 million worldwide who are legally blind due to causes other than preventable conditions or AMD. If approved for marketing, the labels will determine the subset of these patients who are eligible.

In addition to expanding the indications for use for our devices, over the next several years in collaboration with distribution partners, we intend to launch the Argus II System in other markets globally, including countries in the Middle East, Asia, and South America.

Commercial Strategy

The Argus II System addresses an unmet clinical need by restoring some functional vision to blind individuals. We believe that we are the worldwide leader in this applied technology.

To date our marketing activities have focused on raising awareness of Argus II System in potential patients, implanting physicians, and referring physicians. Our marketing activities include exhibiting, sponsoring symposia, and securing podium presence at professional and trade shows, securing journalist coverage in popular and trade media, attending patient meetings focused on educating patients about existing and future treatments, and sponsoring information sessions for the Argus II System.

We have employed, and expect to continue utilizing what we refer to as a "Centers-of-Excellence" sales model where we work with prominent eye hospitals, and a predominantly direct sales and support team to serve our patient population. We believe this model represents an efficient use of capital to promote awareness of our product and systematically to expand our markets. We have added new implanting centers based on criteria which include:

- Geographic desirability,
- Facility and surgeon skill and reputation,
- Access to patients,
- Regulatory pathway, and
- Reimbursement environment from government agencies or contractors and third party insurers.

Second Sight has assembled an experienced team of solution oriented and technically adept scientists and engineers with in-depth medical device experience. We expect that this experienced team, responsible for our ongoing in-house product enhancements and future product development, may allow us more rapid improvements and introduction of innovative product.

We employ an in-house attorney experienced in intellectual property matters to manage our large and growing intellectual property portfolio. We also employ outside legal firms as we deem appropriate. We intend to continue our practice of

- comprehensively developing an intellectual property portfolio that will protect our market interests and
- vigorously defending challenges to our patents.

We manufacture the Argus II System at our corporate headquarters in Sylmar, California. Our manufacturing department employs 47 persons and can produce up to 10 devices per month based on current staffing. We believe our facility can support production of up to 100 devices per month. See "Business – Our Manufacturing and Quality Assurance" below. We have a FDA and ISO 13485 (European and global standard) certified manufacturing facility with an experienced manufacturing and quality assurance team.

We also employ an in-house team of clinical and regulatory affairs professionals, who design and conduct our clinical trials and prepare our worldwide regulatory submissions. This in-house team enables us to maintain close control of our clinical trial data and allows us to rapidly respond or address requests made by regulators and apply for new approvals promptly.

One key to the success of our existing and future business activities will be achieving expanded reimbursement for our products from governmental or third party payers. We have engaged specialist consulting firms and legal firms in the US and Europe to advise and assist us in these matters. In addition, we employ market access professionals to manage these activities in both the US and Europe.

Risk Factors that affect us

See "Risk Factors" beginning on page 16 and other information included elsewhere in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

Corporate Information

Second Sight Medical Products, Inc. was incorporated in California in May 2003 as a successor to Second Sight LLC, a Delaware limited liability company formed in 1998. Our principal executive offices and manufacturing facilities are located at 12744 San Fernando Road, Building 3, Sylmar, California 91342. Our telephone number is (818) 833-5000. Our European subsidiary, Second Sight Medical Products (Switzerland) Sàrl, maintains offices at EPFL-PSE A, Route de Jean-Daniel Colladon, CH-1015 Lausanne, Switzerland.

Our website address is www.secondsight.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus.

Unless otherwise indicated, the terms "Second Sight," "we," "us" and "our" refer to Second Sight Medical Products, Inc., a California corporation, and our subsidiaries.

"Second Sight," "Argus", "FLORA" and the Second Sight logo are our registered trademarks in the US, EU and Switzerland. Orion is our trademark and Long Term Investor Right is a service mark of MDB Capital Group LLC.

Emerging Growth Company

The Jumpstart Our Business Startups Act, or the JOBS Act, was enacted in April 2012 with the intention of encouraging capital formation in the United States and reducing the regulatory burden on newly public companies that qualify as "emerging growth companies." We are an emerging growth company within the meaning of the JOBS Act. As an emerging growth company, we may take advantage of certain exemptions from various public reporting requirements, including the requirement that our internal control over financial reporting be audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, certain requirements related to the disclosure of executive compensation in this prospectus and in our periodic reports and proxy statements, and the requirement that we hold a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions until we are no longer an emerging growth company.

We will remain an emerging growth company until the earliest to occur of

- the last day of the fiscal year in which we have $1.0 billion or more in annual revenue;
- the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act) are required to comply with the new or revised financial accounting standard. The JOBS Act also provides that a company can elect to opt out of the extended transition period provided by Section 102(b)(1) of the JOBS Act and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have irrevocably elected to opt out of this extended transition period provided by Section 102(b)(1) of the JOBS Act. Even though we have elected to opt out of the extended transition period, we may still take advantage of all of the other provisions of the JOBS Act, which include, but are not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

For certain risks related to our status as an emerging growth company, see the disclosure elsewhere in this prospectus under "Risk Factors—Risks Related to this Offering, the Securities Markets and Ownership of Our Common Stock—We are an 'emerging growth company,' and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors."

THE OFFERING

The following summary contains basic information about our initial public offering and our common stock and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of our common stock and rights, please refer to the sections of this prospectus titled "Description of Capital Stock "and "Description of Capital Stock – Long Term Investor Right to Receive Additional Shares."

Issuer	Second Sight Medical Products, Inc.
Common Stock Offered By Us	3.5 million shares of common stock, no par value per share.
Over-allotment Option	We have granted an option to our underwriter to purchase up to an additional 525,000 shares of common stock, representing 15% of the shares and rights described below, offered to the public, within 45 days of the date of this prospectus in order for this prospectus to cover over-allotments, if any.
Common Stock Outstanding Prior To This Offering	24,538,003 at August 31, 2014 (31,081,442 after giving effect to shares of common stock issuable upon automatic conversion of convertible notes and related accrued interest on completion of this offering).
Common Stock Outstanding After This Offering	34,581,442
Long Term Investor Rights	Each share of our common stock ("Share") sold in this offering is coupled with a non-transferable contractual right which could allow the holder to obtain at no additional expense up to one additional Share on the second anniversary of the closing date of the offering (the "Long Term Investor Right"). For a holder of a Share to benefit from the Long Term Investor Right, the holder must · hold the Share obtained in the offering after the closing date of the offering, · register the Share in its name, and not in "street name," no later than 90 days after the closing date of the offering, and · continuously hold the Share in certificate or book entry form during the two years after the closing date of the offering.

If the holder of the Share fails to timely make the registration and to hold the Share continuously for the two years after the closing date of the offering, the Long Term Investor Right will terminate. If the common stock trades on its principal exchange at 200% of the Offering Price or greater on five consecutive trading days during the two years after the closing date the Long Term Investor Right will terminate. The Long Term Investor Right will convert into common stock if our shares do not trade on their principal exchange at 200% of the Offering Price or greater on five consecutive trading days during the two years after the closing date. The formula to determine the amount of common stock to be issued on a Long Term Investor Right, which shall not exceed one share of common stock per Long Term Investor Right, will be: (i) *200% of the Offering Price* minus (ii) *the highest average of consecutive closing prices over any 90 calendar day period on the principal exchange during the two years after the Closing Date* (the "Measurement Average") divided *by the Measurement Average.* For illustrative purposes only: where, for example, the Offering Price is $9.00, 200% of the Offering Price is $18, if the Measurement Average is $12 and if the qualifying IPO Shareholder has retained 1,000 IPO Shares, then (i) $18 minus $12, (ii) divided by $12 results in the qualifying IPO Shareholder receiving an additional one-half of a share of common stock per each Long Term Investor Right, or an aggregate of 500 IPO Supplemental Shares. The Offering Price for purposes of the calculation of the amount of common stock to be issued on a Long Term Investor Right will be subject to adjustment in the event of a reorganization, recapitalization or split-up of our shares, our issuance of a stock dividend or any similar event. We will round up any fractional shares resulting from this formula to the next whole share. See "Description of Capital Stock – Long Term Investor Right to Receive Additional Shares."

Public Offering Price

$9.00 per share

Use of proceeds

We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $29,516,868 (or approximately $34,052,868 if the underwriter's option to purchase additional shares of our common stock from us is exercised in full), based upon the assumed initial public offering price of $9.00 per share, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. In addition to funding current operating activities, we expect to utilize these funds over the next 18 to 24 months approximately as follows:

- Approximately $2.0 to $4.0 million to increase sales and marketing activities over the next two years to increase sales coverage and market penetration.
- Approximately $4.0 million to increase development and clinical efforts to enhance the external hardware and software of the Argus II System. If successful, these enhancements could improve the resolution and other performance characteristics of our system.
- Approximately $2.0 million to conduct clinical trials to establish the safety and benefit of using the Argus II system to treat patients with AMD. We will start with a feasibility trial in late 2014. With promising results, we will begin a larger scale efficacy trial in early 2016 that could lead to marketing approval for the Argus II system for AMD patients in 2019. We estimate that the cost to complete this additional trial would be approximately $4.5 million.
- Approximately $5.0 million to conduct pre-clinical development of the Orion I cortical implant. If successful, we will begin testing our Orion I technology in humans in late 2016. The human clinical testing is likely to take the form of a feasibility study followed by a premarket approval pivotal trial. The details of these trials will be determined collaboratively with the FDA at that time. We cannot accurately estimate the timing or exact cost of these trials at this time.

We intend to obtain these additional funds through a combination of one of more of the following:

- Cash flows from operations.
- Sales of our securities
- Joint ventures
- Research grants
- Issuances of debt

No assurances can be given that our development activities or clinical trials will result in a marketable product or that we will be successful in raising adequate funds to support our future development and marketing activities. To the extent we are able raise funds, it may be on terms that will result in unfavorable dilution to our shareholders.

Market And Trading Symbol For The Common Stock

There is currently no public market for our common stock. We have applied for listing of our common stock on the Nasdaq Capital Market under the symbol "EYES".

Underwriter Common Stock Purchase Warrant

In connection with this offering, we have agreed to sell to MDB Capital Group, LLC and its designees a warrant to purchase up to 20% of the shares of common stock sold in this offering. The shares of common stock underlying the warrant will not include the Long Term Investor Right. If this warrant is exercised, each share may be purchased by MDB Capital Group, LLC at $11.25 per share (125% of the price of the shares sold in this offering). This warrant will have a five-year term and be subject to a six month lock-up from the effective date of the registration statement of which this prospectus is a part. See "Underwriting" for additional information.

Lock-Up Agreements

Our officers, directors, and 10% or greater holders of our equity securities as determined pursuant to Rule 13d-3 of the Securities Exchange Act of 1934, as amended, and certain of our consultants will have the securities they own locked up until the first anniversary of the Closing Date (the "One Year Lock-Up"). Currently 22,782,153 outstanding shares of common stock will be subject to the One Year Lock-Up including shares issuable on automatic conversion of convertible promissory notes and the number of shares underlying options and warrants subject to the One Year Lock-Up totals 2,349,579 shares. Employees and certain of our consultants owning [ ] shares of common stock and owning options to purchase [ ] shares of common stock agreed to lock up their shares for six months after completion of this offering. For more information about the lock-up agreements see "Underwriting - Lock-Up Agreements" in this prospectus.

Offering Termination	If our application to the Nasdaq Capital Market is not approved or we otherwise determine that we will not be able to secure the listing of the common stock on the Nasdaq Capital Market, we will not complete the offering.

The number of shares of our common stock to be outstanding after this offering is based on 34,581,442 shares of our common stock (including common stock issuable upon automatic conversion of the principal and interest upon completion of this offering) outstanding as of August 31, 2014, and excludes:

- 2,521,748 shares of our common stock issuable upon exercise of outstanding options;
- 1,180,766 shares of our common stock issuable upon exercise of outstanding warrants;
- 955,977 shares of our common stock, net of exercises, reserved for future grants pursuant to our Plan;
- up to 3,500,000 shares of our common stock that may be issued under the terms of the Long Term Investor Right (and also excluding shares that may be issued under terms of Long Term Investment Right on exercise of the underwriter's over-allotment option); and
- the shares of our common stock issuable upon exercise of the underwriter's warrant.

Except as otherwise indicated, this prospectus assumes:

- the automatic conversion of $29,519,162 principal amount of our 7.5% unsecured convertible debt into an aggregate of 6,543,439 shares of common stock, of which 5,903,833 shares are payments of principal and 639,606 shares are payments of interest in kind, computed as of August 31, 2014, effective upon the completion of this offering; and
- no exercise of the underwriter's over-allotment option (nor shares of our common stock that may be issued under the terms of the Long Term Investment Right on the exercise of that over-allotment option).

SUMMARY SELECTED FINANCIAL INFORMATION

The following selected consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes, which are included elsewhere in this prospectus. We have derived the following selected consolidated statement of operations data for the years ended December 31, 2012 and 2013 and the selected consolidated balance sheet data as of December 31, 2012 and 2013 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the selected unaudited consolidated statement of operations data for the six months ended June 30, 2013 and 2014, and the selected unaudited consolidated balance sheet data as of June 30, 2014, from our unaudited interim consolidated financial statements included elsewhere in this prospectus. We have included all adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results to be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period.

Consolidated Statement of Operations Data:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2012	2014	2013
			Unaudited	Unaudited
Product revenue	$ 1,564,933	$ 1,367,224	$ 1,268,203	$ 765,625
Cost of sales	5,629,320	4,396,746	1,720,487	2,786,909
Gross loss	(4,064,387)	(3,029,522)	(452,284)	(2,021,284)
Operating expenses:				
Research and development, net of grant revenue	3,248,466	3,045,157	2,259,675	1,732,932
Clinical and regulatory	3,215,290	3,726,556	1,307,135	1,622,620
Selling and marketing	3,301,452	2,194,590	3,083,089	1,512,813
General and administrative	4,167,934	4,025,558	2,917,178	2,161,935
Total operating expenses	13,933,142	12,991,861	9,567,077	7,030,300
Loss from operations	(17,997,529)	(16,021,383)	(10,019,361)	(9,051,584)
Interest income	7,454	7,512	5,609	3,747
Interest expense on convertible notes	(1,588,687)	(138,934)	(1,097,870)	(620,103)
Amortization of discount on convertible notes	(3,424,931)	(128,097)	(2,880,032)	(1,146,675)
Other income	34,768	1,775	11,826	700
Net loss	$ (22,968,925)	$ (16,279,127)	$ (13,979,828)	$ (10,813,915)
Net loss per share	$ (1.02)	$ (0.74)	$ (0.60)	$ (0.48)
Weighted average numbers of shares outstanding:				
Basic and diluted	22,521,432	21,945,580	23,211,763	22,378,316

Consolidated Balance Sheet Data:

	December 31,		June 30,
	2013	2012	2014
			Unaudited
Cash	$ 62,565	$ 144,754	$ 2,946,729
Money market funds	8,611,614	4,310,038	3,079,505
Working capital	9,104,436	4,275,975	7,684,478
Total assets	12,673,421	7,992,575	12,112,877
Convertible notes payable	19,211,112	8,273,356	23,189,014
Stockholders' deficit	(9,221,071)	(3,043,823)	(14,465,567)

RISK FACTORS

We are subject to various risks that may materially harm our business, prospects, financial condition and results of operations. An investment in our common stock is speculative and involves a high degree of risk. In evaluating an investment in shares of our common stock, you should carefully consider the risks described below, together with the other information included in this prospectus.

If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties that are not presently known to us or that we currently deem immaterial later materialize, then our business, prospects, results of operations and financial condition could be materially and adversely affected. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our shares. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements.

Risks Related to Our Dependence on the ARGUS II System

We depend on the success of our first commercial product, the Argus II System, which received European market clearance (CE Mark) in February 2011 and FDA approval in February 2013, in the United States for RP; and on the regulatory approval of our current product and a new device under development, the Orion I visual prosthesis (a modified version of the Argus II System), to treat other diseases causing blindness, in the US and other countries, which may never occur.

Our future success depends upon building a commercial operation in the US and expanding growth in Europe as well as entering additional markets to commercialize our Argus II System for both RP and AMD. We believe our expanded growth will depend on the further development, regulatory approval and commercialization of the Orion I product, which we anticipate can be used by nearly all profoundly blind individuals. If we fail to expand the use of the Argus II System in a timely manner for other forms of retinal degeneration in addition to RP, or to develop the Orion I product and penetrate the available markets which those applications are intended to serve, we may not be able to expand our markets or to grow our revenue, our stock values could decline and investors may lose money.

Our revenue from sales of Argus II System is dependent upon the pricing and reimbursement guidelines adopted in each country and if pricing and reimbursement levels are inadequate to achieve profitability our operations will suffer.

Our financial success is dependent on our ability to price our products in a manner acceptable to government and private payers while still maintaining our profit margins. Numerous factors that may be beyond our control may ultimately impact our pricing of Argus II System and determine whether we are able to obtain reimbursement or reimbursement at adequate levels from governmental programs and private insurance. If we are unable to obtain reimbursement or our product is not adequately reimbursed, we will experience reduced sales, our revenues likely will be adversely affected, and we may not become profitable.

Obtaining reimbursement approvals is time consuming, requires substantial management attention, and is expensive. Our business will be materially adversely affected if we do not receive approval for reimbursement of the Argus II System under government programs and from private insurers on a timely or satisfactory basis. Limitations on coverage could also be imposed at the local Medicare Administrative Contractor level or by fiscal intermediaries in the US and by regional, or national funding agencies in Europe. Our business could be materially adversely affected if the Medicare program, local Medicare Administrative Contractors or fiscal intermediaries were to make such a determination and deny, restrict or limit the reimbursement of Argus II System. Similarly in Europe these governmental and other agencies could deny, restrict or limit the reimbursement of Argus II System at the hospital, regional or national level. Our business also could be adversely affected if retinal specialists and the facilities within which they operate are not adequately reimbursed by Medicare and other funding agencies for the cost of the procedure in which they implant the Argus II System on a basis satisfactory to the administering retinal specialists and their facilities. If the local contractors that administer the Medicare program and other funding agencies are slow to reimburse retinal specialists or provider facilities for the Argus II System, the retinal specialists may delay their payments to us, which would adversely affect our working capital requirements. Also if the funding agencies delay reimbursement payments to the hospitals, any increase to their working capital requirements could reduce their willingness to treat blind patients who wish to have our devices implanted. If reimbursement for our products is unavailable, limited in scope or amount, or if pricing is set at unsatisfactory levels, our business will be materially harmed.

Our commercial and financial success depends on the Argus II System being accepted in the market, and if not achieved will result in our not being able to generate revenues to support our operations.

Even if we are able to obtain favorable reimbursement within the markets that we serve, commercial success of our products will depend, among other things, on their acceptance by retinal specialists, ophthalmologists, general practitioners, low vision therapists and mobility experts, hospital purchasing and controlling departments, patients, and other members of the medical community. The degree of market acceptance of any of our product candidates will depend on factors that include:

- cost of treatment,
- pricing and availability of future alternative products,
- the extent of available third-party coverage or reimbursement,
- perceived efficacy of Argus II System relative to other future products and medical solutions, and
- prevalence and severity of adverse side effects associated with treatment.

The activities of competitive medical device companies, or others, may limit Argus II System's revenue.

Our commercial opportunities for Argus II System may be reduced if our competitors develop or market products that are more effective, are better tolerated, receive better reimbursement terms, are more accepted by physicians, have better distribution channels, or are less costly.

Currently, to our knowledge, no other medical devices comparable to the Argus II System have been approved by regulatory agencies, both in the US and Europe, to restore some functional vision in persons who have become blind due to RP. Other visual prosthesis companies such as Retina Implant AG and Pixium Vision, both based in Europe, are developing retinal implant technologies to partially restore some vision in blind patients. Retina Implant has obtained a CE mark for its Alpha IMS product but has not yet sold it to our knowledge, and to our knowledge neither Retina Implant nor Pixium has filed for market approval with the FDA, nor to our knowledge has either company obtained an Investigational Device Exemption to begin the required clinical trials in the US. These competitive therapies if or when developed or brought to market may result in pricing and market access pressure even if Argus II System is otherwise viewed as a preferable therapy.

Many privately and publicly funded universities and other organizations are engaged in research and development of potentially competitive products and therapies, such as stem cell and gene therapies, some of which may target RP and other indications as our product candidates. These organizations include pharmaceutical companies, biotechnology companies, public and private universities, hospital centers, government agencies and research organizations. Our competitors include large and small medical device and biotechnology companies that may have significant access to capital resources, competitive product pipelines, substantial research and development staffs and facilities, and substantial experience in medical device development.

We may face substantial competition in the future and may not be able to keep pace with the rapid technological changes which may result from others discovering, developing or commercializing products before or more successfully than we do.

In general the development and commercialization of new medical devices is highly competitive and is characterized by extensive research and development and rapid technological change. Our customers consider many factors including product reliability, clinical outcomes, product availability, inventory consignment, price and product services provided by the manufacturer. Market share can shift as a result of technological innovation and other business factors. We believe these risk factors are partially mitigated by the Argus II System being the sole product that is currently available for commercial implantation in the US and Europe. Major shifts in industry market share have occurred in connection with product problems, physician advisories and safety alerts, reflecting the importance of product quality in the medical device industry, and any quality problems with our processes, goods and services could harm our reputation for producing high-quality products and would erode our competitive advantage, sales and market share. Our competitors may develop products or other novel technologies that are more effective, safer or less costly than any that we are developing and if those products gain market acceptance our revenue and financial results could be adversely affected.

If we fail to develop new products or enhance existing products, our leadership in the markets we serve could erode, and our business, financial condition and results of operations may be adversely affected.

Risks Related to Our Business and Industry

We have incurred operating losses since inception and may continue to incur losses for the foreseeable future.

We have had a history of operating losses and we expect that operating losses will continue into the near term. Although we have had sales of the Argus II product, these limited sales have not been sufficient to cover our operating expenses. Our ability to generate positive cash flow will also hinge on our ability to correctly price our product to our markets, expand the use of the Argus II System, develop the Orion I visual prosthesis and obtain government and private insurance reimbursement. As of June 30, 2014 we have total stockholders' deficiency of $14,465,567, and an accumulated deficit of $131,442,549. We cannot assure you that we will be profitable even if we successfully commercialize our products. Failure to become and remain profitable may adversely affect the market price of our common stock and our ability to raise capital and continue operations.

We may be unable to continue as a going concern if we do not successfully raise additional capital or if we fail to generate sufficient revenue from operations.

Our independent registered public accounting firm has issued an unqualified opinion with an explanatory paragraph to the effect that there is substantial doubt about our ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result if we do not continue as a going concern. The factors giving rise to this unqualified opinion with an explanatory paragraph could have a material adverse effect on our business, financial condition, results of operations and cash flows. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 to Notes To Consolidated Financial Statements included elsewhere in this prospectus.

Primarily as a result of our limited revenue, history of losses to date and our lack of liquidity, there is substantial uncertainty as to our ability to continue as a going concern. If we are unable to raise additional capital or if we are unable to generate sufficient revenue from our operations, we may not stay in business. We have no committed sources of capital and there is no assurance that additional financing will be available when needed on terms that are acceptable, if at all. These circumstances may discourage some investors from purchasing our stock, lending us money, or from providing alternative forms of financing. The failure to satisfy our capital requirements would adversely affect our business, financial condition, results of operations and prospects. Unless we raise additional funds, either through the sale of equity securities or one or more collaborative arrangements, we will not have sufficient funds to continue operations. Even if we take these actions, they may be insufficient, particularly if our costs are higher than projected or unforeseen expenses arise.

Our business is subject to international economic, political and other risks that could negatively affect our results of operations or financial position.

We derive a significant portion of our revenues from Europe, and we anticipate that revenue from Europe and other countries outside the US will increase. Accordingly, our operations are subject to risks associated with doing business internationally, including

- currency exchange variations,
- extended collection timelines for accounts receivable;
- greater working capital requirements;
- multiple legal Systems and unexpected changes in legal and regulatory requirements;

- the need to ensure compliance with the numerous regulatory and legal requirements applicable to our business in each of these jurisdictions and to maintain an effective compliance program to ensure compliance with these requirements,
- political changes in the foreign governments impacting health policy and trade,
- tariffs, export restrictions, trade barriers and other regulatory or contractual limitations that could impact our ability to sell or develop our products in certain foreign markets,
- trade laws and business practices favoring local competition,
- adverse economic conditions, including the stability and solvency of business financial markets, financial institutions and sovereign nations and the healthcare expenditure of domestic or foreign nations.

The realization of any of these or other risks associated with operating in Europe or other non-U.S. countries could have a material adverse effect on our business, results of operations or financial condition.

We are subject to stringent domestic and foreign medical device regulation and any unfavorable regulatory action may materially and adversely affect our financial condition and business operations.

Our products, development activities and manufacturing processes are subject to extensive and rigorous regulation by numerous government agencies, including the FDA and comparable foreign agencies. To varying degrees, each of these agencies monitors and enforces our compliance with laws and regulations governing the development, testing, manufacturing, labeling, marketing, distribution, and the safety and effectiveness of our medical devices. The process of obtaining marketing approval or clearance from the FDA and comparable foreign bodies for new products, or for enhancements, expansion of the indications or modifications to existing products, could:

- take a significant, indeterminate amount of time,
- require the expenditure of substantial resources,
- involve rigorous pre-clinical and clinical testing, and possibly post-market surveillance,
- involve modifications, repairs or replacements of our products
- require design changes of our products,
- result in limitations on the indicated uses of our products, and
- result in our never being granted the regulatory approval we seek.

Any of these occurrences that we might experience will cause our operations to suffer, harm our competitive standing and result in further losses that adversely affect our financial condition.

We have ongoing responsibilities under FDA and international regulations, both before and after a product is commercially released. For example, we are required to comply with the FDA's Quality System Regulation (QSR), which mandates that manufacturers of medical devices adhere to certain quality assurance requirements pertaining among other things to validation of manufacturing processes, controls for purchasing product components, and documentation practices. As another example, the Medical Device Reporting regulation requires us to provide information to the FDA whenever there is evidence that reasonably suggests that a device may have caused or contributed to a death or serious injury or, that a malfunction occurred which would be likely to cause or contribute to a death or serious injury upon recurrence. Compliance with applicable regulatory requirements is subject to continual review and is monitored rigorously through periodic inspections by the FDA. If the FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our medical devices are ineffective or pose an unreasonable health risk, the FDA could ban such medical devices, detain or seize such medical devices, order a recall, repair, replacement, or refund of such devices, or require us to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA has been increasing its scrutiny of the medical device industry and the government is expected to continue to scrutinize the industry closely with inspections and possibly enforcement actions by the FDA or other agencies. Additionally, the FDA may restrict manufacturing and impose other operating restrictions, enjoin and restrain certain violations of applicable law pertaining to medical devices and assess civil or criminal penalties against our officers, employees, or us. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products. In addition, negative publicity and product liability claims resulting from any adverse regulatory action could have a material adverse effect on our financial condition and results of operations.

The number of preclinical and clinical tests that will be required for regulatory approval varies depending on the disease or condition to be treated, the jurisdiction in which we are seeking approval and the regulations applicable to that particular medical device. Regulatory agencies, including those in the US, Canada, Europe and other countries where medical devices are regulated, can delay, limit or deny approval of a product for many reasons. For example,

- a medical device may not be safe or effective,
- regulatory agencies may interpret data from preclinical and clinical testing differently than we do,
- regulatory agencies may not approve our manufacturing processes,
- regulatory agencies may conclude that our device does not meet quality standards for durability, long-term reliability, biocompatibility, electromagnetic compatibility, electrical safety, and
- regulatory agencies may change their approval policies or adopt new regulations.

The FDA may make requests or suggestions regarding conduct of our clinical trials, resulting in an increased risk of difficulties or delays in obtaining regulatory approval in the US. Any of these occurrences could prove materially harmful to our operations and business.

We are also subject to stringent government regulation in European and other foreign countries, which could delay or prevent our ability to sell our products in those jurisdictions.

We intend to pursue market authorizations for the Argus II System and other product candidates in additional jurisdictions. For us to market our products in Europe and some other international jurisdictions, we and our distributors and agents must obtain required regulatory registrations or approvals. The approval procedure varies among countries and jurisdictions and can involve additional testing and the time and costs required to obtain approval may differ from that required to obtain an approval by the FDA. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or jurisdictions or by the FDA. Violations of foreign laws governing use of medical devices may lead to actions against us by the FDA as well as by foreign authorities. We must also comply with extensive regulations regarding safety, efficacy and quality in those jurisdictions. We may not be able to obtain all the required regulatory registrations or approvals, or we may be required to incur significant costs in obtaining or maintaining any regulatory registrations or approvals we receive. Delays in obtaining any registrations or approvals required for marketing our products, failure to receive these registrations or approvals, or future loss of previously obtained registrations or approvals would limit our ability to sell our products internationally. For example, international regulatory bodies have adopted various regulations governing product standards, packaging requirements, labeling requirements, import restrictions, tariff regulations, duties and tax requirements. These regulations vary from country to country. In order to sell our products in Europe, we must maintain our ISO 13485:2003 certification and CE mark certification, which is an international symbol of quality and compliance with applicable European medical device directives. Failure to maintain the ISO 13485:2003 certification or CE mark certification or other international regulatory approvals would prevent us from selling in some countries in Europe and elsewhere. The failure to obtain these approvals could harm our business materially.

Even if we obtain clearance or approval to sell our products, we are subject to ongoing requirements and inspections that could lead to the restriction, suspension or revocation of our clearance.

We, as well as any potential collaborative partners such as distributors, will be required to adhere to applicable FDA regulations regarding good manufacturing practice, which include testing, control, and documentation requirements. We are subject to similar regulations in foreign countries. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Ongoing compliance with good manufacturing practice and other applicable regulatory requirements is strictly enforced in the United States through periodic inspections by state and federal agencies, including the FDA, and in international jurisdictions by comparable agencies. Failure to comply with these regulatory requirements could result in, among other things, warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure to obtain premarket clearance or premarket approval for devices, withdrawal of approvals previously obtained, and criminal prosecution. The restriction, suspension or revocation of regulatory approvals or any other failure to comply with regulatory requirements would limit our ability to operate and could increase our costs.

The CE marking regulations are subject to a significant effort to strengthen the regulatory regime for medical devices which, if adopted, will make clearance process more time consuming and costly for us to obtain access to and continue to market within the European markets.

We are subject to an annual audit of compliance with the rules necessary to support our CE Mark. In 2012 the European Commission proposed a new regulatory scheme which is likely to come into effect in 2015 or 2016. It is anticipated that that the proposals which are currently being discussed by the Council of the European Union, will impose significant additional obligations on medical device companies. The Council of the European Union expects that these proposals will be adopted by the end of 2014 or early 2015. and if so the new regulations on medical devices would likely become effective by 2016. Devices with a current CE marking may have to comply with additional, more challenging regulatory obligations, the details of which are not yet clarified. We expect changes being made to regulations will include stricter requirements for clinical evidence and pre-market assessment of safety and performance, new classifications to indicate risk levels, requirements for third party testing by government accredited groups for some types of medical devices, and tightened and streamlined quality management system assessment procedures. Additionally we anticipate that the new regulations will require clinical evidence as well as analytical performance levels, the details of which are yet to be provided. If the additional provisions proposed by the European Parliament are adopted, this could lead to the involvement of the European Medicines Agency (EMA) in regulation of some types of medical devices, in the qualification and monitoring of notified bodies (NBs), and enhancing the roles of other bodies, including a new Medical Devices Coordination Group (MDCG). The European Parliament's proposed revisions would impose enhanced competence requirements for NBs and "special notified bodies" (SNBs) for specific categories of devices, such as implantable devices. This could result in stricter conformity assessment procedures. Although the extent of the new regulations is currently uncertain the medical device industry anticipates that there will be significant changes under these initiatives to the regulation of medical devices which will increase the time and costs for obtaining CE marking.

We have no large scale manufacturing experience, which could limit our growth.

Our limited manufacturing experience may not enable us to make products in the volumes that would be necessary for us to achieve a significant amount of commercial sales. Our product involves new and technologically complex materials and processes and we currently experience low yields on our manufacturing process. As we move from making small quantities of our product for clinical trials to larger quantities for commercial distribution, we must develop new manufacturing techniques and processes that allow us to scale production. We may not be able to establish and maintain reliable, efficient, full scale manufacturing at commercially reasonable costs in a timely fashion. Difficulties we encounter in manufacturing scale-up, or our failure to implement and maintain our manufacturing facilities in accordance with good manufacturing practice regulations, international quality standards or other regulatory requirements, could result in a delay or termination of production. To date, our manufacturing activities have largely been to provide units for clinical testing and limited initial sales of the Argus II System. We may face substantial difficulties in establishing and maintaining manufacturing for our products at a larger commercial scale and those difficulties may impact the quality of our products and adversely affect our ability to increase sales.

Materials necessary to manufacture Argus II may not be available on commercially reasonable terms, or at all, which may delay development, manufacturing and commercialization of our products.

We rely on numerous suppliers to provide materials, components and services necessary to produce the Argus II System and next generation product candidates. Certain suppliers are currently sole source because of our low manufacturing volumes and our need for specialty technical or other engineering expertise. Our suppliers may be unable or unwilling to deliver these materials and services to us timely as needed or on commercially reasonable terms. Should this occur, we would seek to qualify alternative suppliers or develop in-house manufacturing capability, but may be unable to do so. Substantial design or manufacturing process modifications and regulatory approval might be required to facilitate or qualify an alternate supplier. Even where we could qualify alternative suppliers the substitution of suppliers may be at a higher cost and cause time delays including delays associated with additional possible FDA review, that impede the commercial production of the Argus II System, reduce gross profit margins and impact our abilities to deliver our products as may be timely required to meet demand.

Any failure or delay in completing clinical trials or studies for new product candidates or next generation of the Argus II System and the expense of those trials could adversely affect our business.

Preclinical studies and clinical trials required to demonstrate the safety and efficacy of incremental changes and obtain indication expansion for the next generation of the Argus II System and for new product candidates are time consuming and expensive. If we are required to conduct additional clinical trials or other studies with respect to any of our product candidates beyond those that we have contemplated, if we are unable to successfully complete our clinical trials or other studies or if the results of these trials or studies are not positive or are only modestly positive, we may be delayed in obtaining marketing approval for those product candidates, we may not be able to obtain marketing approval or we may obtain approval for indications that are not as broad as intended. Our product development costs also will increase if we experience delays in testing or approvals.

The completion of clinical trials for our product candidates could be delayed because of our inability to manufacture or obtain from third-parties materials sufficient for use in preclinical studies and clinical trials; delays in patient enrollment and variability in the number and types of patients available for clinical trials; difficulty in maintaining contact with patients after treatment, resulting in incomplete data; poor effectiveness of product candidates during clinical trials; unforeseen safety issues or side effects; and governmental or regulatory delays and changes in regulatory requirements and guidelines.

If we incur significant delays in our clinical trials, our competitors may be able to bring their products to market before we do which could result in harming our ability to commercialize our products or potential products. If we experience any of these occurrences our business will be materially harmed.

To establish our sales and marketing infrastructure, we will need to grow the size of our organization, and we may experience delays or other difficulties in managing this growth.

As our development and commercialization plans and strategies evolve, we will need to expand the size of our employee base for managerial, operational, sales, marketing, financial and other resources. Future growth would impose significant added responsibilities on members of management, including the need to identify, recruit, maintain, motivate and integrate additional employees. Our management team may have to use a substantial amount of time to managing these growth activities. Our future financial performance and our ability to commercialize the Argus II System and our other product candidates and compete effectively will depend, in part, on our ability timely and effectively to manage any future growth and related costs. We may not be able to effectively manage a rapid pace of growth and timely implement improvements to our management infrastructure and control systems.

We may acquire additional businesses or form strategic alliances in the future, and we may not realize the benefits of such acquisitions or alliances.

We may acquire additional businesses or products, form strategic alliances or create joint ventures with third-parties that we believe will complement or augment our existing business. If we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses if we are unable to successfully integrate them with our existing operations and company culture. We may have difficulty in developing, manufacturing and marketing the products of a newly acquired company that enhances the performance of our combined businesses or product lines to realize value from expected synergies. We cannot assure that, following an acquisition, we will achieve the revenues or specific net income that justifies the acquisition.

If we lose key management personnel, or if we fail to recruit additional highly skilled personnel, our ability to identify, develop and commercialize new or next generation product candidates will be impaired, could result in loss of markets or market share and could make us less competitive.

We are highly dependent upon Robert J. Greenberg M.D., Ph.D., our President and Chief Executive Officer, and are also dependent on other members of our senior management team including Thomas B Miller our Chief Financial Officer. Our executives have significant ophthalmic, regulatory industry, sales and marketing, operational, and/or corporate finance experience. The loss of any management executive or any other principal member of our management team could impair our ability to identify, develop and market new products or effectively deal with regulatory and reimbursement matters.

Our ability to utilize and benefit from our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2013, we had federal and state of California income tax net operating loss carryforwards, which may be applied to future taxable income, of approximately $94,882,000 and $94,491,000, respectively. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until these unused losses expire. However, we may be unable to use these losses to offset taxable income before our unused losses expire at various dates that range from 2023 through 2033. Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss, or NOL, carryforwards to offset its post-change taxable income may be limited. Limitations may also apply to the utilization of other pre-change tax attributes as a result of an ownership change. We have experienced ownership changes in the past. We may experience additional ownership changes in connection with this offering and in the future as a result of shifts in our stock ownership, including shifts in our stock ownership that are outside of our control. As a result, our ability to use our pre-change NOL carryforwards to offset taxable income may be subject to limitations. In addition, there may be periods during which the use of NOL carryforwards is suspended or otherwise limited under state tax law. For these reasons, we may not be able to utilize and benefit from a material portion of our NOL carryforwards and other tax attributes.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We intend to adopt policies for compliance with these anti-bribery laws, which often carry substantial penalties. We cannot assure you that our internal control policies and procedures always will protect us from reckless or other inappropriate acts committed by our affiliates, employees or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

Risks Related to Intellectual Property and Other Legal Matters

If we or our licensors are unable to protect our/their intellectual property, then our financial condition, results of operations and the value of our technology and products could be adversely affected.

Patents and other proprietary rights are essential to our business and our ability to compete effectively with other companies is dependent upon the proprietary nature of our technologies. We also rely upon trade secrets, know-how, continuing technological innovations and licensing opportunities to develop, maintain and strengthen our competitive position. We seek to protect these, in part, through confidentiality agreements with certain employees, consultants and other parties. Our success will depend in part on the ability of our licensors to obtain, maintain (including making periodic filings and payments) and enforce patent protection for their intellectual property, in particular, those patents to which we have secured exclusive rights. Our licensors may not successfully prosecute or continue to prosecute the patent applications which we have licensed. Even if patents are issued in respect of these patent applications, we or our licensors may fail to maintain these patents, may determine not to pursue litigation against entities that are infringing upon these patents, or may pursue such enforcement less aggressively than we ordinarily would. Without adequate protection for the intellectual property that we own or license, other companies might be able to offer substantially identical products for sale, which could unfavorably affect our competitive business position and harm our business prospects.

Even if issued, patents may be challenged, invalidated, or circumvented, which could limit our ability to stop competitors from marketing similar products or limit the length of term of patent protection that we may have for our products.

Litigation or third-party claims of intellectual property infringement or challenges to the validity of our patents would require us to use resources to protect our technology and may prevent or delay our development, regulatory approval or commercialization of improvements in the Argus II System or new product candidates. Further, the validity of some of our patents has been challenged.

Pixium Vision (Pixium) has filed oppositions in the European Patent Office (EPO) challenging the validity of six European patents owned or exclusively licensed by Second Sight. Two of the patents are owned by Johns Hopkins University (JHU) and exclusively licensed to Second Sight. Four of the patents are owned by Second Sight. Second Sight was successful in the opposition division in the two JHU cases. However, at the appeal level one of the JHU patents was preserved and one of JHU patents was invalidated. In the third proceeding Pixium was successful in the opposition division, and we have appealed. In the fourth case we were successful in the opposition division. The last two have not reached a hearing in the opposition division. We have opposed one Pixium patent, which has not reached a hearing in the opposition division. These challenges to our patent portfolio, if successful, may affect our ability to block competitors from utilizing this particular intellectual property, but in our view have no material effect on our ability to make and sell the Argus II System or otherwise have any material effect upon us. Of the six patents contested, two have reached final resolution with no further appeal available within in the EPO. Of the four remaining patents, none apply to our current product. To our current knowledge, none apply to any competitive product. These patents represent possible improvements that we, or a competitor, may wish to use in the future. Remaining at issue are four out of nearly 300 patents we have to protect our technology. These EPO proceedings involving us and Pixium include:

- EP 1061874 *Visual Prosthesis* – upheld by the opposition and appellate divisions. No further appeal is available in the EPO.
- EP 1061996 *Apparatus for Preferential Outer Retinal Stimulation* – upheld by the opposition division, lost in the appellate division. No further appeal is available in the EPO.
- EP 1171188 *Retinal Color Prosthesis for Color Sight Restoration* – successfully opposed in the opposition division, pending before the Board of Appeal.
- EP2219728 Electrode Array for Even Neural Pressure Having Multiple Attachment Points – successfully upheld in the Opposition Division.
- EP1937352 *Sub-threshold Stimulation to Precondition Neurons for Supra-threshold Stimulation* – opposition hearing is scheduled for January 21, 2015 in Munich, Germany.
- EP2192949 – *Return Electrode for a Flexible Circuit Electrode Array - o*pposition and response filed, pending hearing.
- EP1986733 (Pixium) – *Device with Flexible Multilayer System for Contacting or Electro-stimulation of Living Tissue Cells or Nerves* – Opposition and response filed. We have a favorable preliminary opinion and the hearing is set for March 11, 2015 in Munich, Germany. However, there is no assurance that the result following a hearing will be in our favor.

If we are the target of claims by third parties asserting that our products or intellectual property infringe upon the rights of others we may be forced to incur substantial expenses or divert substantial employee resources from our business and, if successful, those claims could result in our having to pay substantial damages or prevent us from developing one or more product candidates. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

If we experience patent infringement claims, or if we elect to avoid potential claims others may be able to assert, we or our collaborators may choose to seek, or be required to seek, a license from the third-party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our collaborators were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations if, as a result of actual or threatened patent infringement claims, we or our collaborators are unable to enter into licenses on acceptable terms. This could harm our business significantly. The cost to us of any litigation or other proceeding, regardless of its merit, even if resolved in our favor, could be substantial. Some of our competitors may be able to bear the costs of such litigation or proceedings more effectively than we can because of their having greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Intellectual property litigation and other proceedings may, regardless of their merit, also absorb significant management time and employee resources.

If we fail to comply with our obligations in the agreements under which we license development or commercialization rights to products or technology from third-parties, we could lose license rights that are important to our business.

We hold exclusive licenses from Johns Hopkins University, Duke University, and the Doheny Eye Institute to intellectual property relating to the Argus II visual prosthesis. These licenses impose various commercialization, milestone payment, profit sharing, insurance and other obligations on us. If we fail to comply with any material obligations, the licensor will have the right to terminate the applicable license, which covers part of the system of the eye implant and thus will be a barrier to manufacture the Argus II System and impair our ability to sell the Argus II. The existing or future patents to which we have rights based on our agreements with Johns Hopkins University, Duke University and the Doheny Eye Institute may be too narrow to prevent third-parties from developing or designing around these patents. Additionally, we may lose our rights to the patents and patent applications we license in the event of a breach or termination of the license agreement. Each license expires with the expiration of the last of the licensed patents. In the case of JHU, the license will expire March 13, 2018. While the JHU agreement includes a patent which is a significant obstacle to our competitors, it is one of many other patents which in our view present material obstacles to our competitors. The DEI license includes ongoing research, making the expiration date indeterminate, but in any event the expiration date is no earlier than August 8, 2033. The total aggregate royalty on both agreements does not exceed 3.25% of Argus II System net sales. All of the patents in the DEI agreement are co-owned with the Doheny Eye Institute. We license the Doheny Eye Institute's interest in the patents to maintain our exclusive use on that intellectual property. Should the license terminate we retain the right to utilize the intellectual property, but may not be able to prevent others from doing so, in which case we may lose a competitive advantage.

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

In addition to patented technology, we rely upon, among other things, unpatented proprietary technology, processes, trade secrets and know-how. Any involuntary disclosure to or misappropriation by third-parties of our confidential or proprietary information could enable competitors to duplicate or surpass our technological achievements, potentially eroding our competitive position in our market. We seek to protect confidential or proprietary information in part by confidentiality agreements with our employees, consultants and third-parties. While we require all of our employees, consultants, advisors and any third-parties who have access to our proprietary know-how, information and technology to enter into confidentiality agreements, we cannot be certain that this know-how, information and technology will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. These agreements may be terminated or breached, and we may not have adequate remedies for any such termination or breach. Furthermore, these agreements may not provide meaningful protection for our trade secrets and know-how in the event of unauthorized use or disclosure. To the extent that any of our staff were previously employed by other pharmaceutical, medical technology or biotechnology companies, those employers may allege violations of trade secrets and other similar claims in relation to their medical device development activities for us.

If we are unable to protect the intellectual property used in our products, others may be able to copy our innovations which may impair our ability to compete effectively in our markets.

The strength of our patents involves complex legal and scientific questions and can be uncertain. As of September 1, 2014 we have 296 issued patents and 173 pending patent applications on a worldwide basis. Our patent applications may be challenged or fail to result in issued patents and our existing or future patents may be too narrow to prevent third-parties from developing or designing around our intellectual property and in that event we may lose competitive advantage and our business may suffer.

Further, the patent applications that we license or have filed may fail to result in issued patents. The claims may need to be amended. Even after amendment, a patent may not issue and in that event we may not obtain the exclusive use of the intellectual property that we seek and may lose competitive advantage which could result in harm to our business.

Third-party claims of intellectual property infringement may prevent or delay our commercialization efforts for Argus II and our development and commercialization activities for other product candidates.

Although we are not currently aware of any litigation or other proceedings or third-party claims of intellectual property infringement related to the Argus II System, the medical device industry is characterized by many litigation cases regarding patents and other intellectual property rights. Other parties may in the future allege that our activities infringe their patents or that we are employing their proprietary technology without authorization. We may not have identified all the patents, patent applications or published literature that affect our business either by blocking our ability to commercialize our product, by preventing the patentability of one or more aspects of our products or those of our licensors or by covering the same or similar technologies that may affect our ability to market our product.

In addition, even in the absence of litigation, we may need to obtain licenses from third-parties to advance our research or allow commercialization of our product candidates, and we have done so from time to time. We may fail to obtain future licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly.

We may become involved in future lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our patents or the patents of our licensors. To counter infringement or unauthorized use, we may file infringement claims, which can be expensive and time consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours or of our licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

The US Patent and Trademark Office may initiate interference proceedings to determine the priority of inventions described in or otherwise affecting our patents and patent applications or those of our collaborators or licensors. An unfavorable outcome could require us to cease using the technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if a prevailing party does not offer us a license on terms that are acceptable to us. Litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distraction of our management and other employees. We may not be able to prevent, alone or with our licensors, misappropriation of our proprietary rights, particularly in countries where the laws may not protect those rights as fully as in the US.

Product liability lawsuits could divert our resources, result in substantial liabilities and reduce the commercial potential of our products.

We face a risk of product liability claims arising from the prosthesis being inserted into the eye, and it is possible that we may be held liable for eye injuries of patients who receive our product. These lawsuits may divert our management from pursuing our business strategy and may be costly to defend. In addition, if we are held liable in any of these lawsuits, we may incur substantial liabilities and may be forced to limit or forego further commercialization of one or more of our products. We maintain product liability insurance that covers our clinical trials and commercial sales, our aggregate coverage limit under these insurance policies for an amount of $5,000,000, and while we believe this amount of insurance currently is sufficient to cover our product liability exposure, these limits may not prove adequate to fully cover potential liabilities. In addition, we may not be able to obtain or maintain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims, which could prevent or inhibit the commercial production and sale of our products. If the use of our products harm or are alleged to harm people, we may be subject to costly and damaging product liability claims that exceed our policy limits and cause us significant losses that could seriously harm our financial condition or reputation.

CE Marking does not absolve us from strict conformity with all applicable European Union legislation and member state regulation where the product is offered and if we do not adhere to these directive and regulations we may incur fines and other penalties that will prevent or delay market penetration of our products.

The CE (European Conformity) marking is a symbol that manufacturers affix to products to indicate that a product conforms to all relevant EU rules and regulations and that the manufacturer has performed all necessary evaluation procedures. Although the CE mark allows manufacturers to place products on the market and permits free movement of goods, it is not a mark of approval by the EU. The manufacturer and its authorized representative in EU are responsible for all aspects of the product assessment, testing, documentation, declaration of conformity and CE marking, even where a formal processing agent, the notified body, is required, as in the case of non-European based manufacturers. In all cases the manufacturer and representative assume the full responsibility and liability even when using the services of a consultant or test laboratory. Liability is not transferrable to third parties, including the notified body which is required for processing the certification. Generally, there is strict liability applied to medical devices subject to the CE marking by directive 85/374/EEC, and testing and reporting does not change or reduce this liability.

Legislative or regulatory reform of the health care system in the US and foreign jurisdictions may adversely impact our business, operations or financial results.

Our industry is highly regulated and changes in law may adversely impact our business, operations or financial results. In March 2010, the Patient Protection and Affordable Care Act, or PPACA, and a related reconciliation bill were signed into law. This legislation changes the current system of healthcare insurance and benefits intended to broaden coverage and control costs. The law also contains provisions that will affect companies in the medical device industry and other healthcare related industries by imposing additional costs and changes to business practices.

Moreover, in some foreign countries, including countries in Europe and Canada, the pricing of approved medical devices is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take 12 months or longer after the receipt of regulatory approval and product launch. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. Our business could be materially harmed if reimbursement of our products is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels.

We cannot predict what healthcare reform initiatives may be adopted in the future. Further federal and state legislative and regulatory developments are likely, and we expect ongoing initiatives in the U.S and Europe. These reforms could have an adverse effect on our ability to obtain timely regulatory approval for new products and on anticipated revenues from the Argus II System and other product candidates, both of which may affect our overall financial condition.

We may incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance requirements.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and NASDAQ, have imposed various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel will be required to devote a substantial amount of time to these new compliance requirements. Moreover, these rules and regulations will substantially increase our legal and financial compliance costs and will make some activities more time consuming and costly. These rules and regulations will make it more difficult and more expensive for us to maintain our existing director and officer liability insurance or to obtain similar coverage from an alternative provider.

We are an "emerging growth company," and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

For so long as we remain an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain exemptions from various requirements that are applicable to public companies that are not "emerging growth companies," including not being required to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may take advantage of these exemptions for so long as we are an "emerging growth company," which could be as long as five years following the completion of this offering. Investors may find our common stock less attractive because we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile or may decline.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards. However, we chose to "opt out" of this extended transition period, and as a result, we intend to comply with new or revised accounting standards on the relevant dates that adoption of those standards may be required for non-emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We will be required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we will be required to furnish a report by our management on our internal control over financial reporting the year following our first annual report required to be filed with the SEC. The report will contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

Risks Relating to Our Financial Results and Need for Financing

Fluctuations in our quarterly operating results and cash flows could adversely affect the price of our common stock.

The revenues we generate and our operating results will be affected by numerous factors such as:

- the commercial success of the Argus II System,
- our ability to obtain regulatory approval of the Argus II System in additional jurisdictions,
- the emergence of products that compete with our product candidates,
- the status of our preclinical and clinical development programs,
- variations in the level of expenses related to our existing product candidates or preclinical and clinical development programs,
- execution of collaborative, licensing or other arrangements, and the timing of payments received or made under those arrangements,
- any intellectual property infringement lawsuits to which we may become a party,
- and regulatory developments affecting our product candidates or those of our competitors, and
- our ability to obtain reimbursement from government or private payers.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Any quarterly fluctuations in our operating results and cash flows may cause the price of our stock to fluctuate substantially. We believe that, in the near term, quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

We will need additional capital beyond this offering to support our growth. Additional capital, may be difficult to obtain restricting our operations and resulting in additional dilution to our stockholders.

Our business will require additional capital for implementation of our long term business plan. Upon completion of this offering, we believe our cash, cash equivalents and other investments will be sufficient to fund our operations over approximately the next 18 to 24 months. However, the actual amount of funds that we will need for our business development will be determined by many factors, some of which are beyond our control, and we may need funds sooner than currently anticipated. These factors include:

- the amount of our future operating losses,
- third party expenses relating to the commercialization of Argus II System,
- the need and cost of conducting additional clinical trials of the Argus II System for other applications,
- the amount of our research and development, including research and development for Orion I visual prosthesis, marketing and general and administrative expenses, and
- regulatory changes and technological developments in our markets.

As we require additional funds, we may seek to fund our operations through the sale of equity securities, additional debt financing and strategic collaboration agreements. We cannot be sure that additional financing from any of these sources will be available when needed or that, if available, the additional financing will be obtained on terms favorable to us or our stockholders. If we raise additional funds by selling shares of our capital stock, the ownership interest of our current stockholders will be diluted. If we are unable to obtain additional funds on a timely basis or on terms favorable to us, we may be required to cease or reduce further commercialization of the Argus II System, to cease or reduce certain research and development projects, to sell some or all of our technology or assets or business units or to merge all or a portion of our business with another entity.

Risks Related to This Offering, the Securities Market, and Ownership of Our Common Stock

The price of our common stock may be volatile and the value of your investment could decline.

Medical technology stocks have historically experienced high levels of volatility. The trading price of our common stock following this offering may fluctuate substantially. Following the completion of this offering, the market price of our common stock may be higher or lower than the price you pay in the offering, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose substantially all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include:

- announcements of new offerings, products, services, therapies, treatments or technologies, commercial relationships, acquisitions or other events by us or our competitors,
- challenges to our patents and the patents underlying the patents and intellectual property that we license,
- United States and European approvals or denials of our products,
- price and volume fluctuations in the overall stock market from time to time,
- significant volatility in the market price and trading volume of technology companies in general,
- fluctuations in the trading volume of our shares or the size of our public float,
- actual or anticipated changes or fluctuations in our results of operations,
- whether our results of operations meet the expectations of securities analysts or investors,
- actual or anticipated changes in the expectations of investors or securities analysts,
- litigation involving us, our industry, or both,
- regulatory developments in the United States, foreign countries, or both,
- general economic conditions and trends,
- major catastrophic events,

- lockup releases, sales of large blocks of our common stock,
- departures of key employees, or
- an adverse impact on the company from any of the other risks cited herein.

In addition, if the market for medical technology stocks or the stock market, in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, results of operations and financial condition.

Sales of substantial amounts of our common stock in the public markets, including sales after the "lock-up" period, or the perception that sales might occur, could reduce the price of our common stock and may dilute your voting power and ownership interest in us.

Sales of a substantial number of shares of our common stock in the public market after this offering, or the perception that these sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Upon completion of this offering, we will have 34,581,442 shares of common stock outstanding. All of the shares of common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our "affiliates" as defined in Rule 144 under the Securities Act.

Subject to certain exceptions described under the caption "Underwriting," our directors, officers and our stockholders beneficially owning 10% or more of our common stock and certain of our consultants have agreed not to offer, sell or agree to sell, directly or indirectly, any shares of common stock without the permission of the underwriter for a period of 12 months from the date of this prospectus. Certain of our executives, other employees and consultants have agreed to similar lock-up agreements for a period of six months from the date of this prospectus. When these lockup periods expire, the locked-up security holders will be able to sell shares in the public market. In addition, the underwriter may, in its sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the applicable lock-up period. See "Shares Eligible for Future Sale" for more information. Sales of a substantial number of such shares upon expiration, or the perception that such sales may occur, or early release of the lock-up, could cause our share price to fall or make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

Holders of up to approximately 22,172,093 shares of our common stock, excluding 700,000 shares of common stock underlying the underwriter's warrant (increasing to 805,000 shares of common stock if the overallotment option is exercised in full), will have rights, subject to some conditions, to require us to file a registration statement covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register the offer and sale of all shares of common stock that we may issue under our equity compensation plans.

Certain of our stockholders have the ability to control the outcome of matters submitted for stockholder approval and may have interests that differ from those of our other stockholders.

As of August 31, 2014 our executive officers, key employees, directors and their affiliates will beneficially own in the aggregate approximately 66.3% of the outstanding shares of our common stock after this offering. As a result, these stockholders, if acting together, may be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions. They may also have interests that differ from yours and may vote in a manner that is adverse to your interests. This concentration of voting power may have the effect of deterring, delaying or impeding actions that could be beneficial to you, including actions that may be supported by our board of directors, and deprive our shareholders of an opportunity to receive a premium for their common stock as part of sale of our company and might ultimately affect the market price of our common stock.

Our securities have no prior market and our stock price may decline after the offering.

Prior to this offering, there has been no public market for shares of our common stock. Although we have applied to list our common stock on the Nasdaq Capital Market, an active public trading market for our common stock may not develop or, if it develops, may not be maintained after this offering. For example, The Nasdaq Stock Market imposes certain securities trading requirements, including requirements related to a minimum bid price, minimum number of stockholders, minimum number of trading market makers, and minimum market value of publicly traded shares. Our company and the underwriter will negotiate to determine the initial public offering price. The initial public offering price may be higher than the trading price of our common stock following this offering. As a result, you could incur losses.

We have broad discretion in the use of proceeds and may allocate the net proceeds from this offering in ways that differ from the estimates discussed in the section titled "Use of Proceeds" with which you may not agree, and if we do not use those proceeds effectively your investment could be harmed.

We intend to use the proceeds of this offering to expand our sales and marketing efforts, enhance our current product, gain new marketing approvals, and continue research into next generation technology, as well as for working capital and general corporate purposes. The allocation of net proceeds of the offering set forth in "Use of Proceeds" in this prospectus below represents our estimates based upon our current plans and assumptions regarding industry and general economic conditions, and our future revenues and expenditures. Our management will have broad discretion over the specific use of the net proceeds that we receive in this offering and may find it necessary or advisable to use portions of the proceeds from this offering for other purposes. Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used are discussed in "Use of Proceeds". You may not have an opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use our proceeds and will need to rely upon the judgment of our management with respect to the use of proceeds. As a result, you and other stockholders may not agree with our decisions. If we do not use the net proceeds that we receive in this offering effectively, our business, results of operations and financial condition could be harmed.

Holders of common stock who purchase shares in this offering, but who do not register and continuously hold shares in their name for two years will lose the Long Term Investor Right and opportunity to receive additional shares from us if those Long Term Investor Rights are triggered.

We are granting each purchaser of shares in this offering the Long Term Investor Right to receive for no additional investment or payment up to one additional share for each share purchased in this offering if the requirements discussed in "Description of Capital Stock – Long Term Investor Right to Receive Additional Shares" have been met including:

- the purchaser registers those shares in its name, either in certificate or book entry form, within 90 days following the closing date of this offering,
- the purchaser continuously holds those shares in its name until the second anniversary date of the closing date of this offering, and
- the price per share of our common stock does not trade at 200% of the offering price or greater for any five consecutive trading days during the two year period after the closing date of this offering.

If the holder of the shares fails timely to register of record and to hold the shares continuously for the two years after the closing date of this offering, or if the price per share of our common stock trades at 200% of the offering price or greater for any five consecutive trading days during the two year period after the closing date of this offering, the Long Term Investor Right will terminate and the holder will lose the opportunity to benefit from receipt of shares if this Long Term Investor Right is triggered

Registering and keeping the shares in holder's name can delay your ability to dispose of the shares and could cause partial or full loss of your investment in the event of a rapid decline in our share price.

Our shares might be susceptible to financial market volatility and other financial and business related risks that can cause the value of our shares to decline drastically within short period of time. If you register and keep your shares in your name there may be a delay your ability to timely dispose of your shares which can lead to partial or full loss of your investment.

Even if the Long Term Investor Right is triggered we will become obligated to deliver additional shares according to a formula limited to no more than one share for each share acquired in this offering which may still lead to partial or substantial loss of your investment.

Even if you have fully qualified your Long Term Investor Right and it is triggered for the delivery of up to one share on the two years anniversary of the closing date of this offering, you cannot be assured that you will recover your investment or avoid incurring a loss when the additional shares under the Long Term Investor Right are delivered to you.

Because the initial public offering price of our common stock will be substantially higher than the pro forma net tangible book value per share of our outstanding common stock following this offering, new investors will experience immediate and substantial dilution.

The initial public offering price of our common stock will be higher than the pro forma net tangible book value per share of our common stock immediately following this offering based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our common stock in this offering, you will experience immediate dilution of $7.88 per share, the difference between the price per share you pay (based on the assumed initial public offering price set forth on the cover page of this prospectus) for our common stock and the pro forma net tangible book value per share of our common stock as of June 30, 2014, after giving effect to the issuance of shares of our common stock in this offering. See “Dilution.”

We do not intend to pay dividends for the foreseeable future and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

Future sales and issuances of our equity securities or rights to purchase our equity securities, including pursuant to our equity incentive plans, would result in dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

To the extent we raise additional capital by issuing equity securities; our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to existing stockholders.

If a public market for our common stock develops, it may be volatile. This volatility may affect the ability of our investors to sell their shares as well as the price at which they sell their shares.

If a market for our common stock develops, the market price for the shares may be significantly affected by factors such as variations in quarterly and yearly operating results, general trends in the medical device industry, and changes in state or federal regulations affecting us and our industry. Furthermore, in recent years the stock market has experienced extreme price and volume fluctuations that are unrelated or disproportionate to the operating performance of the affected companies. Such broad market fluctuations may adversely affect the market price of our common stock, if a market for it develops.

Substantial future sales of shares of our common stock in the public market could cause our stock price to fall.

If our common stockholders (including those persons who may become common stockholders upon exercise of our options or warrants) sell substantial amounts of our common stock, or the public market perceives that stockholders might sell substantial amounts of our common stock, the market price of our common stock could decline significantly. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that our management deems appropriate.

We have the right to issue shares of preferred stock. If we were to issue preferred stock, it is likely to have rights, preferences and privileges that may adversely affect the common stock.

We are authorized to issue 10,000,000 shares of "blank check" preferred stock, with such rights, preferences and privileges as may be determined from time-to-time by our board of directors. Our board of directors is empowered, without stockholder approval, to issue preferred stock in one or more series, and to fix for any series the dividend rights, dissolution or liquidation preferences, redemption prices, conversion rights, voting rights, and other rights, preferences and privileges for the preferred stock. No shares of preferred stock are presently issued and outstanding and we have no immediate plans to issue shares of preferred stock. The issuance of shares of preferred stock, depending on the rights, preferences and privileges attributable to the preferred stock, could adversely reduce the voting rights and powers of the common stock and the portion of our assets allocated for distribution to common stockholders in a liquidation event, and could also result in dilution in the book value per share of the common stock we are offering. The preferred stock could also be utilized, under certain circumstances, as a method for raising additional capital or discouraging, delaying or preventing a change in control of our company, to the detriment of the investors in the common stock offered hereby. We cannot assure you that we will not, under certain circumstances, issue shares of our preferred stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS PROSPECTUS

This prospectus contains forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by looking for words such as "approximates," "believes," "hopes," "expects," "anticipates," "estimates," "projects," "intends," "plans," "would," "should," "could," "may" or other similar expressions in this prospectus. These statements may be found under the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" included in this prospectus, as well as in this prospectus generally. In particular, these include statements relating to future actions, prospective products, applications, customers, technologies, future performance or results of anticipated products, expenses, and financial results. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- our limited cash and a history of losses,
- our future financial and operating results and our ability to achieve profitability,
- our limited experience in marketing our product at a sustainable commercial level and need to expand our domestic and international marketing programs,
- emerging competition and rapidly advancing technology or alternative therapies and treatments for persons suffering from blindness,
- customer demand for the products we develop, effective pricing and obtaining reimbursement under government and private insurance programs,

- our ability to secure additional FDA and CE Mark or other government approvals and certifications for treating AMD or other indications,
- our need to conduct and pay for additional clinical trials to determine efficacy of the Argus II System in treating patients with AMD and for new products that we are planning on developing especially the Orion I product,
- our ability to obtain adequate government and private party insurance reimbursements for our products domestically and in foreign markets,
- the impact of competitive or alternative products, technologies and pricing,
- general economic conditions and events and the impact they may have on us and our potential customers,
- the adequacy of protections afforded to us by the patents that we own and license and the cost to us of maintaining, enforcing and defending those patents and licenses,
- our ability to obtain, expand and maintain patent protection in the future, and to protect our non-patented intellectual property,
- our exposure to and ability to defend third-party claims and challenges to our patents, licenses and other intellectual property rights,
- our ability to obtain adequate financing in the future,
- our ability to continue as a going concern,
- our intentions, expectations and beliefs regarding anticipated growth, market penetration and trends in our business,
- the timing and success of our plan of commercialization,
- the effects of market conditions on our stock price and operating results,
- our ability to timely and effectively adapt our existing technology and have our technology solutions gain market acceptance,
- our plans to use the proceeds from this offering,
- our ability to comply with evolving legal standards and regulations, particularly concerning requirements for being a public company and United States export regulations,
- the attraction and retention of qualified employees and key personnel, and
- other factors discussed in the “Risk Factors” section of this prospectus.

Forward-looking statements are based upon management’s beliefs and assumptions and are made as of the date of this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements included in this prospectus or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. Actual future results may vary materially as a result of various factors, including, without limitation, the risks outlined under the section entitled “Risk Factors” and matters described in this prospectus generally. In light of these risks and uncertainties, we cannot assure you that the forward-looking statements contained in this prospectus will in fact occur.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, on assumptions based on such data and other similar sources, and on our knowledge of the markets for our solution. The market and industry information included in this prospectus involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

BUSINESS

Our Company

We were founded in 1998 with the mission to develop, manufacture, and market implantable prosthetic devices that can restore sight to the blind. In 2002, we began a clinical trial of our proof-of-concept device, the Argus I retinal prosthesis, at the University of Southern California. Six human subjects were implanted with the Argus I retinal prosthesis in a study that was designed to demonstrate the feasibility and safety of long-term electrical stimulation of the retina and its ability to restore some functional vision. By 2006, we developed a second generation device, the Argus II Retinal Prosthesis System that, among other attributes, is smaller, has more stimulating electrodes, and is easier to install surgically than the Argus I retinal prosthesis. In that year, we conducted a small pilot study in Mexico, and we utilized data from this pilot study to obtain FDA approval to begin an Investigational Device Exemption (IDE) clinical trial at six hospitals in the US during 2007. In 2008 we expanded the trial to include sites in three European countries. We completed enrollment for this study in August 2009. Based on the long-term results of this study, which demonstrated the benefits of Argus II System, we obtained CE Mark approval in EU in February 2011, and FDA marketing approval, under a Humanitarian Device Exemption, in February 2013. To our knowledge the Argus II System currently is the only retinal prosthesis to be commercialized anywhere in the world and currently is the only such product to obtain FDA marketing approval in the US.

Currently, after more than 15 years of research and development, more than $120 million of investment and over $29 million of direct grants received in support of our technology development, we employ over 100 people in the development (engineering and clinical), manufacture, and commercialization of the Argus II System and future products.

Our Markets

Second Sight is the global leader in vision restoration to the blind. We believe that our competitive advantage and ability to maintain market share in the future will be bolstered by the following:

- We have extensive IP protection that covers every major aspect of the technology we have developed. We have 296 granted patents and 173 patent applications on a worldwide basis. We believe that our IP and our technical approach, which does not rely on light getting to the implant, will result in a device that can deliver cortical stimulation to the brain which, subject to additional research and development, may result in a device that can treat nearly all forms of blindness.
- We have regulatory leadership in that, to our knowledge, we currently possess the only device that is both FDA approved and CE-marked to restore some functional vision to individuals who are or will become blind as a result of RP.
- We continue to achieve meaningful reimbursement levels for the Argus II System in the US and some European countries. We are currently working to expand the number of countries that reimburse us for the Argus II System.
- We plan to offer periodic software upgrades to enhance our customers’ experience, which arise from our strong engineering, research and clinical programs. We plan to offer the next upgrade in 2016.
- We expect to expand the numbers of eligible blind persons who will benefit from the Argus II System through additional clinical trials, planned to commence in the fourth quarter of 2014, to treat patients blinded by AMD.
- We intend to develop a new device, the Orion I visual prosthesis, within approximately the 24 to 36 months following this offering that we expect may favorably address virtually all other forms of blindness.

During clinical studies the Argus II System demonstrated clear and significant improvement in visual function both in the clinic and in patient's daily lives. Based on these data, the Argus II Retinal Prosthesis System has been approved for marketing in Europe, the US, Turkey, and at one medical center in Saudi Arabia. We have submitted other applications for regulatory approval or product registration in Canada and Saudi Arabia.

The Argus II System is intended to restore some functional vision to patients who are blind and have lost most or all of their vision due to retinitis pigmentosa (which is the approved US indication for use) or due to outer retinal degeneration (which is the broader CE mark indication for use). While there are several diseases and syndromes that comprise outer retinal degeneration, the two most prominent of these are RP and age-related macular degeneration, or AMD. We believe that future product development of the Orion I visual prosthesis will expand the market for our products to include nearly all forms of blindness.

Retinitis Pigmentosa (RP)

RP is a group of inherited disorders that affect the retina. The retina is a layer of nerve cells at the back of the eye. RP is a disease that gradually robs relatively young people of their vision over time. Onset of RP is often noted in the teen years or early twenties, typically as night blindness. This is followed by a period of peripheral vision loss, until the patient is left with a tunnel of vision and then no remaining sight. Although there are various genetic causes (over 100) and thus variability in the disease progression, many people with advanced RP have lost all functional vision by their 40s or 50s. The Argus II System works by bypassing rods and cones which are defunct in these patients and sending electrical signals directly to the retina's remaining healthy cells.

Although there are reported trials for other treatments underway, to our knowledge the Argus II System remains the only approved therapeutic option for end-stage RP in the US, and to our knowledge it is the only treatment option currently commercialized anywhere in the world.

Worldwide, an estimated 1.5 million people suffer from RP[3], which includes about 100,000 in the US[4]. Pan-European data is not readily available, but we believe it is reasonable to estimate that the average prevalence throughout Europe is similar to the average prevalence within the US, and so the ratio of populations could be used to estimate the number of Europeans affected as 167,000 in the 28 EU countries[5,6]. Approximately 25% of people with RP in the US have vision that is 20/200 or worse (legally blind)[7]. Since the bare light perception or worse vision criterion for the US indication is worse than 20/200, we believe that the subset of patients that can be treated by the Argus II System is less than 25,000 in the US. In Europe, the indicated vision loss is severe to profound which, while better than bare light perception, remains somewhat worse than 20/200. We estimate that the subset of RP patients that can be treated in Europe to be somewhat smaller than 42,000. Worldwide, we estimate that 375,000 people are legally blind due to RP, and that a portion of these would be eligible for the Argus II System.

Age Related Macular Degeneration (AMD)

AMD is a relatively common eye condition and the leading cause of vision loss among people age 65 and older[8]. The macula is a small spot near the center of the retina and its damage results in loss of central vision. AMD can start as a blurred area near the center of vision and over time it can grow larger until loss of central vision occurs. Central vision is extremely important for everyday tasks such as reading, writing, and face recognition.

There are three stages of AMD defined in part by the size of drusen (yellow deposits) under the retina. Early and intermediate stage AMD has few symptoms or vision loss. These earlier stages of the disease are usually left untreated or dealt with using diet supplementation. People with advanced AMD have vision loss from damage to the macula. There are two types of late stage AMD:

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[3] Weleber, R.G. and Gregory-Evans, K. (2001) 'Retinitis Pigmentosa and allied disorders.' In Ryan, S.J. (ed.), Retina. Mosby, St. Louis, pp, 362-470.

[4] Foundation Fighting Blindness estimates that about 100,000 Americans are affected by RP or similar diseases.

[5] Eurostat. Retrieved 1 January 2013.

[6] Haim M. Epidemiology of retinitis pigmentosa in Denmark. Acta Ophthalmol Scand Suppl 2002; 1-34.

[7] Grover et al., 'Visual Acuity Impairment in Patients with Retinitis Pigmentosa at Age 45 Years or Older', Ophthalmology. 1999 Sep; 106(9):1780-5.

[8] The Eye Diseases Prevalence Research Group, 2004a; CDC, 2009.

- Dry AMD or geographic atrophy: There is a breakdown of light sensitive cells in the macula that send visual information to the brain, and the supporting tissue beneath the macula. This damage causes vision loss.
- Wet AMD or neovascular AMD: Blood vessels grow underneath the retina, these vessels might leak blood which may lead to swelling and damage of the macula. This damage may be severe and fast.

Treatments for AMD:

- The Implantable Miniature Telescope, a magnifying device that is implanted in the eye, is approved for use in patients with severe to profound vision impairment (best corrected visual acuity of 20/160 to 20/800) due to dry AMD. Candidates for the implantable telescope must also have a cataract in the eye intended for implantation. Some patients who are candidates for the Argus II device may also be candidates for the implantable telescope.
- There are currently no treatments for AMD after the disease has caused complete blindness.
- There are currently no established treatments that delay or reverse the progression of Dry AMD other than supplements.
- Therapies exist for Wet AMD that delay the progression of visual impairment or slightly improve the vision, rather than completely curing or reversing its course. These therapies are approved in many regions throughout the world, including the US and EU.

Worldwide, between 20 and 25 million people suffer from vision loss due to AMD[9], and of these about 2 million have vision that is considered legally blind, or worse[10] . In the US, just over two million people experience vision loss due to AMD according to a 2010 study by the National Eye Institute. Of the 1.3 million legally blind Americans[11], we estimate that 42.5% (552,500) are due to AMD.[12] Applying this percent of legally blind due to AMD (42.5%) to the total number of legally blind people in Europe (2.55 million)[13], we estimate the population of legally blind individuals from AMD to be about 1.08 million individuals in Europe. We believe the Argus II System may be able to help a subset of these legally blind AMD patients who have severe to profound vision loss.

To date, we have not yet implanted any AMD patients with the Argus II device. We are planning to conduct a five subject feasibility study of the use of the Argus II System in patients with dry AMD. This feasibility study will be conducted in the United Kingdom and approval to conduct the study has been obtained from the UK Competent Authority, the Medicines and Healthcare Products Regulatory Agency or MHRA. We expect to enroll the first patient in this study before the end of 2014 and to have all patients in this study enrolled before the end of March 2015. After follow-up data have been collected from these five subjects, we intend to conduct a larger pivotal study, of up to 30 subjects, in the US and Europe to collect safety and efficacy data to support market approval for this expanded indication for use for the Argus II System.

We intend to seek FDA approval in the US for use of the Argus II System for AMD. We also intend to explicitly add AMD to our CE label for the use of the Argus II System in patients with AMD in Europe. Our approach will be to implant the electrode array in the central vision area where patients have vision loss and leave any peripheral vision largely unchanged.

Other diseases resulting in blindness that may be treated by Orion I visual prosthesis

Many diseases outside of RP and AMD can also cause blindness. Many of the largest causes of visual impairment (i.e. refractive error and cataracts) are avoidable or curable, and their prolonged or untreated impact on vision is largely observed in developing nations. Some other causes of blindness, such as brain trauma, may also not be suitable for treatment by a cortical stimulator. However, the remaining causes of severe vision loss which include glaucoma, diabetic retinopathy, eye trauma, retinopathy of prematurity and many others can result in severe visual impairment that may prove to be treatable by an Orion I visual prosthesis.

According to the World Health Organization (WHO)[14], 285 million people suffer from vision loss worldwide. Of these, 39 million people are considered legally blind. The WHO further estimates that 80% of legal blindness is avoidable, leaving 7.8 million legally blind individuals, including those blind due to AMD and RP, or 5.8 million excluding AMD and RP. In the US, 1.3 million people are legally blind[11], of which we estimate 44.3%, or 575,900, are legally blind due to causes other than preventable/treatable conditions, RP or AMD[12].

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[9] Choptar, A., Chakravarthy, U., and Verma, D. ‘Age Related Macular Degeneration’. BJM 2003;326:485.

[10] Global Data on Visual Impairments 2010, World Health Organization.

[11] National Eye Institute (http://www.nei.nih.gov/eyedata/blind.asp)

[12] Congdon N, O'Colmain B, Klaver CC, et al. Causes and prevalence of visual impairment among adults in the United States*Arch Ophthalmol.* Apr 2004;122(4):477-485. This percent was derived from the rates of different causes of blindness by different races and racial demographic data from 2010 US Census data.

[13] Global Data on Visual Impairments 2010, World Health Organization.

[14] WHO Fact Sheet number 282, Updated October 2013.

The potentially addressable market for the Orion I visual prosthesis is a subset of the legally blind population cited here, or less than 5.8 million worldwide, 575,900 in the US, and 1.13 million in Europe.

We intend to use a portion of the proceeds from this offering to support the research and development of the Orion visual prosthesis. Following this offering, we plan to complete the pre-clinical development of the Orion device and currently anticipate conducting our first-in-human study by the end of 2016.

Our Technology

We developed the Argus II System primarily in-house following its clinical conception in the early 1990s by a handful of leading retinal doctors, vision scientists, and engineers, and the subsequent formation of the company in 1998. During this development period we created long term safety, reliability and clinical benefit as we encountered, solved and frequently patented solutions to, a number of significant clinical and engineering challenges. These include:

- Development of an electrode array that can rest on and interface with the delicate retina for multiple years without causing damage to the underlying neurons;
- Miniaturization of the implantable micro-electronics package under the constraints of requiring it to be water tight, durable, biocompatible, and biostable, while featuring over 60 electrical connections;
- Development of a flexible polymer based electrode array that does not break down and leak in-vivo for a period of up to decades as demonstrated by accelerated life tests and over five years of continuous use in patients;
- Development of a biocompatible and stable connection to join the polymer array to the micro-electronics package;
- Development of an electrode material that can withstand higher charge densities than the known best neurostimulation industry standard (platinum) - thereby enabling the use of smaller (and hence more in a given area) stimulating electrodes;
- Development of a wireless power and data link that meets international standards and produces stable device function with a moving eye;
- Development of stimulation and rehabilitation methods that improve patients’ outcomes; and
- MRI conditional status, that is safe for the patients to undergo MRI under specified conditions.

The Argus II Retinal Prosthesis System consists of an implant, a small portable computer and a pair of glasses with a miniature video camera.

Implant

Our implant is an epiretinal (that is, the retinal surface is the site of stimulation) prosthesis that includes a receiver coil (antenna), electronics, and an electrode array. It is implanted in and around the eye. The array has 60 platinum gray electrodes arranged in a 6x10 grid. Each electrode is 200 µm (0.008”) in diameter. The array covers about 20° of visual field (diagonally). The flexible polymer thin-film electrode array, which follows the curvature of the retina, is attached to the retina over the macula with a retinal tack. The extra-ocular portion of the Argus II Implant is secured to the eye by means of a scleral band and sutures.

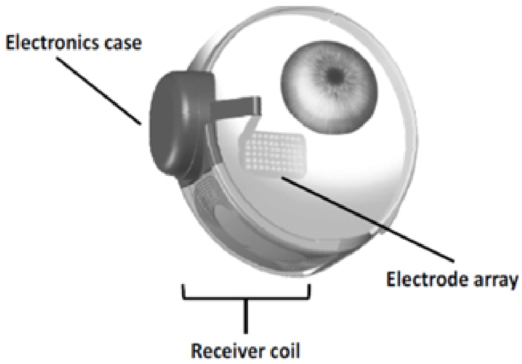

Figure 1: Surgical implant as implanted schematic

(surgical implantation is typically performed in 2 to 4 hours)

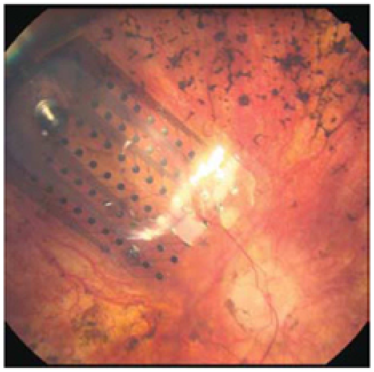

Figure 2: Electrode array. Current version contains 60 platinum gray electrodes

Figure 3: Surgical implant.

Externals

The external equipment consists of a pair of glasses and a video processing unit or VPU. The glasses include a miniature video camera and a transmitter coil. The Argus II Clinician Programming Kit (capital equipment sold to implanting centers – not pictured) is used to program the Argus II System stimulation parameters and video processing strategies for each patient. The software provides modules for electrode control, permitting the clinicians to program the amplitude, pulse-with, and frequency of the stimulation waveform of each electrode.

Figure 4: External Components of the Argus II System

How it works

In a healthy eye, the photoreceptors (rods and cones) on the retina convert light into tiny electrochemical impulses that are sent through the optic nerve and to the brain, where they are decoded into images. If the photoreceptors no longer function correctly (as in RP and AMD), the first step in this process is disrupted and the visual system cannot transform light into images, causing blindness. The Argus II System is designed to bypass damaged photoreceptors altogether and provides real-time visual information to blind patients. The miniature video camera captures a scene and the video is sent to the small VPU where it is processed and transformed into instructions that are sent back to the glasses. These instructions are transmitted wirelessly to the receiver coil in the implant. The signals are then sent to the electrode array, which emits small pulses of electricity. These pulses bypass the damaged photoreceptors and stimulate the retina's remaining cells, which transmit the visual information along the optic nerve to the brain. This process is intended to create the perception of patterns of light which patients can learn to interpret as real-time visual patterns.

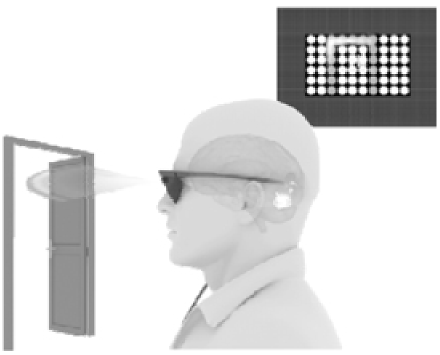

Figure 5: The patient perceives patterns of light created by electrical stimulation.

Long-Term Reliability

The Argus II System has been extensively tested at the component, sub-assembly, and system levels for long term reliability. The hermetic electronics case has been demonstrated to prevent moisture accumulation inside the device for many years. The Argus II implant is specified to last a minimum of five years, however, in vitro tests and actual clinical data suggest the device should last much longer. Production implants have reached more than ten years of lifetime use in accelerated in vitro testing and more than seven years use in real time in patients under active stimulation and normal use conditions.

Our Research and Development

Our research and development staff is focused on improving the level of vision that the Argus II System can provide to blind patients and adapting the technology to help a broader audience of blind individuals. A portion of the proceeds from this offering will go toward supporting the research and development efforts described below.

Increasing Resolution

We believe that increasing the resolution of the system should enhance the user experience; which would increase the value and benefits of the technology to the patient. We believe that we will be able to increase the system resolution by:

- Developing enhanced image processing: Through enhanced image processing, including contrast enhancement and electronic 'zoom', one patient so far tested has achieved 20/200 level vision as measured by a grating acuity test. [15]
- Creating multiple virtual electrodes: we believe we can use software to electronically create a number of virtual electrodes between the physical ones in the Argus II electrode array. This development could potentially enhance the resolution of existing devices by more than one order of magnitude. Although similar approaches have been successful in other neural stimulators, this approach has not yet been tested clinically on the retina.

We expect to spend approximately $4.0 million of the proceeds from this proposed offering over the next twenty-four months on increasing resolution of and other performance enhancing improvements to the Argus II system.

Cortical Stimulator – Orion I

Developing a cortical stimulator is central to our strategy of maintaining our world leadership in restoring sight to those who are blind. There are different diseases that damage the optic nerve or impair the total functioning of the retina. We believe that a cortical stimulator will permit us to bypass the eye and the optic nerve, thereby allowing treatment for a wider variety of disease-related blindness.

Research described in 1968 reported that it was possible for a blind subject to experience light though phosphenes (appearance of light) when the visual cortical region (surface) of the brain was electronically stimulated – just as the Argus II System does in the eye.[16] Functional vision corresponding to visual acuities up to 20/1200 was reported in the early 2000s, and two subjects were reported to have a prototype of a functional prosthesis implanted for more than 20 years without infections or other severe medical reactions.[17] Though these human experiments demonstrated proof of principle, no reliable implantable neurostimulator with a large number of electrodes was available before we developed and introduced the Argus II System.

By implementing relatively minor modifications to the Argus II technology, we believe that the Orion I visual prosthesis can be implanted directly on the surface of the brain in the visual cortex and may be able successfully to restore some functional vision in almost all cases of disease related blindness. Our small electronics case will be implanted under the scalp and the electronic array placed in the visual cortex region of the brain. A transmitter coil similar to the one in current production will send power and signals to the implanted device. We plan to place our electrode array in an indentation in the back of the brain where a location along the surface of the brain maps to a location in our visual world.[18]

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[15] Sahel JA, Mohand-Said S, Stanga PE, Caspi A, Greenberg RJ. Acuboost™: Enhancing the maximum acuity of the Argus II Retinal Prosthesis System. IOVS 2013 May; 1389. ARVO E-Abstract.

[16] Brindley, G.S. and W.S. Lewin, The sensations produced by electrical stimulation of the visual cortex. J Physiology 1968. 196(2): p. 479-93.

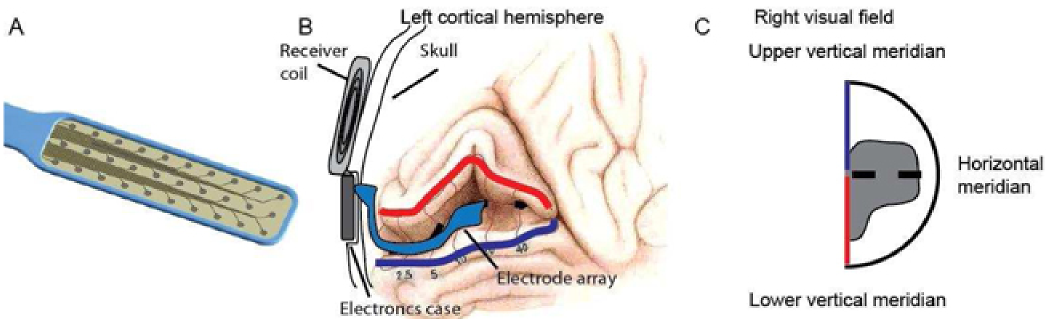
[17] Dobelle WH. Artificial vision for the blind by connecting a television camera to the visual cortex. ASAIO J 2000;46:3-9.

[18] Benson, N.C., et al., The retinotopic organization of striate cortex is well predicted by surface topology. Curr Biol, 2012. 22(21): p. 2081-5.

We expect to spend approximately $5.0 million of the proceeds from this offering on research and development and pre-clinical testing for the Orion I project.

We anticipate that many of the challenges that we encountered and solved in the process of developing the Argus II System are largely the same challenges in developing a product intended for enabling some functional vision through directly stimulating the brain. For example, a robust implant with a large number of electrodes is required for a cortical or retinal visual prosthesis. We believe the knowledge and technology gained in the development of the Argus II System will contribute to accelerating the development of a cortical stimulator directed at treating blindness.

We can also leverage public information learned from other electrical stimulation implants that are FDA-approved for use in the brain such as Medtronic's Activa deep brain stimulator for Parkinson's, Essential Tremor and Dystonia and more recently Neuropace's RNS brain stimulator for epilepsy. Furthermore, we believe that our specific experience obtaining regulatory approval for these types of devices in the United States and other regions will prove to be helpful in our effort to expand and get new products, such as Orion I visual prosthesis, approved throughout the world.



A: Rendering of the array design seen from top. Bottom has similar outline of electrodes. B: Placement of array in the calcarine sulcus. Array is in blue, the electronics capsule in dark gray and the receiver coil in light gray on the outer surface of the skull. C: Covered visual field with planned array in gray.

Clinical Trials

Second Sight completed a pre-market clinical trial of the Argus II System and data from this trial supported both the FDA (US) and CE Mark (EU) approval of device. Second Sight is currently conducting post-market studies of the Argus II System to continue to collect data regarding the long-term safety and benefit of the Argus II System in patients with severe to profound RP/outer retinal degeneration. We are planning two future clinical trials – one to support expanding the indications for use of the Argus II System for Age-Related Macular Degeneration (AMD) in fourth quarter 2014, and the other to conduct a feasibility study of the Orion I visual cortical prosthesis, planned to start in the fourth quarter of 2016.

Pre-market Clinical Trial of the Argus II System for Retinitis Pigmentosa/Outer Retinal Degeneration

The Argus II System, indicated for patients with severe to profound outer retinal degeneration (limited to RP in the United States), was studied in a clinical trial of 30 subjects in the U.S and EU. The study is registered at www.clinicaltrials.gov under study ID NCT00407602. The study began in 2007 and as of May 2014, there were over 160 subject-years in the clinical trial. As part of post-market surveillance, this study is continuing and we intend to follow subjects for a total of ten years each.

Data collected in this trial demonstrated that the Argus II system has a reasonable safety profile for an ophthalmic device that requires vitreoretinal surgery to implant. There were no unexpected adverse events. The most common, serious adverse events were conjunctival erosion/dehiscence, hypotony (low eye pressure), endophthalmitis (infection in the eye), retinal tear or detachment, and re-tacking. It was also demonstrated that the device can be safely removed: one implant, including the retinal tack, was safely explanted to resolve an adverse event, and three retinal tacks were safely removed during elective revision surgeries to reposition arrays. All adverse events were treatable with standard practices utilized by ophthalmologists. In general, these events did not adversely affect performance with the Argus II system.[19] Furthermore, since approval, we have observed a decrease in the rate of adverse events, most likely in our view due to increased surgical experience with the technology.[20]

The Argus II System provides visual information that can range, depending on the patient, from light detection to form detection. A sub-study of Argus II System clinical trial patients demonstrated that 72% of patients could identify closed set letters, and a subgroup of six patients was able to consistently read letters of reduced size, the smallest measuring 0.9 cm (1.7°) at 30 cm and four patients correctly identify unrehearsed two-, three- and four-letter words.[21] Patients are able to use this visual information to perform functional tasks (such as, locating windows and doors, following lines in a cross walk), to allow them to feel more connected with others (for example, seeing when a person approaches them or when someone walks away), and to simply enjoy visual perception again (such as, seeing the changing light levels on a TV, tracking groups of players as they move around the field at an athletic event and being able to locate the moon). For people with bare or no light perception, even limited restoration of vision can make a significant difference in their lives. [22]

In the clinical trial, the Argus II System provided all 30 subjects with benefit as measured by high-contrast visual function tests. The degree of benefit varied from subject to subject. The Argus II System was also able to provide subjects with clinical benefit as measured by objectively-scored functional vision tests. Subjects performed better with the Argus II system ON vs. OFF on orientation and mobility tests (finding a door and following a line) and on functional vision tasks (sorting white, black and grey socks; following an outdoor sidewalk; and determining the direction of a person walking by).[23]

An assessment of Argus II System subjects' functional vision in and around their home by independent, certified low-vision rehabilitation specialists was also performed. The assessment was called the Functional Low-vision Observer Rated Assessment, or FLORA®. In no cases, did the low vision specialists report that the Argus II System had a negative impact on subjects. In 77% of cases, low vision specialists determined that the subject was receiving (or had received at one time) functional vision and/or well-being benefit from the Argus II System.[24] The results from this clinical trial demonstrated that the Argus II System provided benefits for these blind subjects in terms of visual function (how the eye works), functional vision (performance in vision related activities), and well-being. The study also demonstrated that the Argus II System does not pose an unacceptable risk to blind patients with severe to profound RP with bare or no light perception in both eyes. In 2012, after an in depth review of the clinical trial data, a 22 person (19 voting) FDA-convened panel of experts voted unanimously that the benefits of the Argus II System outweighed the risks.[25]

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[19] Sponsor Executive Summary, FDA Ophthalmic Devices Advisory Panel, September 28, 2012. (http://www.fda.gov/AdvisoryCommittees/Calendar/ucm312582.htm)

[20] Humayun MS, da Cruz L, Dagnelie G, Stanga PE, Ho AC, Greenberg RJ, Birch DG, Duncan JL, Sahel JA. An update on the Argus II epiretinal implant. IOVS 2014 May; 5968. ARVO E-Abstract.

[21] da Cruz L, Coley BF, Dorn J, et al. The Argus II epiretinal prosthesis system allows letter and word reading and long-term function in patients with profound vision loss. Br J Ophthalmology 2013;97:632-6.

[22] Sponsor Executive Summary, FDA Ophthalmic Devices Advisory Panel, September 28, 2012.

[23] Sponsor Executive Summary, FDA Ophthalmic Devices Advisory Panel, September 28, 2012.

[24] Sponsor Executive Summary, FDA Ophthalmic Devices Advisory Panel, September 28, 2012.

[25] Sponsor Executive Summary, FDA Ophthalmic Devices Advisory Panel, September 28, 2012.

Post-Market Clinical Trials

Following CE Mark and FDA approval for the Argus II System, Second Sight is conducting two post-market studies of the device (one in EU and one in the US) to collect additional long-term data on the use of the Argus II System in patients with severe to profound outer retinal degeneration (or RP in the United States). Post-market studies are typically conditions of market approval for medical devices.

In the United States, the study is designed to enroll 53 subjects and will follow each subject for five years. Adverse events, visual function, and functional vision data are being collected for all study participants. Enrollment began in February 2014 and two subjects have been enrolled as of June 30, 2014. The study is registered at www.clinicaltrials.gov under study ID NCT01860092.

In Europe, Second Sight is conducting a post-market study that is designed to enroll 45 subjects and will follow each subject for three years. Adverse events, visual function, and functional vision data are being collected for all study participants. Enrollment began in December 2011 and 29 subjects have been enrolled as of June 30, 2014. The study is registered at www.clinicaltrials.gov under study ID NCT01490827.

In France, Second Sight was selected to receive the first "Forfait Innovation" (Innovation Bundle Payment) from the Ministry of Health, which is a special funding for breakthrough procedures to be introduced into clinical practice. As part of this program Second Sight will be conducting a post market study in France which will enroll 18 subjects and follow them for two years.

Future Clinical Trials

AMD

We intend to conduct a pilot study of the Argus II System for use in patients with age-related macular degeneration, or AMD. We expect that Argus II System will be used in its current RP configuration, without any significant modifications. We plan to enroll five subjects in the pilot study who have central vision loss due to dry AMD; the subjects will be followed for three years. The study will be conducted at a single center in the UK. The study is registered at www.clinicaltrials.gov under study ID NCT02227498. We have obtained approval from the UK competent authority to conduct this study and we anticipate that we will enroll the first subject in the study in late 2014.

Assuming the early results from this pilot study are positive, we intend to apply for approval to conduct a larger study of AMD (both wet and dry) in the United States and EU in late 2015. This larger study, which we anticipate will begin in early 2016, will be used to support efforts to obtain regulatory approval to expand the label for the Argus II System to include AMD in its indications for use. The study would also be used to support efforts to obtain reimbursement in the United States and EU for this expanded indication for use.

Cortical Prosthesis

We intends to use a portion of the proceeds of this offering in development of a visual cortical prosthesis which will entail modifying the Argus II System. Following completion of the development effort, including verification and validation of the design, we intend to conduct a feasibility clinical trial to assess the safety and benefit of the device in blind individuals. We expect that this feasibility study will be conducted outside the United States and should begin in 2016.

Our Commercialization Plan

We launched the Argus II System in Italy and Germany in late 2011. We have, since early in 2012, also launched the Argus II System in France, the UK, The Netherlands, Spain and Saudi Arabia. In 2013, the Argus II System received FDA approval, and the product was launched in the US in January of 2014, after receiving a required FCC Grant of Equipment Authorization late in 2013. Since that time an investigator-sponsored study in Toronto, Canada has resulted in two unit sales to that center (Health Canada marketing approval is being sought, but an exemption for the study has been granted). In this early stage of commercialization, we focused on a controlled launch to ensure adequate service to the centers and to integrate new knowledge gained so as to make necessary adjustments to our products and services in the following larger commercial launch. We currently are poised for a broader launch phase, where the treatment will be made available to more patients. We expect to use a portion of the proceeds of this offering over the next 18 months to expand the commercial roll out of the Argus II System.

Our successful commercialization of this technology and therapy is dependent on implementing our sales and marketing strategy, and obtaining reimbursement of the device by payers.

Sales Strategy

During our commercial launch, we are employing a Centers of Excellence sales strategy and deploying the Argus II System at prominent and reputable eye hospitals. We believe this strategy represents an efficient use of our capital after giving consideration to the following factors:

- The size of the RP patient population.
- The complexity of the technology, surgery, and treatment paradigm.
- The cost of selecting, qualifying, training and supporting new centers.

When selecting new sites, we focus on high quality health providers utilizing the following considerations:

- Geographic desirability,
- Facility and Surgeon skill and reputation,
- Access to patients,
- Regulatory pathway, and
- Reimbursement environment from government agencies or contractors and third party insurers.

In the United States and Canada, we currently have 10 centers that are actively implanting and/or recruiting patients to schedule their Argus II retinal prosthesis surgeries. Additionally, we have 14 other centers that have been selected as potential implanting centers and that are somewhere in the process of getting ready to implant their first patients. We expect that of these 14 additional centers, two will be ready to implant in 2014. We intend to continue seeking and recruiting more centers to open additional other active centers in 2015. We anticipate opening other new centers in subsequent years. We believe that we will be able to serve the domestic RP market by having about 70-80 implanting centers across the US.

In Europe and the Middle East, we currently have 10 centers that actively are implanting and/or recruiting patients to schedule their Argus II retinal prosthesis surgeries (six in Germany, three in France and one in Saudi Arabia). Additionally, we have 15 other centers that are either preparing to implant patients or are in the qualification process. Of these 15, we expect that about five additional centers will become active in 2014. We intend to continue recruiting additional centers in 2014 to yield further active centers in 2015. We anticipate that annual new center recruitment, in subsequent years will prove to be an important driver of our implant and revenue growth in foreign markets. We believe that we will be able to serve the European markets for RP by having about 100-120 centers across Europe.

To date, we have employed direct sales to service our initial markets during our controlled launch phase. We believe we can more efficiently support centers that are located at distances from our US and European headquarters by securing distributors in several key markets in order to expand our reach of client marketing and support. To date, we have appointed a distributor in Spain and a distributor in Turkey. We expect that our distributors will commit to providing support services that include marketing, market access, reimbursement, sales and service and also commit to annual minimum quantities and volume targets depending on their territories.

To date, we have not faced traditional sales challenges in any of our markets, largely due to the currently unmet clinical need and the lack of any other approved device or competitive treatment for RP caused blindness. Due to pending reimbursement approvals in the United States, many doctors and facilities have expressed interest in providing the Argus II System for their patients but have been unable to do so. We have had unsolicited direct contact from over 1,700 potential patients as a result of media coverage and news of awards that we have received. We have not expended additional significant efforts in recruiting or converting physicians, or with recruiting potential patients. Our patient pipeline has over 50 US patients deemed currently eligible by implanting physicians and awaiting reimbursement authorization to be implanted. No assurance can be provided that all these reimbursement authorizations will be received or when these patients might be implanted. Please see 'Reimbursement' below.

Due to the high cost of the system, government reimbursement (coding, coverage, and payment) is paramount to being able to provide this device to our patients. Please see 'Reimbursement' below. Our primary challenges will be to maintain a growing patient pipeline while expanding reimbursement coverage.

Marketing Strategy

To date, and for the foreseeable future, our marketing efforts have been primarily focused on promoting both our brand (for both the product and the company) and on raising awareness amongst and educating certain target groups which include the following:

- Potential patients,
- Potential implanting physicians and medical centers, and
- Potential referring physicians (general practitioners, ophthalmologists, optometrists, and low-vision specialists)

To achieve these objectives we have employed a mix of marketing plans and approaches which includes media relations, trade and professional show attendance, exhibition, and podium presence, sponsoring medical symposia, conducting regional education sessions, partnering with patient advocacy groups focused on blindness and retinal degeneration, and a limited amount of advertising. We employ two in-house marketing professionals currently and a number of specialized consultants.

In the US and abroad, we receive press coverage and we regularly field requests for interviews, filming, and other reporting activities both in consumer and trade media. In the US, the Argus II System has been featured on all four major networks, including ABC World News Tonight with Diane Sawyer, Good Morning America, and The Today Show. Second Sight and Argus II have also been prominently featured in print media including, TIME Magazine, The Wall Street Journal, Bloomberg Businessweek, and many other media outlets. In Europe, the Times of London, the BBC, and the Economist have published articles on us and on the Argus II System.

Articles and other press coverage on the Argus II System have appeared in many prominent ophthalmic and healthcare trade media, including Retinal Physician, OSN, Ophthalmology Times, Retina Today, Retina Times, Advanced Ocular Care, Review of Ophthalmology, Medical Device Daily and Medical Devices Today,

As a result of our marketing efforts along with what we believe to be the compelling and novel nature of our technology as well as the clinical and practical benefits that the Argus II System retinal prostheses has delivered to patients, Second Sight has received various awards within the past two years including:

- TIME: Best Inventions of 2013,
- CNN: The CNN 10: Inventions of 2013,
- Medical Device and Diagnostics Industry (MD+DI): 2013 Medical Device Manufacturer of the Year,
- Popular Science: 2013 Innovation of the Year,
- Inc.: The 25 Most Audacious Companies 2013,
- Foundation Fighting Blindness: Visionary Award – Dr. Robert Greenberg,
- Ophthalmology Innovation Summit: Eye on Innovation Award,
- Cleveland Clinic: Top Medical Innovation of 2014,
- World Economic Forum: Technology Pioneer 2014,
- Edison Awards: 2014 Gold Winner – Science/Medical Category – Assistive Devices, and
- MIT Technology Review: The 50 Smartest Companies for 2014.

Reimbursement

Reimbursement, which is third party coverage and payment for health care services rendered to patients by government and private insurance providers, varies significantly in form and function across countries.

United States

In the US, hospitals or ambulatory surgery centers, known as ASCs, are the primary purchasers of the Argus II system. Hospitals, ASCs and physicians bill third-party payers, including Medicare, Medicare Advantage and private payers for costs associated with providing the services and the Argus II System. Regardless of age, Medicare provides coverage to the blind simply on the basis of their disability, and so the majority of patients for Argus II System are insured by Medicare or Medicare Advantage plans.

In order to have adequate reimbursement for devices and services, we are required to obtain coding, coverage, and payment. Additionally, the required codes and payment vary based on the site of service such as in-patient hospital, out-patient hospital, ASC, or physician's office. Most Argus II System procedures are performed on an out-patient basis, while a small number may be performed in an in-patient setting. The company has successfully obtained required codes and payment (for both the procedure and device) from the national office of Medicare in both settings of care.

Reimbursement in the U.S. consists of three basic components: "coding, coverage and payment."

Coding

Providers use systems of codes to communicate with the payer the patient conditions and diagnoses, services provided, procedures performed, and devices used to treat the patient. These codes include American Medical Associarion Current Procedural Terminology (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes, and International Classification of Diseases-9th Revision (ICD-9) codes.

Second Sight has successfully obtained the required coding from Centers for Medicare and Medicaid Services (CMS) and CPT, including:

- CPT code for the retinal implantation procedure (CPT 0100T), which is utilized by physicians, hospital outpatient departments and ambulatory surgery centers;
- HCPCS Code specific to the Argus II retinal prosthesis implant device (and external components) (HCPCS code C1841) which is utilized by hospital outpatient departments and ambulatory surgery centers; and
- ICD-9 procedure code for the retinal implantation procedure (ICD-9 code 14.81), which is utilized by hospital inpatient departments.

Payment

CMS has established specific Medicare payment rates for the implantation procedure in the hospital inpatient setting, hospital outpatient setting and ambulatory surgery center setting. In addition, Second Sight has been successful in obtaining additional transitional pass-through payment for the Argus II retinal prosthesis device (and external components) which is reimbursed to the hospital outpatient department or ambulatory surgery center. While the majority of these procedures are likely to be performed in a hospital outpatient setting, Second Sight has also obtained new technology add-on payment which provides additional reimbursement if the procedure is performed on an inpatient basis. We expect that specific physician payment rates will be established when CPT 0100T is formally valued by the American Medical Association. Until that time, reimbursement to physicians is based on charges submitted to the payer.

Coverage

Coverage is the process, criteria, and policy used by payers (insurers) to determine whether to pay for a medical procedure or product. Payers make decisions on coverage for a procedure or service based on a number of factors, including medical necessity, effectiveness, and outcomes. We anticipate that the majority of patients receiving the Argus II retinal prosthesis will be covered by Medicare due to age or the nature of their disability. Medicare provides coverage to over 47 million beneficiaries for items and services that are "reasonable and necessary for the diagnosis or treatment of an illness or to improve the functioning of a malformed body member"1. These beneficiaries include people age 65 or older, people under age 65 with certain disabilities and people of all ages with end-stage renal disease.

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[1] Social Security Act §1862 (a)

Currently one regional Medicare Administrative Contractor, or MAC, in the Mid-Atlantic region provides coverage for the Argus II system. We are actively working with other MACs and Medicare Advantage Plans to obtain favorable coverage. Several commercial payers and Medicare Advantage Plans cover the Argus II either through formal policy or on a case-by-case basis, including Health Net, Independence Blue Cross, AmeriHealth, Priority Health Medicare Advantage, BCBSS of Arkansas, AV Med, Medica, among others. Second Sight is actively engaging the dissenting plans to obtain favorable coverage for the Argus II System through either a formal coverage policy or on a case-by-case basis. Although we expect an increasing number of payers to agree to cover the Argus II System, there can be no assurance that all other MACs, Medicare Advantage Plans or private payers will cover and reimburse our product and the procedures to implant them in whole or in part in the future or that payment rates will be adequate.

Europe

After obtaining the regulatory approval (CE mark) in Europe, innovative medical devices go through a fragmented public reimbursement system across Europe. Many European countries use a Diagnosis Related Group, DRG, or similar type reimbursement coding system for the lump sum payment of in-patient medical procedures. Medical devices are generally included in the lump sum DRG payment. To apply for the creation of a new reimbursement code a new medical device first needs to be in widespread use as part of a hospital medical procedure. Typically it may require two or more years from application to obtain a new DRG code. A common way for these medical devices to be made available in the public healthcare setting, is through hospital research/ innovation budgets/other routes. However, these budgets are small in size, limited to a few hospitals, and quite difficult to access, thereby limiting patient access to new treatments. To address this problem, many countries in Europe have created temporary reimbursement programs for innovative medical products to bridge the time to collect convincing clinical and economic evidence to get a new DRG code. While these programs offer a reasonable opportunity for new medical products to get faster reimbursement, they have stringent requirements of clinical and economic evidence that may vary from country to country, leading to slow adoption rates of reimbursement approvals. Such short-term reimbursement programs, such as “NUB” in Germany, “Forfait Innovation” in France, Local/Regional funding in Italy and “Coverage through Evaluation” in England, can be generally grouped as “coverage with evidence” programs.

Second Sight achieved reimbursement for the Argus II System in Germany in 2011 with a process dedicated to innovative procedures referred to as NUB (Neue Untersuchung und Behandlungsmethoden). This reimbursement under NUB is valid for one year in a specific number of hospitals. Under the NUB program, each hospital negotiates the payment for the procedure with the insurance companies for "additional costs associated with the innovative treatment", and in 2011 two hospitals managed to get a sustainable funding to start the first procedures. Between 2011 and 2014 the funding was renewed four times and the number of hospitals obtaining funding increased from two to seven. Over the next few years we expect our Argus II therapy to be covered under the standard payment system which would mean the device would be reimbursed at all centers and the annual negotiation would no longer be necessary.

In France, we were selected to receive the first "Forfait Innovation" (Innovation Bundle Payment) from the Ministry of Health, which is a special funding for breakthrough procedures to be introduced into clinical practice. France commissioned this program for the first time in 2014, and to our knowledge the Argus II System is one of only two products that were selected for this funding after rigorous healthcare technology assessment by "haute authorité de santé" (French Health Technology Assessment authority). In the longer term, we expect Argus II therapy to be covered under the standard payment system (GHM-LPP system).

In Italy the Argus II System has been available in the Tuscany region since 2011 under a hospital/regional funding program. We expect that the Argus II System will be available in several other regions as well under similar funding programs and patients across the country will have a possibility to be treated in these centers with prior government approvals required in some of these regions. Within the next several years, we expect to have the Argus II System be accessible across Italy with funding from national government or regional governments.

The Argus II System is going through a review process under National Specialized Services program in England and other funding programs in a few other markets across EU and the Middle East where we expect the Argus II System to become eligible for reimbursement at the national or regional level for eligible patients during next one to three years. We expect the number of markets granting reimbursement to grow from two to four in the next 12 months.

A multi-market economic evaluation (Anil Vaidya, Elio Borgonovi, Rod S Taylor, José-Alain Sahel, Stanislao Rizzo, Paulo Eduardo Stanga, Amit Kukreja, Peter Walter; BMC Ophthalmology 2014; 14: 49. Published online 2014 April 14. doi: 10.1186/1471-2415-14-49) has been conducted on the Argus II System that affirms the Argus II System to be a cost-effective intervention compared to the usual care of RP patients. The lifetime analysis ICER (Incremental Cost Effectiveness Ratio) for the Argus II System falls below the published societal willingness to pay in EU. According to this assessment, the Argus II System treatment has a cost that is still fairly low for a technology addressing a rare population such as retinitis pigmentosa.

Warranty

We generally provide a standard limited warranty for the Argus II System covering replacement over the following periods after implant

- three years on implanted epiretinal prosthesis,
- one or two years (depending on domestic or foreign market requirements) on external components other than batteries and chargers, and
- three months on batteries and chargers.

Based on our experience to date, the Argus II System has proven to be a reliable device generally performing as intended. We have accrued warranty expense of $257,377 as of June 30, 2014, which we believe to be adequate.

Our Competition

The US life sciences industry is highly competitive and well-positioned for future growth. The treatment of blindness varies based on the cause; generally there are six categories of treatments in development for the treatment of blindness from retinal disease:

- Retinal Prostheses: aimed at giving more visual ability to a blind patient via implanting a device in the eye to stimulate remaining retina cells. Electrical neurostimulation technology has seen growing use in recent years for numerous applications– such as chronic pain, Parkinson’s, Essential tremor, Epilepsy, and others.
- Transplants: transplanting retinal tissue to stimulate remaining retina cells.
- Genetics and Gene Therapy: involves identifying a specific gene that is causing retinal problems (there are over 120 for retinitis pigmentosa alone) resulting in visual impairments and blindness; and inserting healthy genes into an individual’s cells using a virus to treat the diseases.
- Stem Cells: generally involves implanting immature retinal support cells aimed at slowing retinal degeneration.
- Optogenetics Therapy: aimed at slowing down, reversing, and/or eliminating the process by which photoreceptors in the eye are compromised. This therapy also requires infecting the patient’s cells with a virus. However, instead of fixing a gene defect, this approach would cause cells within the eye to become light sensitive. Animal work has shown that these cells are not sensitive enough to respond to ambient light, so this approach currently also requires a light amplifier outside the body to increase light delivered to the retina.
- Nutritional Therapy: involves diets or supplements that are thought to prevent or slow the progress of vision loss.

Projects in these six areas are still undergoing either animal or early clinical trials; some, like gene therapy, stem cell therapy and optogenetics remain highly speculative for most conditions. Additionally, we believe that it is currently unlikely that gene therapy and stem cell therapy will prove effective in end stage RP patients.

In the area of retinal prosthetics, there are a number of potentially competing efforts underway. We believe that most, if not all of these efforts, are not as advanced as the Argus II System in terms of commercialization, especially in the United States.

Commercial efforts by others include:

- Retina Implant AG: A German company that is developing the Alpha IMS, a wireless sub-retinal implant using the image from the eye's own optical system Retina Implant AG has a CE mark and to our knowledge expects to start commercialization of its product during 2015 in EU. To our knowledge, Retina Implant has not yet applied for or obtained FDA approval to begin a clinical trial.
- Pixium Vision: A French company that is developing the IRIS (Intelligent Retinal Implant System) that is surgically placed into the eye and attached to the surface of the retina. Similar to our Argus II technology, its system uses a camera and a wireless transmitter. Pixium is reported to be in clinical studies with IRIS and we believe plans to submit a CE mark application in 2015[26]. To our knowledge, Pixium Vision has not yet applied for or obtained FDA approval to begin a clinical trial.
- NanoRetina in Israel and several other early stage companies are reported to have developed intellectual property or technology that may improve retinal prostheses in the future, but to our knowledge none of these efforts has resulted in a completed system that has been tested clinically in patients anywhere.

Academic entities are also working on vision restoring implants. To our knowledge these include Bionic Vision Australia (early prototype device developed and to our knowledge implanted in three human subjects), Boston Retinal Implant project (preclinical phase) and Stanford University (preclinical). Of these projects, we believe most have not yet demonstrated a working implant, only one has begun long-term clinical work in humans, and to our knowledge none has received FDA approval to begin clinical trials in the US.

No other device to our knowledge has been successful in long-term human trials, currently making the Argus II System the sole implant being marketed for treating RP in the US, EU, and Saudi Arabia. We anticipate that our identified competitors are unlikely to obtain significant commercial traction in EU (even should they obtain CE Marks) until they have developed in depth clinical data showing the reliability, effectiveness, and safety of their devices. Based on current FDA guidance for retinal prostheses, we estimate any other competitor is at a minimum five years away from obtaining FDA approval in the US.

Government Regulations

The Argus II System is regulated within the category of medical devices. Medical device products are subject to rigorous FDA and other governmental agency regulations in the United States and as well as in foreign countries. Noncompliance with applicable requirements can result in import detentions, fines, civil penalties, injunctions, suspensions or losses of regulatory approvals or clearances, recall or seizure of products, operating restrictions, denial of export applications, governmental prohibitions on entering into supply contracts, and criminal prosecution. Failure to obtain regulatory approvals or the restriction, suspension or revocation of regulatory approvals or clearances, as well as any other failure to comply with regulatory requirements, would have a material adverse effect on our business, financial condition and results of operations.

The FDA regulates, among other things, the clinical testing, design, manufacture, labeling, packaging, marketing, distribution, post-market surveillance, and record-keeping for these products to ensure that medical products distributed in the United States are safe and effective for their intended uses.

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[26] http://www.lerevenu.com/bourse/biotechs-et-medtechs/l-actualite-du-secteur/201405285385f194c6854/pixium-vision-interview-du-pdg-bernard-gilly

In the United States, the Argus II System is classified as a Class III device, which is reserved for life-sustaining, life-supporting and implantable devices. The most common path to market approval for Class III devices in the US is the Pre-Market Approval (PMA) process. To obtain PMA approval, the manufacturer must demonstrate that a device is safe and effective for its intended use. Class III devices intended for rare patient populations may also be approved under an alternative regulatory pathway, called the Humanitarian Device Exemption (HDE). To utilize the HDE approval process, a device must be designated a Humanitarian Use Device (HUD). To qualify as a humanitarian use device, the device must be used to treat or diagnose a disease or condition that manifests itself in fewer than 4,000 individuals per year in the United States, and there must be no alternative treatments available in the United States. To obtain HDE approval, the manufacturer is required to demonstrate that a device is safe and provides a probable benefit for its intended use.

Significant changes to existing products and new products, such as the cortical stimulation to be utilized by Orion I visual prosthesis, must be approved by the FDA prior to distribution. Modifications or enhancements that could significantly affect the safety or effectiveness of the device or that constitute a major change to the intended use of the device will require new PMA or HDE application and approval. Other changes may require a supplement or other change notification that must be reviewed and approved by the FDA. Modified devices for which a new PMA or HDE application, supplement or notification is required cannot be distributed until the application is approved by the FDA. An adverse determination or a request for additional information could delay the market introduction of new products, such as Orion I visual prosthesis, which could have a material adverse effect on our business, financial condition and results of operations. We may not be able to obtain PMA or HDE approval in a timely manner, if at all, for Orion I visual prosthesis or any future devices or modifications to Orion I visual prosthesis or such devices for which we may submit a PMA or HDE application.

PMA and HDE applications must contain valid scientific evidence to support the safety and effectiveness (or probable benefit for an HDE) of the device, which includes the results of clinical trials, all relevant bench tests, and laboratory and animal studies. The application must also contain a complete description of the device and its components, as well as a detailed description of the methods, facilities and controls used for its manufacture, including, where appropriate, the method of sterilization and its assurance. In addition, the application must include proposed labeling, advertising literature and any required training methods.

If human clinical trials of a device are required in connection with an application and the device presents a significant risk, the sponsor of the trial is required to file an application for an Investigational Device Exemption (IDE) before beginning human clinical trials. Usually, the manufacturer or distributor of the device is the sponsor of the trial. The IDE application must be supported by data, typically including the results of animal and laboratory testing, and a description of how the device will be manufactured. If the application is reviewed and approved by the FDA and one or more appropriate Institutional Review Boards (IRBs), human clinical trials may begin at a specified number of investigational sites with a specified number of patients. If the device presents a non-significant risk to the patient, a sponsor may begin clinical trials after obtaining approval for the study by one or more appropriate institutional review boards, but FDA approval for the commencement of the study is not required. Sponsors of clinical trials are permitted to sell those devices distributed in the course of the study if the compensation received does not exceed the costs of manufacture, research, development and handling. A supplement for an Investigational Device Exemption must be submitted to and approved by the FDA before a sponsor or an investigator may make a significant change to the investigational plan that may affect the plan’s scientific soundness or the rights, safety or welfare of human subjects.

Upon receipt of a PMA or HDE application, the FDA makes a threshold determination as to whether the application is sufficiently complete to permit a substantive review. If the FDA makes this determination, it will accept the application for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the application. An FDA review of a PMA application generally takes one to two years from the date the application is accepted for filing; review of an HDE application can be shorter than a PMA. However, this review period is often significantly extended by requests for more information or clarification of information already provided in the submission. During the review period, the submission may be sent to an FDA-selected scientific advisory panel composed of physicians and scientists with expertise in the particular field. The FDA scientific advisory panel issues a recommendation to the FDA that may include conditions for approval. The FDA is not bound by the recommendations of the advisory panel. Toward the end of the PMA or HDE application review process, the FDA will conduct an inspection of the manufacturer’s facilities to ensure that the facilities are in compliance with applicable good manufacturing practice. If the FDA evaluations of both the PMA/HDE application and the manufacturing facilities are favorable, the FDA will issue a letter. This letter usually contains a number of conditions, which must be met in order to secure final approval of the application. When those conditions have been fulfilled to the satisfaction of the FDA, the agency will issue an approval letter authorizing commercial marketing of the device for specified indications and intended uses.

The PMA/HDE application review process can be expensive, uncertain and lengthy. A number of devices for which PMA/HDE approval has been sought have never been approved for marketing. The FDA may also determine that additional clinical trials are necessary, in which case the approval may be significantly delayed while trials are conducted and data is submitted in an amendment to the PMA/HDE application. Modifications to the design, labeling or manufacturing process of a device that has received PMA/HDE approval may require the FDA to approve supplements or new applications. Supplements to a PMA/HDE application often require the submission of additional information of the same type required for an initial premarket approval, to support the proposed change from the product covered by the original application. The FDA generally does not call for an advisory panel review for PMA/HDE supplements, though applicants may request one. If any PMAs/HDEs are required for our products, we may not be able to meet the FDA's requirements or we may not receive any necessary approvals. Failure to comply with regulatory requirements or to receive any necessary approvals would have a material adverse effect on our business, financial condition and results of operations.

Regulatory approvals, if granted, may include significant labeling limitations and limitations on the indicated uses for which the product may be marketed. Conditions of approval for a PMA/HDE application also often include the requirement to conduct a post-market study or studies. In addition, to obtain regulatory approvals and clearances, the FDA and some foreign regulatory authorities impose numerous other requirements with which medical device manufacturers must comply. FDA enforcement policy strictly prohibits the marketing of approved medical devices for unapproved uses. Any products we manufacture or distribute under FDA clearances or approvals are subject to pervasive and continuing regulation by the FDA. The FDA also requires us to provide it with information on death and serious injuries alleged to have been associated with the use of our products, as well as any malfunctions that would likely cause or contribute to death or serious injury.

The FDA requires us to register as a medical device manufacturer and list our products. We are also subject to inspections by the FDA to confirm compliance with good manufacturing practice. These regulations require that we manufacture our products and maintain documents in a prescribed manner with respect to manufacturing, testing, quality assurance and quality control activities.

We are also subject to a variety of other controls that affect our business. Labeling and promotional activities are subject to scrutiny by the FDA and, in some instances, by the Federal Trade Commission. The FDA actively enforces regulations prohibiting marketing of products for unapproved users. We are also subject, as are our products, to a variety of state and local laws and regulations in those states and localities where our products are or will be marketed. Any applicable state or local regulations may hinder our ability to market our products in those regions. Manufacturers are also subject to numerous federal, state and local laws relating to matters such as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. We may be required to incur significant costs to comply with these laws and regulations now or in the future. These laws or regulations may have a material adverse effect on our ability to do business.

International sales of our products are subject to the regulatory requirements of each country in which we market our products. The regulatory review process varies from country to country. In EU, the European Union has promulgated rules that require medical products to affix the CE mark, an international symbol of adherence to quality assurance standards and compliance with applicable European medical directives. Once the CE mark has been duly applied to a device, the manufacturer may commercially distribute the product in all countries that are members of the European Union, and in several other countries that recognize the CE Mark, such as Switzerland and Turkey. Similar to the US, once the device has received the CE mark, companies are required to report certain serious adverse events, are required to conduct post-market surveillance, and in some countries are required to register or list the products.

To obtain the CE Mark for the Argus II System, we were required to demonstrate compliance with several European directives and standards, including the Active Implantable Medical Device Directive (AIMDD), and ISO 13485:2003 (“Medical devices, Quality management systems, and Requirements for regulatory purposes”). Second Sight contracts with a European Notified Body, an organization that reviews design documentation for our device and audits us annually to ensure compliance to the AIMDD directive and the ISO 13485 standard. In addition, significant changes to our device design, and new devices or new indications for existing products, would need to be reviewed and approved by the Notified Body, prior to allowing us to apply the CE mark to the new product. Losing the right to affix the CE mark to our Argus II device or any future products could have a material adverse effect on our business, financial condition and results of operations.

In EU, replacement of the existing Medical Device Directive and Active Implantable Medical Device Directive with new regulations have been proposed and are under review by governing bodies in EU. Two of the proposed changes that could have a significant impact on the review of Second Sight’s products by European Union regulators include: (1) requiring review of applications for certain high risk devices by an outside committee, which is in addition to review by the Notified Body; and (2) increasing the requirements for clinical data that are used to support an application. If the proposed changes are adopted into law, this could increase the cost and time required to obtain approval for our products in EU.

We will be responsible for obtaining and maintaining regulatory approvals for our products. The inability or failure to comply with the varying regulations or the imposition of new regulations would materially adversely affect our business, financial condition and results of operations.

Our Intellectual Property

Our success depends, partially, on our ability to protect our core technology and intellectual property. We rely on a combination of patents, patent applications, trademarks, trade secrets, including know-how, license agreements, confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements, and other contractual rights, to protect our proprietary rights.

As of September 1, 2014, we have:

- 95 pending US patent applications and provisional patent applications
- 213 US granted patents
- 78 pending foreign patent applications
- 83 foreign granted patents

Our issued patents expire between March 2018 and October 2033. We cannot assure that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, any patents may be contested, circumvented, found unenforceable or invalid, and we may not be able to prevent third parties from infringing them. As we intend to expand our international operations, our patent portfolio, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries.

Our international patents include:

- 49 Australia;
- 20 France, UK, and Germany;
- 1 France, UK, Germany and Switzerland;
- 1 UK, Germany and Switzerland;
- 9 Japan; and
- 3 Canada

We have focused on obtaining patents primarily in the US and EU, as we have identified these jurisdictions to be our primary markets. We believe that the significant development and regulatory costs and expense of commercializing a product such as the Argus II System will be a material impediment to any competitor who attempts to market a visual prosthesis if excluded from these markets by not having access to our intellectual property.

We actively seek to identify and protect our intellectual property. We have a dual strategy of filing for and obtaining patents to block potential competitors, and filing patents where we believe our technology would be useful in other products. Our patent portfolio covers many aspects of our implant device and its supporting equipment. We have also patented alternative intellectual property paths that do not cover our device, but could present a possible alternative implant solution to a competitor. However, there can be no assurance that our pending patent applications or any future patent applications will be approved or will not be challenged successfully by third parties, that any issued patents will protect our technology or will not be challenged by third parties, or that the patents of others will not have an adverse effect on our ability to conduct our operations. No assurance can be given that others will not independently develop a similar or competing technology or design around any patents that have been or may be issued to us.

Our Licenses and Agreements

We have exclusive world-wide royalty-bearing licenses on intellectual property related to the Argus II System from Johns Hopkins University and Duke University which we entered into in October 2000, and the Doheny Eye Institute (DEI) which we entered into in April 2002. Total royalties we pay under these licenses will not exceed 3.25 % of our net revenue.

Johns Hopkins University and Duke University

Our license from Johns Hopkins covers two patents and one patent application. The two patents include a patent covering a system of wireless communication between the external part and implanted part of an implanted medical device, and a patent covering a stimulation pattern to preferentially stimulate deeper retinal cells. The patent application covers a system for fitting a visual prosthesis using visually evoked potentials. While the Johns Hopkins patents licensed to us may present a significant impediment to any competitors selling in the US or European markets, they expire in 2018. If the patent application does not issue as a patent, the license agreement will expire in 2018 with the expiration of the last patent covered by the license. If a patent issues on the patent application, the agreement will terminate with the expiration of any patent issuing on that application, which likely will be in 2030. The license provides a maximum royalty of 3% of net sales. The royalty rate is reduced by other royalties paid on the same product, and is also reduced by our meeting certain volume targets. The license can be terminated by Second Sight for any reason. It may be terminated by Johns Hopkins University for breach not corrected within 60 days of written notice.

Doheny Eye Institute

The DEI license agreement includes 67 patents and applications which are all co-owned by Second Sight and DEI. The patents cover a wide range of technologies, most of which relate to the Argus II System. As a co-owner of the patents and patent applications, we have the non-exclusive right to use the technology with or without the license agreement. The license agreement pertains to DEI's share in the patents and patent applications which gives Second Sight an exclusive license. The agreement continues until the last of the patents expire and involves ongoing joint research. We expect that the agreement continues at least until the end of 2031 which is current expiration date of the last patent application filed under the agreement. The agreement provides for a 0.5% royalty of net sales. The license may be terminated by breach not corrected within 30 days of written notice, or on insolvency of the licensee.

Grants

We and our partners have been successful at securing a number of grants from the US federal government. These grants support our research and development, are non-dilutive to our equity and do not need to be repaid. The government, however, retains 'March-In' rights in connection with these grants - a non-exclusive right to practice inventions developed from grant funding. Grants received by us to-date include:

- R24 EY012893 – Development/Testing of Artificial Retinas for the Blind, in the amount of $13,197,584,
- R01 EY012893 – Research/Development of Artificial Retinas for the Blind, in the amount of $12,917,718,
- RC3 EY020778 – Development and Testing of Low Vision Assessment Tools for Retinal Prosthesis, Robert Greenberg in the amount of $2,988,224, and
- R41 NS058244 – Hermetic Nanowire Interconnects for Neural Prostheses, in the amount of $459,172.
- Source: http://projectreporter.nih.gov/

In September 2014, we entered a Joint Research and Development Agreement or JRDA with The Johns Hopkins University Applied Physics Laboratory or APL. The JRDA awarded us a subcontract to do applied research under a grant received by APL. Under the JRDA, we have agreed to perform applied research regarding integration of APL research in to a visual prosthesis system. APL will pay us $4.075 million in one lump sum to conduct our portion of the research. We expect to receive these funds before the end of 2014. The JRDA also includes a field limited exclusive license from APL to us, for the life any patents resulting from APL's portion of the research. The APL portion of the research includes image processing enhancements for a visual prosthesis. In exchange for the license, we issued 1,000 shares of our common stock to APL, have agreed to pay APL its patent prosecution costs, and to pay APL a royalty of 0.25% of net sales of licensed products.

We also intend to apply for future grants to help offset research and development costs.

Our Manufacturing and Quality Assurance

We have a single manufacturing facility, located at our principal office in Sylmar, California. The manufacturing areas at this location are housed in a single building, and include approximately 10,000 square feet of controlled environment rooms (CERs) suitable for implant manufacturing. At present less than half of this space is being used for Argus II implant production. At the same site are spaces for assembling the external (non-implantable) components of our system and for the labeling, receiving and shipping, and stockroom functions. Finished goods are held at this location and at our contracted distributor in Europe.

We rely on many suppliers to provide materials and services necessary to produce and test our products. Many of these materials or services are currently provided by sole source suppliers. In a number of instances we maintain sole source suppliers because our current purchasing volumes do not warrant developing more than one supplier. We expect to secure additional providers as our production volumes increase. If we experience a loss of a sole supplier before confirming an alternative, we risk possible disruptions in our operations. We attempt to mitigate the sole source risk, by among other things, increasing parts inventory as a partial hedge against interruptions in parts supply and by actively seeking to develop alternative suppler sources before experiencing an such disruptions.

Our manufacturing department currently employs 47 persons and the quality assurance department has an additional nine members. We operate a day shift and smaller swing shift, and at this staffing level we can manufacture up to 10 devices per month. To support anticipated added demand from the commercial launch of the Argus II System, we believe that the space available at the current facility when fully utilized and operating at two full shifts will prove sufficient to build and assemble approximately 100 devices per month.

Employees

As of June 30, 2014 we had 123 employees, including approximately 58 in operations; 11 in selling, marketing and distribution; 38 in clinical, regulatory and research and development; and 16 in administration. Of these persons, we employed 103 in the United States and 18 in Europe. We believe that the continued success of our business will depend, in part, on our ability to attract and retain qualified personnel, and we are committed to developing our people and providing them with opportunities to contribute to our growth and success. None of these employees is covered by a collective bargaining agreement, and we believe our relationship with our employees is good to excellent.

Properties

Our principal office and facilities are located at 12744 San Fernando Road, Building 3, Sylmar, California 91342, and consists of approximately 45,351 rentable square feet at a base rent of $30,883 per month. Our lease expires in February 2022 and grants us an option to extend the lease term for an additional 60 months period. We have rented these premises from Mann Biomedical Park LLC, an entity affiliated with our Chairman of the Board, Alfred E. Mann. We believe that the terms of this lease are at least as favorable as those that may have been obtained from a non-affiliated third party. We believe that these premises are adequate for our foreseeable needs.

Our European offices are located on the Innovation Park at EPFL, Rue Jean Daniel Colladon, CH 1015 Lausanne. The lease consists of 180 square meters at a base rent of 7,079 CHF per month, or currently about $7,982 per month. Our lease is currently monthly with a six month notice required for termination, with the Foundation for the Innovation Park at EPFL.

Legal Proceedings

We are not a party to any pending legal proceedings other than those involving Pixium Vision described in “Risk Factors—Risks Related to Intellectual Property and Other Legal Matters.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section of this prospectus titled "Summary Selected Financial Information" and our financial statements and related notes appearing elsewhere in this prospectus. In addition to historical information, this discussion and analysis here and throughout this prospectus contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited, to those set forth under "Risk Factors" and elsewhere in this prospectus.

<u>Overview</u>

We were founded in 1998 with a mission to develop, manufacture, and market prosthetic devices that restore vision to the blind. Our principal offices are located in Sylmar, California, approximately 25 miles northwest of downtown Los Angeles. We also have an office in Lausanne, Switzerland, that manages our commercial and clinical operations in Europe and the Middle East.

Our first commercial product, the Argus II System, is a retinal prosthesis that can provide some functional vision to individuals blinded by retinitis pigmentosa (RP). The Argus II System is an implantable neurostimulation device that uses electrical stimulation of the retina (based on a wireless video camera feed) to replace the function of the defunct photo-receptors in RP patients.

Our major corporate, clinical and regulatory milestones include:

- In 1998, we were founded.
- In 2002, we commenced clinical trials for our prototype product, the Argus I retinal prosthesis.
- In 2006, we commenced clinical trials for the Argus II System, which later became our first commercial product.
- In 2011, we received marketing approval in Europe (CE Mark) for the Argus II System.
- In 2013, we received marketing approval in the United States (FDA) for the Argus II System.

We began selling the Argus II System in Europe at the end of 2011, in Saudi Arabia in 2013, and in the United States and Canada in 2014. We have limited regulatory approval in Canada and Saudi Arabia, and we are currently applying for full approval. To date, all of our sales have been made by our direct sales force, but we plan to add partners and distributors to enhance our coverage of existing and future markets. In 2014, we entered into our first distribution agreement, that covers the country of Spain, and we are at various stages of negotiations with a number of other distributors for countries in Europe and the Middle East.

We have achieved certain insurance reimbursement milestones in the United States (Medicare Transitional Pass Through Payment, New Technology Add-on Payment, and coverage by a number of insurers/payers), but reimbursement hurdles remain as not every payer is covering this technology. In Europe, we have achieved government reimbursement in Germany and have received a positive reimbursement decision in France, and additional reimbursement is being sought in a number of other countries. Obtaining reimbursement from governmental or private insurance companies is critical to our future commercial success. Due to the cost of the Argus II System, our sales will be limited without the availability of third party reimbursement.

Going Concern

From inception, our operations have been funded primarily through the sales of our common stock and convertible debt, research and clinical grants, and product revenue generated by the sale of our Argus II System. During the two years ended December 31, 2013, we funded our business primarily through the issuance of convertible debt with the face value of $19,519,162 and $10,000,000 in 2013 and 2012, respectively, and the issuance of common stock aggregating $2,400,685 and $7,880,080 in 2013 and 2012, respectively. See Notes 8 and 10 of the Notes to our Consolidated Financial Statements for the years ended December 31, 2013 and 2012 for a discussion of our convertible debt and common stock issuances during 2013 and 2012.

Our financial statements have been presented on the basis that our business is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We are subject to the risks and uncertainties associated with a business with one product line and limited commercial product revenues, including limitations on our operating capital resources and uncertain demand for our products. We have significant convertible debt and have incurred recurring operating losses and negative operating cash flows since inception, and we expect to continue to incur operating losses and negative operating cash flows for at least the next few years. As a result, our independent registered public accounting firm, in its report on the Company's 2013 and 2012 consolidated financial statements, has raised substantial doubt about our ability to continue as a going concern without this offering which will raise operating capital and convert the debt to equity.

Plan of Operation

We intend to use the proceeds of this offering to fund our current business operations, expand our sales and marketing efforts, enhance our current product, gain new marketing approvals, and continue research into next generation technology.

We currently market and sell our products in the United States, Europe and Saudi Arabia. Over the next two years, we intend to use approximately $2.0 to $4.0 million of the proceeds from this offering to expand our sales and marketing organizations in these existing markets to increase sales coverage, market penetration and revenue in these markets. Over the next 12 to 18 months, we intend to introduce the Argus II System in additional countries through our direct sales force or by working with partners and distributors.

Over the next two years, we intend to use approximately $4.0 million of the proceeds of this offering on development and clinical efforts to enhance the external hardware and software of our Argus II System, which could improve the resolution and other performance characteristics of the system. Increasing the resolution of the system may enhance the user experience and increase our potential market size. Image resolution may be achieved by enhanced image processing, including contrast enhancement and electronic zooming. In addition, we believe that, through software enhancements, we may be able to create a number of virtual electrodes between the physical electrodes on the current retinal implant. This could potentially enhance the resolution of existing devices by ten-fold or more.

Currently, our Argus II System is approved for persons suffering from RP. We believe we can expand the market for the Argus II System beyond RP to patients with severe to profound vision loss due to age-related macular degeneration or AMD. We intend to use approximately $2.0 million of the proceeds of this offering to conduct a pilot study, of about five patients, in Europe beginning in late 2014 to determine the safety and benefit of the Argus II System for use in persons suffering from AMD. If results from this study are promising, we anticipate beginning a larger scale efficacy trial in early 2016 that could lead to marketing approval for the Argus II system for AMD patients in 2019. We estimate that the cost to complete this additional trial would be approximately $4.5 million. If the Argus II System is successfully developed and approved for sale to treat AMD, as to which there can be no assurances, we believe that the potential addressable market opportunity for that device will significantly exceed our existing RP markets for the Argus II System.

We also plan to also use approximately $5.0 million of the proceeds from this offering to conduct preclinical development of a product for cortical stimulation that we refer to as the Orion I visual cortical prosthesis, which we expect will be able to provide some vision restoration to individuals with almost all unpreventable forms of blindness. Our objective in designing and developing the Orion I visual cortical prosthesis is to bypass the retina and optic nerve and to directly stimulate the visual cortex region of the brain. Human clinical testing is likely to take the form of a feasibility study followed by a premarket approval pivotal trial. The details of these trials will be determined collaboratively with the FDA at that time. We cannot accurately estimate the timing or exact cost of these trials at this time. If the Orion I visual cortical prosthesis is successfully developed and approved for sale, as to which there can be no assurances, we believe that the potential addressable market opportunity for that device will greatly exceed our existing RP markets for the Argus II System.

The amounts that we actually spend for any specific purpose may vary significantly and will depend on a number of factors, including, but not limited to, the pace of progress of our commercialization and development efforts, actual needs with respect to research and development, clinical testing, regulatory approval, market conditions, insurance reimbursement, and changes in or revisions to our product, sales and marketing strategies. Investors will be relying on the judgment of our management regarding the application of the proceeds from the sale of our common stock.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 and has not determined the effect of the standard on our ongoing financial reporting.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 (ASU 2014-08), *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)*. ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The company is currently evaluating the impact of adopting ASU 2014-08 on the company's results of operations or financial condition.

In February 2013, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date. This guidance provides direction for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in US GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. This guidance will become effective for the company for fiscal years, and interim periods within those years, beginning after December 15, 2013. The company adoption of this guidance had no material impact on the company's consolidated financial statements.

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830). This guidance resolves the diversity in practice relating to financial reporting involving a parent entity's accounting for the cumulative translation adjustment of foreign currency into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. In addition, this guidance resolves the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. This guidance will become effective for the company for fiscal years, and interim periods within those years, beginning after December 15, 2013. The company adoption of this guidance had no material impact on the company's consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Loss, or a Tax Credit Carryforward Exists (a consensus the FASB Emerging Issues Task Force). This guidance provides direction on financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The FASB's objective in issuing this guidance was to eliminate diversity in practice resulting from a lack of guidance on this topic in current US GAAP. This guidance applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. This guidance will become effective for the company for fiscal years, and interim periods within those years, beginning after December 15, 2013. The company adoption of this guidance had no material impact on the company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not, or are not believed by management to, have a material impact on the company's present or future consolidated financial statements.

Critical Accounting Policies

The following discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, the terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. See Note 2 to our consolidated financial statements for the years ended December 31, 2012 and 2013 for a more complete description of our significant accounting policies.

Revenue Recognition. Our revenue is derived primarily from the sale of our Argus II System, which is implanted during a surgery, and intended to provide some functional vision to patients blinded by retinitis pigmentosa (RP). We sell to university hospitals, teaching hospitals, large medical centers, and ambulatory surgical centers. We recognize revenue when four basic criteria are met: (1) persuasive evidence of an arrangement exists; (2) surgical implantation has occurred; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. We generally use customer purchase orders or purchase agreements to determine the existence of an arrangement. Sales transactions are based on prices that are determinable at the time we accept the customer's purchase order. In order to determine whether collection is reasonably assured, we assess a number of factors, including creditworthiness of the customer and medical insurance coverage. If we determine that collection is not reasonably assured, we will defer the recognition of revenue until collection becomes reasonably assured, which is generally upon receipt of payment. We may periodically grant special terms, such as extended payment terms. We defer revenues when these special terms are granted until a final price is fixed and collection becomes reasonably assured. Due to the nature of our revenue recognition policy of recording revenue only after surgical implantation, we have had no returns related to Argus II System recorded as revenue.

Stock-Based Compensation. Pursuant to Financial Accounting Standards Board ("FASB") ASC 718 Share-Based Payment ("ASC 718"), the Company records stock-based compensation expense for all stock-based awards.

Under ASC 718, the Company estimates the fair value of stock options granted using the Black-Scholes option pricing model. The fair value for awards that are expected to vest is then amortized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The assumptions used in the Black-Scholes valuation model are as follows:

Grant Price — the grant price of the issuances, with certain exceptions, is determined based on the estimated fair value of the shares at the date of grant.
Risk-free interest rate — the risk free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant.
Expected lives — as permitted by SAB 107, due to the Company's insufficient history of option activity, the management utilizes the simplified approach to estimate the options expected term, which represents the period of time that options granted are expected to be outstanding.
Expected volatility — is determined based on average historical volatilities of comparable companies in the similar industry.
Expected dividend yield — is based on current yield at the grant date or the average dividend yield over the historical period. The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Patent Costs. The Company has nearly 300 domestic and foreign patents. Due to the uncertainty associated with the successful development of one or more commercially viable products based on Company's research efforts and any related patent applications, all patent costs, including patent-related legal, filing fees and other costs, including internally generated costs, are expensed as incurred. Patent costs were $311,453 and $350,242 for the six months ended June 30, 2014 and 2013, respectively, and $669,011 and $689,633 for the years ended December 31, 2013 and 2012, respectively, and are included in general and administrative expenses in the consolidated statements of operations.

Convertible Promissory Notes and Warrants . The warrants and embedded beneficial conversion feature of convertible promissory notes are classified as equity under FASB ASC Topic 815-40 “Derivatives and Hedging — Contracts in Entity’s Own Equity”. The Company allocates the proceeds of the convertible promissory notes between convertible promissory notes and the financial instruments related to warrants associated with convertible promissory notes based on their relative fair values at the commitment date. The fair value of the financial instruments related to warrants associated with convertible promissory notes is determined utilizing the Black-Scholes option pricing model and the respective allocated proceeds to the warrants is recorded in additional paid-in capital. The Company utilized the Black-Scholes option valuation model using the same valuation assumptions as described herein for Stock Based Compensation. The embedded beneficial conversion feature associated with convertible promissory notes is recognized and measured by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital in accordance with ASC Topic 470-20 “Debt — Debt with Conversion and Other Options.” The portion of debt discount resulting from the allocation of proceeds to the financial instruments related to warrants associated with convertible promissory notes is being amortized over the life of the convertible promissory notes. For the portion of debt discount resulting from the allocation of proceeds to the beneficial conversion feature, it is amortized over the term of the notes from the respective dates of issuance.

Results of Operations

Product Revenue. Our product revenue is derived primarily from the sale of our Argus II System. We began selling our products in Europe in 2011, Saudi Arabia in 2012, and the United States and Canada in 2014. Our objective is to increase our product revenue over the next several years as we pursue commercialization of our product, as our product becomes more well-known and accepted in the market, and as insurance coverage becomes more widespread.

Cost of sales. Cost of sales includes the salaries, benefits, material, overhead, warranty, charges for excess and obsolete inventory, and other costs required to make our Argus II System at our Sylmar, California facility. Currently, our cost of sales is greater than our revenues, which results in a gross loss. Our product involves new and technologically complex materials and processes. As we move from making small quantities of our product for clinical trials to larger quantities for commercial distribution, we are developing new manufacturing techniques and processes that we expect to allow us to scale production. We are currently experiencing low yields on our manufacturing process, but we expect that over the next few years we will be able to refine our processes and improve our manufacturing yields. Accordingly, as we scale our production over the next few years, we expect that our cost per unit will decrease and we will generate a gross profit.

Operating Expenses. We generally recognize our operating expenses as we incur them in four general operational categories: research and development, clinical and regulatory, sales and marketing, and general and administrative. Our operating expenses also include a non-cash component related to the amortization of deferred stock-based compensation allocated to research and development, clinical and regulatory, sales and marketing and general and administrative personnel. From time to time we receive grants from institutions or agencies, such as the National Institutes of Health, to help fund the some of the cost of our development efforts. We record these grants as offsets to the costs as they are incurred to complete the related work.

- Research and development expenses consist primarily of employee compensation and consulting costs related to the design, development, and enhancements of our current and potential future products, offset by grant revenue received in support of specific research projects. We expense our research and development costs as they are incurred. We expect research and development expenses to increase in the future as we pursue further enhancements of our existing product and develop technology for our potential future products, such as the Orion I visual cortical prosthesis. We also expect to receive additional grants in the future that will be offset primarily against research and development costs.
- Clinical and regulatory expenses consist primarily of salaries, travel and related expenses for personnel engaged in clinical and regulatory functions, as well as internal and external costs associated with conducting clinical trials and maintaining relationships with regulatory agencies. We expect clinical and regulatory expenses to increase substantially as we assess the safety and efficacy of enhancements to our current Argus II System, seek to expand the indications for the Argus II System, such as AMD, and prepare to initiate clinical studies of potential future products, such as the Orion I visual cortical prosthesis.
- Sales and marketing expenses consist primarily of salaries, commissions, travel and related expenses for personnel engaged in sales, marketing and business development functions, as well as costs associated with promotional and other marketing activities. We expect sales and marketing expenses to increase substantially as we hire additional sales personnel, initiate additional marketing programs, develop relationships with new distributors, and expand the number of doctors and medical centers that buy and implant our Argus II System and any future products.
- General and administrative expenses consist primarily of salaries and related expenses for executive, legal, finance, human resources, information technology and administrative personnel, as well as recruiting and professional fees, patent filing costs, insurance costs and other general corporate expenses, including rent. We expect general and administrative expenses to increase as we add personnel and incur additional costs related to the growth of our business and operation as a public company.

Interest expense on convertible promissory notes. Interest expense is a non-cash expense associated with the Company's convertible promissory notes. Simple interest is accrued at 7.5% per annum based on the face value of the convertible promissory notes outstanding during the year. The accrued interest is added to the amount of outstanding debt, but does not earn additional interest. The terms of the convertible promissory notes provide for conversion of principal and accrued interest into equity on an IPO, among other events, at $5.00 per share. Accordingly, there will be no interest expense related to the convertible promissory notes after our planned IPO.

Amortization of discount on convertible promissory notes. As discussed more fully above, our convertible promissory notes issued during 2012 and 2013 were issued with detachable warrants and an embedded beneficial conversion feature, which were recorded as an issuance discount with an offsetting credit to additional paid-in capital. This issuance discount is amortized as a non-cash charge over the term of the convertible promissory note. The terms of the convertible promissory notes provide for conversion into equity on an IPO, among other events, at $5.00 per share. At December 31, 2013, the unamortized issuance cost related to our convertible promissory notes was $12,032,146. In the event the convertible promissory notes are converted into equity before their maturity dates, this unamortized discount will be written off as a charge to the current period's net income. Accordingly, in fiscal periods after the planned IPO, there will be no amortization of the issuance discount related to the convertible promissory notes.

Comparison of the Years Ended December 31, 2013 and 2012

Overview. During 2012 the company completed clinical trials that led to the February 2013 FDA marketing approval for the Argus II System. In early 2013, the company shifted resources from product development and clinical testing to increase investment in production capabilities and commercialization efforts. This shift in spending was accomplished by decreasing staffing levels in the research and development and clinical and regulatory areas during the first quarter of 2013 while increasing staffing levels in operations and sales and marketing throughout the year. For the 2013 year, total employee count increased from 108 at January 1 to 112 at December 31, but the mix of employees shifted towards production and commercialization.

Revenue. Our product sales increased from $1,367,224 in 2012 to $1,564,933 in 2013, an increase of $197,709, or 14%. This increase in product revenue was due to implanting 22 Argus II systems in 2013, as compared to 15 implants in the prior year, offset by a lower average selling price in 2013. Our average selling prices in 2013 declined from 2012, mainly due to reduced pricing in Europe. In some instances, we discounted our prices to introduce our product into new hospital centers, and in other situations, due to the lack of insurance reimbursement or other funding, we gave price discounts to maintain momentum at certain implant centers. We believe that as the market for our product becomes more established, and as insurance reimbursements for this new technology become more standard, pricing in Europe will stabilize. In 2012, our revenues came from Europe; in 2013, revenue came from Europe and the Middle East. Product sales did not commence in the United States and Canada until 2014. We expect smaller price variations, followed by price stabilization, as we enter new markets.

Cost of sales. Cost of sales increased from $4,396,746 in 2012 to $5,629,320 in 2013, an increase of $1,232,574, or 28%. The increase in cost of sales is primarily due to increasing our production capacity, including the addition of direct and indirect personnel to the operations staff, while still experiencing low yields and incurring higher charges related to our allowance for excess and obsolete inventory.

During the year ended December 31, 2013, we increased our allowance for excess and obsolete inventory by $1,042,621, or 188%, to $1,595,792. During 2013, we also increased our manufacturing activity substantially over 2012, which resulted in a $1,336,083, or 104%, increase in work in process inventory at year-end as compared to a year earlier. The large increase in the allowance during 2013 is due to increased production activity and costs during the year without a similar increase in production of goods that conformed to our manufacturing standards. As we increased the amount of work in process inventory and manufacturing activity during the year, we experienced a high level of limited use or unusable subassemblies, as a result of which our ending work in process inventory contained a significant amount of goods that will be discarded. We also implemented design changes during the year, the effect of which was to make obsolete certain older designs, which for the most part consisted of sub-assemblies included in work in process inventory.

This increased allowance will have minimal impact on future operations. As these items are discarded in future periods, they will be charged against the reserve and we expect that there will be nominal impact on the Company's operations.

We will continue to invest in improving our manufacturing processes. We expect manufacturing yields to improve and production costs to decrease over the next several years, although significant fluctuations may occur on a quarter to quarter basis.

Research and development expense. Research and development expense increased from $3,045,157 in 2012 to $3,248,466 in 2013, an increase of $203,309, or 7%. This increase in expense is primarily due to $426,690 of lower grant revenue offsets in 2013 compared to 2012, and to a higher level of stock-based compensation in 2013. Offsetting these increases, compensation costs were lower in 2013 due to a lower level of staffing. We expect research and development costs to increase in the future as we pursue further enhancements of our existing product and develop technology for our potential future cortical implant product.

Clinical and regulatory expense. Clinical and regulatory expense decreased from $3,726,556 in 2012 to $3,215,290 in 2013, a decrease of $511,266, or 14%. This decrease from 2012 to 2013 is primarily attributable to a lower level of staffing during 2013 compared to 2012, and a lower level of clinical trial activity after the company received FDA marketing approval for the Argus II System. We expect clinical and regulatory costs will increase in the future as we conduct clinical trials to assess possible enhancements to our existing product, and assess safety and the efficacy of our current product for treating blindness due to age related macular degeneration, or AMD.

Selling and marketing expense. Selling and marketing expense increased from $2,194,590 in 2012 to $3,301,452 in 2013, an increase of $1,106,862, or 50%. This increase in costs is attributable to an increase in selling and marketing personnel, resulting in higher compensation costs, as well as higher marketing and market research related costs. While we expect these costs to increase in the future as we increase our selling and marketing resources to accelerate the commercialization of our product, we expect selling and marketing expense to decrease over time when expressed as a percentage of revenue.

General and administrative expense. General and administrative expense increased from $4,025,558 in 2012 to $4,167,934 in 2013, an increase of $142,376, or 4%. After we become a public company, we expect these costs to increase as we incur the additional costs of being a public company, including higher legal, accounting, insurance, exchange listing, and other costs.

Interest expense on the convertible promissory notes. Interest expense on the convertible promissory notes increased from $138,934 in 2012 to $1,588,687 in 2013, an increase of $1,449,753, or 1,043%. This increase is due to the higher average level of debt outstanding during 2013 compared to 2012.

Amortization of issuance discount on convertible promissory notes. Amortization of issuance discount on convertible promissory notes increased from $128,097 in 2012 to $3,424,931 in 2013, an increase of $3,296,834, or 2,574%. This increase is due to the higher average level of debt outstanding during 2013 compared to 2012, and to higher value attributed to the beneficial conversion feature associated with promissory notes issued in 2013. As of December 31, 2013, the unamortized issuance discount on the convertible promissory notes was $12,032,146.

Net loss. Net loss was $16,279,127 for the year ended December 31, 2012, as compared to $22,968,925 for the year ended December 31, 2013.

Comparison of the Six Months Ended June 30, 2014 and 2013

Revenue. Our revenue increased from $765,625 in the first six months of 2013 to $1,268,203 in the first six months of 2014, an increase of $502,578, or 66%. This increase in product revenue was primarily due to establishing a higher selling price for the Argus II system with the introduction of the product in the United States, Canada and Spain. In the first six months of 2014 we completed nine implants compared to eight implants in the first six months of the prior year. In 2013, all implants were in Europe and the Middle East, whereas in the first six months of 2014, there were five implants in the United States, three in Europe and one in Canada.

Cost of sales. Cost of sales decreased from $2,786,909 in the first six months of 2013 to $1,720,487 in the first six months of 2014, a decrease of $1,066,422, or 38%. This decrease is primarily due to increasing our production yields in the first six months of 2014 relative to the first six months of 2013, resulting in more finished goods being placed into inventory and a lower level of scrapped product. We will continue to invest in improving our manufacturing processes, and we expect manufacturing yields to improve and cost of sales to decrease relative to our revenues over the next few years, although we expect significant fluctuations on a quarter to quarter basis.

Research and development expense. Research and development expense increased from $1,732,932 in the first six months of 2013 to $2,259,675 in the first six months of 2014, an increase of $526,743, or 30%. This increase is primarily due to higher payroll and consulting related costs as we continue to pursue further enhancements of our existing product. We expect research and development costs to increase in the future as we pursue further enhancements of our existing product and develop technology for our potential future cortical implant product.

Clinical and regulatory expense. Clinical and regulatory expense decreased from $1,622,620 in the first six months of 2013 to $1,307,135 in the first six months of 2014, a decrease of $315,485, or 19%. This decrease is primarily attributable to lower levels of staffing in 2014 compared to 2013. We expect clinical and regulatory costs to increase in the future as we conduct clinical trials to assess possible enhancements to our existing product, and assess the safety and efficacy of our current product for treating blindness due to age related macular degeneration.

Selling and marketing expense. Selling and marketing expense increased from $1,512,813 in the first six months of 2013 to $3,083,089 in same period in 2014, an increase of $1,570,276, or 104%. This increase in costs is attributable to an increase in personnel, as well as higher marketing related costs, as we increased our efforts to commercialize the Argus II System as, beginning in 2014, we began selling the product in the United States, Canada and Spain. While we expect these costs to increase in the future as we increase our selling and marketing resources to accelerate the commercialization of our product, we expect selling and marketing expense to decrease over time when expressed as a percentage of product revenue.

General and administrative expense. General and administrative expense increased from $2,161,935 in the first six months of 2013 to $2,917,178 in the same period of 2014, an increase of $755,243, or 35%. This increase is primarily attributable to $446,702 of higher stock-based compensation charges in 2014, as well as higher spending on rent and salaries in the current year. The stock-based compensation charge in 2014 includes $406,348 related to option grants to our chief executive officer. After we become a public company, we expect our general and administrative costs to increase as we incur the additional costs of being a public company, including higher legal, accounting, insurance, exchange listing, and other costs.

Interest expense on the convertible promissory notes. Interest expense on the convertible promissory notes increased from $620,103 in the first six months of 2013 to $1,097,870 same period of 2014, an increase of $477,767, or 77%. This increase is due to the higher average level of debt outstanding during the first six months of 2014 compared to same period of 2013.

Amortization of issuance discount on convertible promissory notes. Amortization of issuance discount on convertible promissory notes increased from $1,146,675 in the first six months of 2013 to $2,880,032 in same period of 2014, an increase of $1,733,357, or 151%. This increase is due to the higher average level of debt outstanding during the first six months of 2014 compared to same period of 2013, and to higher value attributed to the beneficial conversion feature associated with promissory notes issued in 2013. As of June 30, 2014, the unamortized issuance discount on the convertible promissory notes was $9,152,114.

Net loss. Net loss was $10,813,915 for the six months ended June 30, 2013, as compared to $13,979,828 for the six months ended June 30, 2014.

Liquidity and Capital Resources

Our company's consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. We have experienced recurring operating losses and negative operating cash flows since inception, and have financed our working capital requirements through the recurring sale of our equity securities. As a result, our independent registered public accounting firm, in its report on our 2013 and 2012 consolidated financial statements, has raised substantial doubt about our ability to continue as a going concern (see "Going Concern" above").

We are planning an initial public offering of approximately 3,500,000 shares of our common stock (a "Share"), generating gross proceeds of approximately $31,500,000, and intend to use the proceeds from such offering to invest in our business to expand sales and marketing efforts, enhance current product, gain regulatory approvals for additional indications, and continue research and development into next generation technology. Each Share sold in this offering will be coupled with a non-transferable contractual right which could allow the holder to obtain at no additional cost up to one additional share on the second anniversary of the closing date of the offering (the "Long Term Investor Right[SM]"). For a holder of a Share to benefit from the Long Term Investor Right, the holder must: (1) hold the Share obtained in the offering after the closing date of the offering, (2) register the Share in its name, and not in "street name," no later than 90 days after the closing date of the offering, and (3) continuously hold the Share in certificate or book entry form during the two years after the closing date of the offering. If the holder of the Share fails to timely make the registration and to hold the Share continuously for the two years after the closing date of the offering, the Long Term Investor Right will terminate. If the common stock trades on its principal exchange at 200% of the Offering Price or greater on five consecutive trading days during the two years after the closing date the Long Term Investor Right will terminate. The Long Term Investor Right will convert into common stock if our shares do not trade on their principal exchange at 200% of the Offering Price or greater on five consecutive trading days during the two years after the closing date.

At December 31, 2013, we had cash and money market funds totaling $8,674,179, as compared to $4,454,792 at December 31, 2012, an increase of $4,219,387, or 95%. Working capital was $9,104,436 at December 31, 2013, as compared to $4,275,975 at December 31, 2012, an increase of $4,828,461 or 113%. We use our cash, money market funds and working capital to fund our operating activities.

During 2013, we used $17,426,862 of cash in operating activities, consisting of a net loss of $22,968,925, reduced by non-cash charges of $6,099,284 for depreciation and amortization of property and equipment, stock-based compensation, amortization of discount on convertible notes payable, and non-cash interest accrued on convertible notes payable, and increased by a net change in operating assets and liabilities of $557,221. This compares to 2012, when we used $15,321,214 of cash in operating activities, consisting of a net loss of $16,279,127, reduced by non-cash charges of $1,499,605 for depreciation and amortization of property and equipment, stock-based compensation, amortization of discount on convertible notes payable, and non-cash interest accrued on convertible notes payable, and increased by a net change in operating assets and liabilities of $541,692.

Investing activities in 2013 and 2012 used $4,547,580 and $2,847,259 of cash, respectively. Of these totals, $4,301,576 related to investments in money market funds in 2013, compared to $2,651,176 in 2012. We also used $246,004 to purchase property and equipment in 2013, compared to $196,083 in 2012.

Financing activities provided $21,974,617 of cash in 2013, including $19,519,162 from the issuance of convertible promissory notes primarily to existing investors and $2,400,685 from the issuance of common stock to new investors at $7.00 per share. In 2012, financing activities provided $17,984,016 of cash, including $10,000,000 from the issuance of convertible promissory notes and $7,880,080 from the issuance of common stock primarily to existing investors at $5.00 per share. In 2013, we repaid convertible promissory notes totaling $53,666. Cash provided by stock option exercises was $108,436 in 2013 and $103,936 in 2012.

At June 30, 2014, we had cash and money market funds of $6,026,234, as compared to $8,674,179 at December 31, 2013, a decrease of $2,647,945, or 31%, during the first six months of 2014. Working capital was $7,684,478 at June 30, 2014, as compared to $9,104,436 at December 31, 2013, a decrease of $1,419,958, or 16%.

During the first six months of 2014, we used $10,278,480 of cash in operating activities, consisting primarily of a net loss of $13,979,828, offset by non-cash charges of $4,946,169 for depreciation and amortization of property and equipment, stock-based compensation, amortization of discount on convertible notes payable, and non-cash interest accrued on convertible notes payable, and increased by a net change in operating assets and liabilities of $1,244,821. This compares to the first six months of 2013, when we used $8,665,255 in operating activities, consisting primarily of a net loss of $10,813,915, offset by non-cash charges of $2,378,540 for depreciation and amortization of property and equipment, stock-based compensation, amortization of discount on convertible notes payable, and non-cash interest accrued on convertible notes payable, and increased by a net change in operating assets and liabilities of $229,880.

Investing activities in the first six months of 2014 provided $5,251,076, reflecting $5,532,109 in proceeds from money market investments, offset by $281,033 for the purchase of equipment. In the first six months of 2013, investing activities used $6,066,020 of cash, reflecting $5,952,478 investment in money market funds and $113,542 used for the purchase of equipment.

Financing activities provided $7,987,808 of cash in first six months of 2014, from the issuance of $7,578,977 of common stock at $7.00 per share to new investors and $408,831 from stock option exercises. In the first six months of 2013, financing activities provided $14,751,176 of cash from the issuance of $14,769,162 of convertible promissory notes to existing investors and $35,680 from the exercise of stock options, offset by convertible note repayments totaling $53,666.

To date, we have not generated sufficient revenue from product sales to finance our operations. Funding for the business has come primarily through the issuance of equity and convertible debt, and grants from private institutions and government agencies. Over the next few years, we intend to invest in (1) sales and marketing in order to increase the distribution and demand for our products, (2) research and development to enhance our existing products and develop next generation products, and (3) clinical and regulatory efforts to expand indications for our existing product and to assess the feasibility of future products. Additionally, after the completion of the proposed public offering, we expect that our general and administrative expenses will increase as we incur the substantial incremental costs associated with being a public company. While our objective is to generate sufficient revenue from the sales of our products to reach breakeven on a cash flow basis in the next several years, there can be no assurance that we will be successful in doing so. If we are unsuccessful in generating a sufficient level of product revenue to fund all or part of our business, the proceeds from this proposed public offering may not be sufficient to finance the company beyond the next eighteen to twenty-four months and we will need to raise additional capital (of which there can be no assurances).

Principal Commitments

Effective August 2012, we entered into a lease agreement (the "Sylmar Lease") with a company owned by the major stockholder of the company for office space for a term of five years that expires on February 28, 2017. The Sylmar Lease included rental of additional space commencing January 1, 2013 and a five year option to renew. The lease requires us to pay real estate taxes, insurance and common area maintenance each year, and is subject to periodic cost of living adjustments. In April 2014, the Sylmar Lease was renegotiated with the term ending on February 28, 2022, and a five year option to renew. The new lease also requires us to pay real estate taxes, insurance and common area maintenance each year and includes automatic increases in base rent in base rent each year.

Our Swiss subsidiary rents office space in Switzerland on a month-to-month basis for CHF 7,079 (approximately $7,982 at June 30, 2014) per month.

Total rent expense was approximately $470,000 and $394,000 for the six months ended June 30, 2014 and 2013, respectively and was $766,000 and $458,000 for the years ended December 31, 2013 and 2012, respectively. Future minimum rental payments required under the operating leases are as follows for the years ended December 31. The amount presented for 2014 represents amounts due at June 30, 2014 for the remainder of the 2014 year ending December 31, 2014.

Years		Amount
2014	$	373,407
2015		778,448
2016		808,068
2017		833,045
2018		858,036
Thereafter		2,888,696
Total	$	6,539,700

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements.

Trends, Events and Uncertainties

Research and development of new technologies are, by their nature, unpredictable. Although we will undertake development efforts with commercially reasonable diligence, there can be no assurance that the net proceeds from this offering will be sufficient to enable us to develop our technology to the extent needed to create future sales to sustain operations as contemplated herein. If the net proceeds from this offering are insufficient for this purpose, we will consider other options to continue our path to commercialization, including, but not limited to, additional financing through follow-on stock offerings, debt financing, co-development agreements, curtailment of operations, suspension of operations, sale or licensing of developed intellectual or other property, or other alternatives.

We cannot assure you that our technology will be adopted or that we will ever achieve sustainable revenues sufficient to support our operations. Even if we are able to generate revenues, there can be no assurances that the company will be able to achieve profitability or positive operating cash flows. There can be no assurances that the company will be able to secure additional financing on acceptable terms or at all. If cash resources are insufficient to satisfy the company's ongoing cash requirements, the company would be required to scale back or discontinue its technology and product development programs, or obtain funds, if available (although there can be no certainty), through strategic alliances that may require the company to relinquish rights to certain of its products, or to curtail or discontinue its operations entirely.

Other than as discussed above and elsewhere in this prospectus, we are not currently aware of any trends, events or uncertainties that are likely to have a material effect on our financial condition in the near term, although it is possible that new trends or events may develop in the future that could have a material effect on our financial condition.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names and ages of all of our directors and executive officers as of September 30, 2014. Our officers are appointed by, and serve at the pleasure of, the board of directors.

Name	Age	Position(s)
Robert Greenberg, M.D., Ph.D.	46	President, Chief Executive Officer and Director
Alfred E. Mann	88	Chairman of the Board of Directors
Thomas B. Miller	59	Chief Financial Officer
Anne-Marie Ripley	44	Vice President of Clinical and Regulatory Affairs
Gregoire Cosendai, Ph.D.	42	Vice President of European Operations
Brian Mech, Ph.D.	45	Vice President of Business Development
Edward Randolph	56	Vice President of Manufacturing
William J. Link, Ph.D.	68	Director
Aaron Mendelsohn	63	Director
Gregg Williams	55	Director

There are no family relationships between any of our executive officers or directors.

Robert J. Greenberg has been the President, Chief Executive Officer and Director of Second Sight Medical Products, Inc. since its inception. Prior to the formation of Second Sight, Dr. Greenberg worked co-managing the Alfred E. Mann Foundation. From 1997 to 1998, he served as lead reviewer for IDEs and 510(k)s at the Office of Device Evaluation at the US Food and Drug Administration in the Neurological Devices Division. In 1998, he received his medical degree from The Johns Hopkins School of Medicine. From 1991 to 1997, Dr. Greenberg conducted pre-clinical trials demonstrating the feasibility of retinal electrical stimulation in patients with retinitis pigmentosa. This work was done at the Wilmer Eye Institute at Johns Hopkins in Baltimore and led to the granting of his Ph.D. from the Johns Hopkins Department of Biomedical Engineering. His undergraduate degree was in Electrical Engineering and Biomedical Engineering from Duke University. Dr. Greenberg’s unique and extensive scientific, technical and business expertise makes him well qualified to serve on our board of directors.

Alfred E. Mann is one of our founders and has been one of our directors since inception. He has been a director of MannKind Corporation since April 1999, its Chairman of the Board since December 2001 and its Chief Executive Officer since October 2003. He founded and formerly served as Chairman and Chief Executive Officer of MiniMed, Inc., a publicly traded company focused on diabetes therapy and micro infusion drug delivery that was acquired by Medtronic, Inc. in August 2001. Mr. Mann also founded and, from 1972 through 1992, served as Chief Executive Officer of Pacesetter Systems, Inc. and its successor, Siemens Pacesetter, Inc., a manufacturer of cardiac pacemakers, now the Cardiac Rhythm Management Division of St. Jude Medical Corporation. Mr. Mann founded and since 1993, has served as Chairman and until January 2008, as Co-Chief Executive Officer of Advanced Bionics Corporation, a medical device manufacturer focused on neurostimulation to restore hearing to the deaf and to treat chronic pain and other neural deficits that was acquired by Boston Scientific Corporation in June 2004. In January 2008, the former stockholders of Advanced Bionics Corporation repurchased certain segments from Boston Scientific Corporation and formed Advanced Bionics LLC for cochlear implants and Infusion Systems LLC for infusion pumps. Mr. Mann was non-executive Chairman of both entities. Advanced Bionics LLC was acquired by Sonova Holdings on December 30, 2009. Infusion Systems LLC was acquired by the Alfred E. Mann Foundation in February 2010. Mr. Mann has also founded and is non-executive Chairman of Bioness Inc., which is developing rehabilitation neurostimulation systems; Quallion LLC, which produces batteries for medical products and for the military and aerospace industries; and Stellar Microelectronics Inc., a supplier of electronic assemblies to the medical, military and aerospace industries. Mr. Mann also founded and is the managing member of PerQFlo, LLC, which is developing drug delivery systems. Mr. Mann is the managing member of the Alfred E. Mann Foundation and is also non-executive Chairman of Alfred Mann Institutes at the University of Southern California, and AMI Technion, and the Alfred Mann Foundation for Biomedical Engineering. Mr. Mann holds bachelor’s and master’s degrees in Physics from the University of California at Los Angeles, honorary doctorates from Johns Hopkins University, the University of Southern California, Western University and the Technion-Israel Institute of Technology and is a member of the National Academy of Engineering. Mr. Mann’s business experience, including his extensive experience as a founder, board member and executive officer of medical device companies, combined with his business acumen and judgment provide our board with valuable scientific and operational expertise and leadership skills.

Thomas B. Miller has been our Chief Financial Officer since May 2014. From 2000 to 2014 he was Chief Financial Officer of Ixia, a public company engaged in the design and manufacture of network test and monitoring products for the telecommunications industry. From 1997 to 1999 he was the Director of Finance and Controller of CoCensys, a public biotechnology company engaged in the discovery and development of new drugs to treat neurological and psychiatric disorders. Mr. Miller received a Masters of Business Administration from the University of Southern California and a Bachelor of Arts, Economics from the University of California, Berkeley.

Anne-Marie Ripley has been our Vice President of Clinical and Regulatory Affairs since July 2005. From 2002 to 2005 she worked for the Alfred E. Mann Foundation, a non-profit organization that was conducting research and development for innovative bionic devices for people suffering from disabilities due to stroke and spinal cord injury with a final position as Vice President of Clinical and Regulatory Affairs. From 1999 to 2002, she was the Vice President of Data & Site Management and later Vice President of Operations at MD DataDirect, a start-up, web-based market research firm specializing in real-time cardiology device usage information. From 1992 to 1999 she worked in clinical and regulatory affairs (with a final position at the Director level) at Eclipse Surgical Technologies (now Cardiogenesis), a maker of interventional cardiology, cardiac surgery and orthopedic devices. Ms. Ripley received her Bachelor of Arts in Public Policy from Stanford University.

Gregoire Cosendai was our Director of European Operations from 2008 to 2010 and has since 2010 been our Vice President of European Operations. Between 2005 and 2008 he acted as a consultant for Second Sight. From 2001 to 2008 he was director of business development for the Alfred E. Mann Foundation. From 1995 to 2001 he was clinical engineer at the ENT clinic at the Geneva Hospital. Mr. Cosendai received a PhD from EPFL Lausanne on developing new speech coding strategies for cochlear implants and a Master of Electrical Engineering (Ing. dipl. EPFL elec.) from EPFL Lausanne.

Brian Mech has been our Vice President of Business Development since 2008 and has been with the company since 1999. From 1999 to 2008 Mr. Mech held roles as a Materials Science Engineer and Director of Business Development at Second Sight. From 1997 to 1999, Mr. Mech was an Engineering Research Associate at the University of Michigan. Mr. Mech began his career at Second Sight working on advanced implantable package design, and has assumed responsibilities in the areas of implant design, pre-clinical testing, clinical support, reimbursement, sales and marketing, and business development. Mr. Mech received his Ph.D. in Materials Science from the University of Toronto and an MBA from the Anderson School of Management at the University of California, Los Angeles.

Edward Randolph has been our Vice President of Manufacturing since 2007. From 2003 to 2007, Mr. Randolph was Director of Manufacturing Engineering at Boston Scientific Corp., a worldwide manufacturer of medical devices and products. From 2001 to 2003, Mr. Randolph was a Director of Manufacturing Engineering at Cygnus, Inc., manufacturer of non-invasive transdermal drug delivery systems. Mr. Randolph received his Master of Science in Engineering from Stanford University and his Bachelor of Science in Architecture from Massachusetts Institute of Technology.

William J. Link has been a member of our Board of Directors since 2003. Mr. Link is a co-founder and managing director of Versant Ventures, a venture capital firm specializing in early-stage investing in healthcare companies, since its inception in 1999. Prior to co-founding Versant Ventures, Mr. Link was a general partner at Brentwood Venture Capital from 1998 to present. Mr. Link also founded and served as chairman and CEO of Chiron Vision, a subsidiary of Chiron Corporation specializing in ophthalmic surgical products, from 1986 to 1997 which was sold to Bausch and Lomb in 1997. Prior to Chiron Vision, Mr. Link founded in 1978 and served as President of American Medical Optics (AMO), a division of American Hospital Supply Corporation, which was sold to Allergan in 1986. Mr. Link also served on the Board of AMO's successor company, Advanced Medical Optics (AMO) which was acquired by Abbott in 2009, from 2002 to 2009. Mr. Link was an Assistant Professor in the Department of Surgery at the Indiana University School of Medicine from 1973 to 1976. Mr. Link received his BSc, MSc and Ph.D. from Purdue University. Our board has concluded that Mr. Link's senior executive history with a focus on medical products as well as his extensive financial and other experience with technology companies in general, including his experience of serving on other boards of directors make him a qualified and valued member of our board.

Aaron Mendelsohn is a founder and has been a director of Second Sight since inception. Mr. Mendelsohn served on the board of Advanced Bionics since shortly after its founding in 1993 until its sale in 2004. Mr. Mendelsohn was also a founder and director of MRG from its inception in 1998 until its sale in 2001 to Medtronic, Inc. Mr. Mendelsohn serves on the board of directors for the Alfred E. Mann Institute for Biomedical Engineering at the University of Southern California since its inception in 1998 and is a member of its Executive Committee. Mr. Mendelsohn is a founder and since 2007 a director of Nanoprecision Holding Company, Inc., a world leader in manipulating materials at nanometer scale. He is also a founder and director of Nanoprecision Medical, Inc, a drug delivery company working in nanotechnology, since its inception in 2011. Mr. Mendelsohn is a founder and serves as Chairman of the Maestro Foundation since it was organized in 1983. The Maestro Foundation is a leading non-profit musical philanthropic organization which hosts a premier chamber music series and lends professional-level instruments and bows to young, career-bound classical musicians. Mr. Mendelsohn received his B.A. from UCLA and J.D. from Loyola University School of Law Los Angeles. Our board believes that Mr. Mendelsohn's business experience, including his experience as a founder, board member and executive officer of medical device companies, combined with his financial experience, business acumen and judgment provide our Board with valuable managerial and operational expertise and leadership skills making him well qualified to continue serving as one of our directors.

Gregg Williams has been a member of our Board of Directors since June 2009. Mr. Williams has been the Chief Executive Officer at Williams International Corporation since April 2005. Mr. Williams serves as the Chairman and President of Williams International Corporation and served as its Chief Operating Officer. He is a Member of Strategic Advisory Council of Bye Aerospace, Inc. Mr. Williams received a Bachelor of Science in Engineering from the University of Utah in 1982. Our board believes that Mr. Williams' executive and managerial experience together with his leadership skills make him well qualified to continue serving as one of our directors.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that will apply to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of business conduct and ethics will be available on the investor relations page on our website. We intend to post any amendment to our code of business conduct and ethics, and any waivers of such code for directors and executive officers, on our website or in filings under the Exchange Act.

Board of Directors

Director Independence

In connection with this offering, we intend to list our common stock on the Nasdaq Capital Market. Under the rules of The Nasdaq Stock Market, independent directors must comprise a majority of a listed company's board of directors within a specified period of time after the completion of an initial public offering. In addition, the rules of The Nasdaq Stock Market require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under the rules of The Nasdaq Stock Market, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise or impair such director's ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors has determined that each of Alfred E. Mann, William J. Link, and Gregg Williams are "independent directors" as defined under the applicable rules and regulations of the Securities and Exchange Commission, or SEC, and the listing requirements and rules of The Nasdaq Stock Market.

Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and governance committee, each of which will have the composition and responsibilities described below. Our board of directors will appoint a chair of each committee upon its establishment. Members will serve on these committees until their resignation or as otherwise determined by our board of directors.

Audit Committee

Alfred E. Mann, William J. Link, and Gregg Williams, each of whom is non-employee member of our board of directors, have been designated to serve on our audit committee. Our board of directors has determined that each of Alfred E. Mann, William J. Link, and Gregg Williams satisfies the requirements for independence and financial literacy under the rules and regulations of The Nasdaq Stock Market and the SEC. Our board of directors has also determined that Alfred E. Mann qualifies as an "audit committee financial expert," as defined in the SEC rules, and satisfies the financial sophistication requirements of The Nasdaq Stock Market. The audit committee will be responsible for, among other things:

- appointing, overseeing, and if need be, terminating any independent auditor;
- assessing the qualification, performance and independence of our independent auditor;
- reviewing the audit plan and pre-approving all audit and non-audit services to be performed by our independent auditor;
- reviewing our financial statements and related disclosures;
- reviewing the adequacy and effectiveness of our accounting and financial reporting processes, systems of internal control and disclosure controls and procedures;
- reviewing our overall risk management framework;
- overseeing procedures for the treatment of complaints on accounting, internal accounting controls, or audit matters;
- reviewing and discussing with management and the independent auditor the results of our annual audit, reviews of our quarterly financial statements and our publicly filed reports;
- reviewing and approving related person transactions; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

Our audit committee operates under a written charter, adopted by our board of directors, which satisfies the applicable rules and regulations of the SEC and the applicable listing standards of The Nasdaq Stock Market.

Compensation Committee

Alfred E. Mann, William J. Link, and Gregg Williams, each of whom is a non-employee member of our board of directors, will comprise our compensation committee. Our board of directors has determined that each of Alfred E. Mann, William J. Link, and Gregg Williams meets the requirements for independence under the rules of The Nasdaq Stock Market and the SEC and is an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. The compensation committee will be responsible for, among other things:

- reviewing the elements and amount of total compensation for all officers;
- formulating and recommending any proposed changes in the compensation of our Chief Executive Officer for approval by the board;
- reviewing and approving any changes in the compensation for officers, other than our Chief Executive Officer;
- administering our equity compensation plans;
- reviewing annually our overall compensation philosophy and objectives, including compensation program objectives, target pay positioning and equity compensation; and
- preparing the compensation committee report that the SEC will require in our annual proxy statement.

Our compensation committee operates under a written charter, adopted by our board of directors, which satisfies the applicable rules and regulations of the SEC and the applicable listing standards of The Nasdaq Stock Market.

Nominating and Governance Committee

Alfred E. Mann, William J. Link, and Gregg Williams, each of whom is a non-employee member of our board of directors, will comprise our nominating and governance committee. Our board of directors has determined that each of Alfred E. Mann, William J. Link, and Gregg Williams meets the requirements for independence under the rules of The Nasdaq Stock Market for service on this committee. The nominating and governance committee will be responsible for, among other things:

- evaluating and making recommendations regarding the composition, organization and governance of our board of directors and its committees,
- identifying, recruiting and nominating director candidates to the board if and when necessary;
- evaluating and making recommendations regarding the creation of additional committees or the change in mandate or dissolution of committees,
- reviewing and making recommendations with regard to our corporate governance guidelines and compliance with laws and regulations, and
- reviewing and approving conflicts of interest of our directors and corporate officers, other than related person transactions reviewed by the audit committee.

Our nominating and governance committee operates under a written charter adopted by our board of directors, which satisfies the applicable listing standards of The Nasdaq Stock Market.

Compensation Committee Interlocks and Insider Participation

None of the prospective members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the compensation committee or director (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers who will serve on our compensation committee or our board of directors.

Non-Employee Director Compensation

Members of our board of directors did not receive compensation for their service as directors for the year ended December 31, 2013. Commencing on completion of this offering, each of our non-employee directors will be paid an annual retainer of $50,000 for service on the Board of Directors. The Chairman of our Board will receive an annual retainer of $75,000. Each of our non-employee directors who serves as a committee chair will receive, in addition to the annual retainer, an additional retainer of $6,000 per year for his or her service as committee chair and non-chair committee members receive an additional retainer of $4,000 per year; provided, however, the Audit Committee chair's additional retainer is $16,000 per year and each non-chair Audit Committee member's additional retainer is $8,000 per year. All fees will be paid in shares of our stock on June 1 of each year and the stock price per share value shall be determined by an average closing price of our stock for the preceding twenty trading days of our common stock on its principal exchange. In July 2014, our board voted to award our chairman, Alfred E. Mann, a bonus of 25,000 shares of common stock in recognition of his many years of service to our Company.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides information regarding the compensation of our named executive officers during 2013. As an emerging growth company, we have elected to comply with the executive compensation disclosure rules applicable to "smaller reporting companies," as such term is defined in the rules promulgated under the Securities Act of 1933, as amended, or the Securities Act, which require compensation disclosure for our principal executive officer and the two most highly compensated executive officers other than our principal executive officer. Throughout this prospectus, these three officers are referred to as our "named executive officers."

Name and Principal Positions		Salary ($)	Bonus (A) ($)	Option Awards (B)	All Other Compensation ($)	Total ($)
Robert J. Greenberg, M.D.,						
Ph.D. President, Chief	2013	336,953	49,343	-	12,309	398,605
Executive Officer,	2012	328,953	-	112,522	313,610	755,085
Thomas B. Miller, Chief	2013	-	-	-	-	-
Financial Officer	2012	-	-	-	-	-
Anne-Marie Ripley, Vice						
President of Clinical and	2013	178,645	26,397	-	3,527	208,569
Regulatory Affairs	2012	201,118	-	22,504	4,181	227,803
Gregoire Cosendai, Ph.D.,						
Vice President of European	2013	204,272	19,261	-	13,633	237,166
Operations	2012	202,301	-	22,504	13,410	238,215
Brian Mech, Ph.D.,						
Vice President of Business	2013	190,757	28,249	-	3,767	222,773
Development	2012	188,325	-	22,504	4,299	215,128
Edward Randolph,	2013	187,160	15,655	-	3,706	206,521
Vice President of Manufacturing	2012	183,793	-	22,504	3,843	210,140

Executive Officer Employment Letter

We have no employment agreements with any of our executive officers.

Thomas B. Miller

We issued an executive employment letter dated May 21, 2014 to Thomas B. Miller, our Chief Financial Officer. The letter has no specific term and provides for at-will employment. The letter provides that Mr. Miller's current annual base salary is $225,000. We also have agreed to grant Mr. Miller a stock option to purchase 175,000 shares of our common stock, at $7.00 per share, vesting in four equal annual installments commencing July 14, 2015, in accordance with our stock option plan. The letter supersedes all existing agreements and understandings Mr. Miller may have concerning his employment relationship with us.

Pension Benefits and Nonqualified Deferred Compensation

We do not provide a defined benefit pension plan for our employees, and none of our named executive officers participated in a nonqualified deferred compensation plan in 2013.

Non-Equity Incentive Plan Compensation

We do not provide a non-equity compensation plan for our employees.

Employee Benefit and Stock Plan

In 2003, the board of directors adopted a 2003 Equity Incentive Plan. On July 15, 2011, the board of directors adopted a 2011 Equity Incentive Plan to substantially replace the 2003 Plan and also approved a complete restatement of the 2003 Plan. Our stockholders approved the Restatement of the 2003 Plan and the adoption of the 2011 Plan on July 21, 2011. The 2003 and 2011 Plans are substantially identical and shall hereinafter be collectively referred to as our "Plan". Our Plan permits the grant of non-statutory incentive stock options to our employees and any parent and subsidiary corporations' employees. Our Plan also permits option grants to certain independent contractors who provide services to us.

The maximum number of shares that we are authorized to grant under our 2011 plan is 4,000,000 which is offset and reduced by options granted and exercised under the 2003 plan.

Shares Available

Plan administration. The Plan is administered by the compensation committee which consists of Alfred E. Mann, William J. Link and Gregg Williams appointed by our board of directors. The compensation committee has the authority to determine the terms and conditions of awards, and to interpret and administer the Plan.

Stock options. Stock options may be granted under our Plan. The term of an incentive stock option may not exceed 10 years. The committee determines the exercise price of an option. Payment of the exercise price may be made in cash, shares or other property acceptable to the committee, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, the option will generally remain exercisable for thirty days following the termination of service (subject to extension upon approval of the Committee). However, in no event may an option be exercised later than the expiration of its term. Subject to the provisions of our Plan, the committee determines the other terms of options.

Non-transferability of awards. Unless the committee provides otherwise, our Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

Certain adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our Plan, the committee will adjust the number and class of shares that may be delivered under our Plan and/or the number, class and price of shares covered by each outstanding award and the numerical share limits set forth in our Plan. In the event of our proposed liquidation or dissolution, the committee will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or change in control. Our Plan provides that in the event of a merger or change in control, as defined under the Plan, each outstanding award will be treated as provided for in the individual award agreement.

Amendment, termination. Our board of directors will have the authority to amend, suspend or terminate the Plan provided such action does not require stockholder approval and will not impair the existing rights of any participant. Our Plan will automatically terminate in 2021, unless we terminate it sooner.

401(k) Plan

The Company has a 401(k) Savings Retirement Plan that covers substantially all full-time employees who meet the plan's eligibility requirements and provides for an employee elective contribution. The Plan provides for employer matching contributions or profit sharing contributions to eligible employees. Employer contributions are discretionary and determined annually by the Board of Directors. Contributions to the plan totaled approximately $65,000 and $56,000 for the six months ended June 30, 2014 and 2013, respectively, and $110,000 and $129,000 for the years ended December 31, 2013 and 2012, respectively.

We are required to contribute to a government-sponsored pension plan for the employees of our Switzerland-based subsidiary. The employer's portion of the amounts contributed to the subsidiary's pension plan on behalf of the employees was approximately $52,000 and $41,000 for the six months ended June 30, 2014 and 2013, respectively, and $94,000 and $78,000 for the years ended December 31, 2013 and 2012, respectively.

Indemnification of Officers and Directors

Our restated articles of incorporation contain provisions that limit the liability of officers and directors for monetary damages to the fullest extent permitted under California law. Consequently, our directors will not be personally liable to us or our shareholders for monetary damages for any breach of fiduciary duties as directors, except liability that might arise from:

- acts or omissions that involve intentional misconduct or a knowing and culpable violation of law;
- acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director;
- any transaction from which a director derived and improper personal benefit;
- for acts or omissions that show a reckless disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of a serious injury to the corporation or its shareholders;
- acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its shareholders; or
- unlawful payments of dividends, stock repurchases or redemptions under Sections 310 and 316 of the California Code

In addition, our restated articles of incorporation authorize us to provide indemnification to directors, officers, employees or other agents through bylaw provisions, agreements with agent, vote of shareholders or disinterested directors or otherwise to the fullest extent permitted by law.

Our amended and restated bylaws provide that we will indemnify directors and officers and we may indemnify other employees or agents.

Our amended and restated bylaws further provide that we may advance expenses incurred by or on behalf of a director or officer in defending any proceeding for which indemnification is required or permitted before the final disposition of the proceeding, subject to limited exceptions.

We have entered into indemnification agreements with our directors, officers and key employees, and we maintain director's and officer's liability insurance under which directors and officers are insured against loss (as defined in the policy) as a result of certain claims that could be brought against them. Our indemnification agreements may be broader than the specific indemnification provisions contained in the Califorina Code. These agreements require us to advance expenses incurred by our directors, officers and key employees in defending or investigating any action, suit or proceeding in which they may become involved. We believe that our bylaws provisions and these agreements are necessary to attract and retain qualified individuals to serve as directors, officers and key employees.

The limitation of liability and indemnification provisions in our amended and restated articles of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as we may provide indemnification for liabilities arising under the Securities Act to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

USE OF PROCEEDS

We estimate the gross proceeds from the sale of 3,500,000 shares of common stock in this offering, prior to deducting underwriting discounts and commissions and the estimated offering expenses payable by us, will be approximately $31,500,000, (approximately $36,225,000, if the over-allotment option granted to the underwriter is exercised in full).

We estimate that we will receive net proceeds of approximately $29,516,868 after deducting underwriting discounts and commissions, our underwriter's accountable expense allowance, of not more than $200,000 and other estimated expenses of the offering payable by the company of approximately $523,132, which includes legal, accounting, printing costs and various fees associated with the registration and listing of our shares. If the underwriter exercises its right to purchase an additional 525,000 shares of common stock to cover over-allotments, we will receive approximately $34,052,868, after deducting $1,449,000 for underwriting discounts and commissions.

We expect to utilize these funds over the next 18 to 24 months as follows:

- Approximately $2.0 to $4.0 million to increase sales and marketing activities over the next two years to increase sales coverage and market penetration.
- Approximately $4.0 million to increase development and clinical efforts to enhance the external hardware and software of the Argus II System. If successful, these enhancements could improve the resolution and other performance characteristics of our system.
- Approximately $2.0 million to conduct clinical trials to establish the safety and benefit of using the Argus II system to treat patients with AMD. We will start with a feasibility trial in late 2014. With promising results, we will begin a larger scale efficacy trial in early 2016 that could lead to marketing approval for the Argus II system for AMD patients in 2019. We estimate that the cost to complete this additional trial would be approximately $4.5 million.
- Approximately $5.0 million to conduct pre-clinical development of the Orion I cortical implant. If successful, we will begin testing our Orion I technology in humans in late 2016. The human clinical testing is likely to take the form of a feasibility study followed by a premarket approval pivotal trial. The details of these trials will be determined collaboratively with the FDA at that time. We cannot accurately estimate the timing or exact cost of these trials at this time.

We intend to obtain these additional funds through a combination of one of more of the following:

- Cash flows from operations.
- Sales of our securities
- Joint ventures
- Research grants
- Issuances of debt

No assurances can be given that our development activities or clinical trials will result in a marketable product or that we will be successful in raising adequate funds to support our future development and marketing activities. To the extent we are able raise funds, it may be on terms that will result in unfavorable dilution to our shareholders.

We intend to use the balance of net proceeds for working capital and general corporate purposes. Our management will have broad discretion in the application of the net proceeds, from this offering and investors will be relying on the judgment of our management regarding the application of the proceeds from this offering. We may find it necessary or advisable to use portions of the proceeds from this offering for other purposes. Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used include:

- the existence of unforeseen or other opportunities or the need to take advantage of changes in timing of our existing activities;
- the need or desire on our part to accelerate, increase, reduce or eliminate one or more existing initiatives due to, among other things, changing regulations, changing market conditions and competitive developments or interim results of research and development efforts;
- results from our business development and marketing efforts;
- the effect of foreign, federal, state, and local regulation;
- our ability to continue attracting grant or other development funding; and/or
- the presentation of strategic opportunities of which we are not currently aware (including acquisitions, joint ventures, licensing and other similar transactions).

From time to time, we may evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of resources, including the proceeds of this offering, is being optimized.

The other principal purposes of this offering are to:

- increase our visibility in the markets we serve;
- strengthen our balance sheet;
- create a public market for our common stock;
- facilitate our future access to the public capital markets;
- provide liquidity for existing stockholders; and
- improve the effectiveness of our equity compensation plans in attracting and retaining key employees.

Pending uses as described above, we intend to invest the net proceeds from this offering in short-term, investment-grade interest-bearing securities such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the US government as well as bank demand deposits..

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future, if at all. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

CAPITALIZATION TABLE

The following table sets forth the capitalization of Second Sight Medical Products, Inc. and Subsidiary as of June 30, 2014 as described below:

- on an actual basis;

- on an adjusted basis, giving effect to the following:
  - the mandatory conversion of convertible promissory notes in the principal amount of $29,519,162, plus accrued interest in the amount of $2,821,966, into 6,468,226 shares of the Company's common stock upon the consummation of this offering;
  - the sale of 3,500,000 shares of the Company's common stock at an initial public offering price of $9.00 per share, after deducting estimated underwriter discounts, commissions and other offering costs;

- on an as further adjusted basis, giving effect to the following:
  - the mandatory conversion of convertible promissory notes in the principal amount of $29,519,162, plus accrued interest in the amount of $2,821,966, into 6,468,226 shares of the Company's common stock upon the consummation of this offering;
  - the sale of 3,500,000 shares of the Company's common stock at an initial public offering price of $9.00 per share, after deducting estimated underwriter discounts, commissions and other offering costs;
  - the sale of 525,000 shares of the Company's common stock, pursuant to the underwriter's 15% over-allotment option, at an initial public offering price of $9.00 per share, after deducting estimated underwriter discounts, commissions and other offering costs;

You should read this capitalization table together with the consolidated financial statements and related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

	As of June 30, 2014		
	Actual	As Adjusted	As Further Adjusted
Convertible promissory notes, including accrued interest of $2,821,966, net of unamortized discount of $9,152,114	$ 23,189,014	$ —	$ —
Stockholders' equity (deficiency):			
Preferred stock, no par value, 10,000,000 shares authorized, none outstanding	—	—	—
Common stock, no par value, 200,000,000 shares authorized; issued and outstanding – 24,273,862 shares actual, 34,242,088 shares, as adjusted, and 34,767,088 shares, as further adjusted	96,659,344	158,517,340	163,053,340
Additional paid-in capital	21,232,817	21,232,817	21,232,817
Notes receivable, including amount due from officer of $420,425 at June 30, 2014 to finance stock option exercises	(571,441)	(571,441)	(571,441)
Accumulated other comprehensive loss	(343,738)	(343,738)	(343,738)
Accumulated deficit	(131,442,549)	(140,594,663)	(140,594,663)
Total stockholders' equity (deficiency)	(14,465,567)	38,240,315	42,776,315
Total capitalization	$ 8,723,447	$ 38,240,315	$ 42,776,315

The above capitalization table excludes the following:

- 2,287,603 shares of common stock issuable upon exercise of outstanding common stock options;
- 1,180,766 shares of common stock issuable upon exercise of common stock warrants;
- 1,215,072 shares of common stock reserved for future grants pursuant to the Company's Equity Incentive Plans, and
- 3,500,000 shares, as adjusted, and 4,025,000 shares, as further adjusted, issuable upon trigger of the Long Term Investment Right described under "Description of Capital Stock – Long Term Investor Right to Receive Additional Shares".

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the amount per share paid by purchasers of shares of common stock in this offering and the pro forma as adjusted net tangible book value per share of common stock immediately after the completion of this offering.

As of June 30, 2014, our pro forma net tangible book value, after giving effect to the mandatory conversion of convertible promissory notes in the principal amount of $29,519,162, plus accrued interest in the amount of $2,821,966, into 6,468,226 shares of the Company's common stock upon the consummation of this offering, was $8,723,447, or approximately $0.28 per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of June 30, 2014, assuming the mandatory conversion described.

After giving effect to our sale in this offering of 3,500,000 shares of our common stock, at an assumed initial public offering price of $ 9.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value, as adjusted, as of June 30, 2014 would be $38,240,315, or approximately $1.12 per share of our common stock. This represents an immediate increase in pro forma net tangible book value, as adjusted, of $0.84 per share to our existing stockholders and an immediate dilution of $7.88 per share to investors purchasing shares in this offering.

The following table illustrates this dilution as of June 30, 2014:

Assumed initial public offering price per share			$	9.00
Actual net tangible book value per share	$	(0.60)		
Increase in pro forma net tangible book value per share attributable to mandatory conversion of convertible promissory notes		0.88		
Pro forma net tangible book value per share before giving effect to this offering	$	0.28		
Increase in pro forma net tangible book value per share attributable to new investors purchasing shares in this offering		0.84		
Pro forma as adjusted net tangible book value per share, after giving effect to this offering			$	1.12
Dilution per share to new investors purchasing shares in this offering			$	7.88

The following table summarizes, on a pro forma, as adjusted basis, as of June 30, 2014, after giving effect to (i) the mandatory conversion of convertible promissory notes in the principal amount of $29,519,162, plus accrued interest in the amount of $2,821,966, into 6,468,226 shares of the Company's common stock upon the consummation of this offering and (ii) the sale of 3,500,000 shares of the Company's common stock at an initial public offering price of $9.00 per share, and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid, before deducting estimated underwriting discounts and commissions and estimated offering expenses:

	Shares Purchased		Total Consideration		Average Price
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
Existing stockholders	24,273,862	70.9%	$ 96,659,344	60.2%	$ 3.98
Convertible note holders	6,468,226	18.9%	32,341,128	20.2%	$ 5.00
New public investors	3,500,000	10.2%	31,500,000	19.6%	$ 9.00
Total	34,242,088	100.0%	$ 160,500,472	100.0%	$ 4.69

The number of shares of our common stock to be outstanding after this offering excludes the following:

- 2,287,603 shares of common stock issuable upon exercise of outstanding common stock options;
- 1,180,766 shares of common stock issuable upon exercise of common stock warrants;
- 1,215,072 shares of common stock reserved for future grants pursuant to the Company's Equity Incentive Plans,
- 805,000 shares of common stock issuable upon exercise of the Underwriter's Warrant, assuming exercise of the over-allotment option, and
- 3,500,000 shares, as adjusted, and 4,025,000 shares, as further adjusted, issuable upon trigger of the Long Term Investment Right described under “Description of Capital Stock – Long Term Investor Right to Receive Additional Shares”.

The following table summarizes, on a pro forma basis, as of June 30, 2014, the total consideration paid to us and the average price per share paid, before deducting estimated underwriting discounts and commissions and estimated offering expenses assuming (i) the mandatory conversion of convertible promissory notes in the principal amount of $29,519,162, plus accrued interest in the amount of $2,821,966, into 6,468,226 shares of our common stock upon the consummation of this offering, (ii) the sale of 3,500,000 shares of our common stock at an initial public offering price of $9.00 per share, and new investors with respect to the number of shares of common stock purchased from us, (iii) the exercise of the 15% over-allotment option, (iv) the exercise of the Underwriter's Warrant, (v) the exercise of all outstanding common stock options, (vi) the exercise of all outstanding common stock warrants, and (vi) trigger of the Long Term Investor Right to Receive Additional Shares:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	24,273,862	56.4%	$ 96,659,344	50.5%	$ 3.98
Convertible note holders	6,468,226	15.0%	32,341,128	16.9%	$ 5.00
New public investors	8,050,000	18.7%	36,225,000	19.0%	$ 4.50
Existing option holders	2,287,603	5.3%	11,124,080	5.8%	$ 4.86
Existing warrant holders	1,180,766	2.7%	5,903,830	3.1%	$ 5.00
Underwriter's Warrant	805,000	1.9%	9,056,250	4.7%	$ 11.25
Total	43,065,457	100.0%	$ 191,309,632	100.0%	$ 4.44

If the underwriter exercises its over-allotment option in full, the pro forma as adjusted net tangible book value per share of our common stock would be $1.23 per share, and the dilution per share to new investors purchasing shares in this offering would be $7.77 per share.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2014, after giving effect to (i) the automatic conversion of $29,519,162 principal amount of indebtedness, together with accrued interest thereon of $2,821,966, into shares of common stock and (ii) completion of this offering at an assumed initial public offering price of $9.00 per share, the difference between existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid, before deducting estimated underwriting discounts and commissions and estimated offering expenses:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	30,742,088	89.8%	$ 129,000,472	80.4%	$ 4.20
New public investors	3,500,000	10.2%	31,500,000	19.6%	9.00
Total	34,242,088	100.0%	$ 160,500,472	100.0%	

To the extent that our outstanding warrants are exercised, investors will experience further dilution.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriter’s over-allotment option. If the underwriter exercises its over-allotment option in full, our existing stockholders would own 88.4 % and our new investors would own 11.6 % of the total number of shares of our common stock outstanding upon the completion of this offering.

The number of shares of our common stock to be outstanding after this offering is based on 34,581,442 shares of our common stock (including common stock issuable upon automatic conversion of convertible notes) outstanding as of August 31, 2014, and excludes:

- 2,521,748 shares of our common stock issuable upon exercise of outstanding options
- 1,180,766 shares of our common stock issuable upon exercise of warrants;
- 955,977 shares of our common stock, net of exercises, reserved for future grants pursuant to our Plan; and
- up to 3,500,000 shares of our common stock that may be issued under the terms of the Long Term Investor Right (and also excluding shares that may be issued under terms of Long Term Investor Right on exercise of the underwriter's over-allotment option); and
- the shares of our common stock issuable upon exercise of the Underwriter's Warrant.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following describes transactions since January 1, 2011 to which we have been a party and, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers, or beneficial holders of more than 5% of any class of our capital stock, or their immediate family members, had or will have a direct or indirect material interest.

Other than as described below, there has not been, nor is there any currently proposed, transaction or series of related transactions to which we have been or will be a party other than compensation arrangements, which are described under “Executive Compensation" above.

Office Lease

We lease our office and laboratory space in Sylmar, California under an operating lease with Mann Biomedical Park, LLC an entity affiliated with Alfred Mann, Chairman of the Board and one of our co-founders. We entered into the lease of our Sylmar facility effective February 2012, for a term of five years that was to expire on February 28, 2017. This lease included rental of additional space commencing January 1, 2013 and we obtained a five year option to renew. The lease required us to pay real estate taxes, insurance and common area maintenance each year, and was subject to periodic cost of living adjustments. In April 2014, we entered into a new lease with the term ending on February 28, 2022. The new lease provides us with a five year option to renew, requires us to pay real estate taxes, insurance and common area maintenance each year and includes automatic increases each year. See "Business-Properties" above and Note 15 of Notes to Consolidated Financial Statements." In the opinion of management the terms of this lease are no less favorable than those that might be obtained from an unaffiliated third party.

Officer Loans

In May 2011, we entered into a loan agreement with our president whereby we provided him with $319,000 to finance the exercise of stock options to purchase 100,000 shares. The loan bore interest at 2.26% per annum and had a maturity date of May 31, 2016. On December 11, 2013, we entered into a second loan agreement with our president to allow him the funds to exercise stock options covering the purchase of 200,000 shares of common stock for $100,000. This loan bore interest at 1.64% per annum and had a maturity date of December 31, 2018. As of June 30, 2014 the balance outstanding under these two loans, including accrued interest, was $420,425. In July 2014, our board of directors approved forgiving these loans and related accrued interest of $420,425.

Our board and MDB Capital have agreed that our president and CEO may have a limited release from his 12 month lock-up agreement with us, permitting him to sell up to 100,000 shares of common stock, commencing February 15, 2015 and ending April 15, 2015 to cover or pay tax obligations arising out of the forgiveness of these two loans and out of certain of his option exercises. See “Shares Eligible for Future Sales – Lock up Agreements”.

Convertible Notes and Warrants

During 2012 and 2013, we borrowed money primarily from existing stockholders in three separate private placement rounds through the issuance of convertible promissory notes totaling $29,519,162. Entities affiliated with three members of our board of directors, Alfred E. Mann, Gregg Williams and Aaron Mendelsohn, acquired in those rounds a total of $23,378,808 in face value of our convertible notes payable on the same terms and conditions as other investors in those financings. In June 2014, an entity associated with Aaron Mendelsohn assigned $200,000 in face value of these convertible notes payable to unrelated parties. This assignment included all accrued interest and the related 8,000 warrants. These notes are unsecured, bear simple interest of 7.5% per year accrued on the outstanding face value of the notes, and may be converted into shares of our common stock at $5.00 per share upon the occurrence of certain events, one of which is an initial public offering of our common stock. In connection with all three rounds of these notes during 2012 and 2013, we issued warrants to purchase shares of our common stock to those investors. These warrants grant the holder the right to purchase additional shares ofcommon stock of the Company equal to the product of (a) 20%, multiplied by (b) the face amount of the convertible note divided by $5.00. The exercise price for each share that may be purchased under the warrant is $5.00. Until their expiration date, the warrants may be exercised at any time, and from time to time, in whole or in part. In connection with their purchase of convertible notes, entities affiliated with these three members of our board of directors, Alfred E. Mann, Gregg Williams and Aaron Mendelsohn, also acquired in those rounds warrants to purchase an aggregate of 927,152 shares of common stock. See "Principal Stockholders."

Bank Line of Credit and Loan from Principal Shareholder

We are in the process of discussing a revolving line of credit from a bank in an amount of up to $7 million. We anticipate that this loan may be guaranteed by one or more of our directors. No assurance can be given that we will be able to reach mutually acceptable terms or enter into a definitive agreement for this line of credit.

Pending our entering into a definitive agreement for this line of credit, we entered into a loan agreement on September 30, 2014 with an entity affiliated with Mr. Mann to lend us up to $3 million at an annualized rate of 1.5% on an unsecured basis. We intend to borrow $2 million from this entity on or about October 1, 2014, and at our discretion we may borrow an additional $1 million from this lender. We will utilize these funds for our general operating expenses. All amounts that we may borrow from this lender are due and payable 60 days after first funds we receive under this loan agreement.

Finder Fees

In connection with a private placement of our common stock completed in July 2014 we paid an entity affiliated with Aaron Mendelsohn, one of our directors, a finder fee of 26,785 shares of common stock.

Indemnification Agreements

We have entered into indemnification agreements with each of our current directors, executive officers and certain other directors. The indemnification agreements and our amended and restated certificate of incorporation and amended and restated bylaws require us to indemnify our directors and officers to the fullest extent permitted by California law. See “Executive Compensation—Indemnification of Officers and Directors.”

Policies and Procedures for Related Party Transactions

Following the completion of this offering, our audit committee will have the primary responsibility for reviewing and approving or disapproving “related party transactions,” which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. Upon completion of this offering, our policy regarding transactions between us and related persons will provide that a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter provides that our audit committee shall review and approve or disapprove any related party transactions.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of August 31, 2014, as adjusted to reflect the sale of common stock in this offering, for:

- each of our directors;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, who beneficially owned more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 24,538,003 shares of our common stock outstanding as of August 31, 2014. We have based our calculation of the percentage of beneficial ownership after this offering on 34,581,442 shares of our common stock outstanding immediately after the completion of this offering and conversion of indebtedness, assuming that the underwriter will not exercise its option to purchase up to an additional 525,000 shares of our common stock. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares of common stock subject to warrants held by the person that are currently exercisable or exercisable within 60 days of August 31, 2014. However, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Second Sight Medical Products, Inc., 12744 San Fernando Road, Building 3, Sylmar, California 91342.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned: Before the Offering	After the Offering
Directors and Executive Officers:			
Robert J. Greenberg, M.D., Ph.D. (1)	1,056,677	4.2%	3.0%
Alfred E. Mann (2)	11,273,041	41.9%	32.3%
William J. Link (3)	4,492,975	18.3%	13.0%
Aaron Mendelsohn (4)	943,801	3.8%	2.7%
Gregg Williams (5)	6,117,063	22.2%	17.5%
Thomas B. Miller (6)	-	-	-
Anne-Marie Ripley(7)	125,985	*	*
Gregoire Cosendai, Ph.D.(8)	79,294	*	*
Brian Mech, Ph.D.(9)	106,262	*	*
Edward Randolph(10)	114,900	*	*
All current directors and executive officers as a group (10 persons)(10)	24,309,998	77.1%	66.3%

* Represents beneficial ownership of less than one percent.

(1) Includes 304,000 shares held by Robert J. Greenberg and currently exercisable options to purchase 752,677 shares of common stock and excludes unvested options to purchase 76,641 shares of common stock.

(2) Includes (a) the following held by Alfred E. Mann Living Trust (i) 3,204,852 shares of common stock, (ii) 1,976,905 shares of common stock to be received on conversion of promissory note principal and accrued interest and (ii) 360,000 shares of common stock issuable upon exercise of warrants; (b) 5,706,284 shares of common stock held by IncuMed, LLC and (c) 25,000 shares of common stock owned directly by Mr. Mann, but excludes the following securities held by Claude Mann, the wife of Alfred E. Mann, (i) 60,000 shares of common stock, (ii) 209,083 shares of common stock to be received on conversion of promissory notes and (iii) 20,000 shares of common stock issuable upon exercise of warrants. Mr. Mann disclaims any beneficial ownership of securities owned by Claude Mann.

(3) Includes 4,370,964 shares held by Versant Venture Capital II, L.P.("VVC"); 82,949 shares held by Versant Affiliates Fund II-A, L.P. ("VAF"); and 39,062 shares held by Versant Side Fund II, L.P.; Mr. Link is managing director of Versant Ventures II, LLC, the general partner of VVC, VAF and VSF and may be deemed a beneficial owner of these shares.

(4) Includes (i) 26,785 shares owned by Mendelsohn Investment Services , LLC, the following held by Mendelsohn Family Enterprises LLC (ii) 331,113 shares held of record, (iii) 405,416 shares to be received on conversion of promissory note principal and accrued interest (iv) 72,232 shares of common stock upon exercise of warrants and (v) 108,255 shares held by Mr. Mendelsohn individually. Mr. Mendelsohn has voting and dispositive power over the shares held by Mendelsohn Investment Services, LLC and by Mendelsohn Family Enterprises LLC.

(5) Includes the following held by the Sam Williams Trust (i) 3,119,328 shares held of record (ii) 2,542,814 shares of common stock to be received on conversion of promissory notes and (iii) 454,921 shares of common stock issuable on exercise of warrants. Gregg Williams has voting and dispositive power over the shares of the Sam Williams Trust

(6) Excludes unvested options to purchase 175,000 shares of common stock.

(7) Includes vested options to purchase 125,985 shares of common stock and excludes unvested options to purchase 18,453 shares of common stock.

(8) Includes vested options to purchase 79,294 shares of common stock and excludes unvested options to purchase 22,725 shares of common stock.

(9) Includes vested options to purchase 106,262 shares of common stock and excludes unvested options to purchase 19,703 shares of common stock.

(10) Includes vested options to purchase 114,900 common stock and excludes unvested options to purchase 16,890 shares of common stock.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital stock consists of 200,000,000 shares of common stock and 10,000,000 shares of preferred stock.

As of August 31, 2014, we had outstanding 31,081,442 shares of common stock, held by 131 stockholders of record, assuming the automatic conversion of all of our convertible promissory notes into common stock effective upon the completion of this offering. In addition, immediately prior to this offering, we had outstanding warrants to purchase 1,180,766 shares of our common stock and have outstanding options to purchase 2,521,748 shares of our common stock.

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders and cumulative voting rights in the election of our directors. Under California law, in any election of directors, each stockholder is entitled to cumulative voting at such election. This means that each stockholder may cast, in person or by proxy, as many votes in the aggregate as that stockholder is entitled to vote, multiplied by the number of directors to be elected. A stockholder is entitled and can elect to cast all of his or her votes for any director or for any two or more as the stockholder would choose. Our Bylaws provide that the holders of a majority of the outstanding shares of our common stock, if present in person or by proxy, represent a quorum for the transaction of business at stockholders meetings. In most instances, if holders of a majority of the common stock present in person or by proxy at any meeting vote “for” a matter, the matter passes. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably any dividends declared by our board of directors out of assets legally available. Upon our liquidation, dissolution, or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then-outstanding shares of preferred stock. Holders of our common stock do not have preemptive or conversion rights, or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are validly issued, fully paid and non-assessable.

Long Term Investor Right to Receive Additional Shares

In connection with this offering, each beneficial owner of our common stock (an “IPO Shareholder”), who purchases shares directly in this offering (“IPO Shares”), may qualify to receive up to, but no more than, one additional share of common stock from us per each share purchased in this offering (“IPO Supplemental Shares”) pursuant to the contractual obligation of the Company in association with the sale of the offered shares (“Long Term Investor Right^{SM}”). In order to qualify to receive IPO Supplemental Shares, if any, an IPO Shareholder must, within 90 days following the closing date of this offering (the “Closing Date”), take whatever action necessary to become the direct registered owner of his, her or its IPO Shares and may not place or deliver those shares into "street name." Except for those limited circumstances described below, these rights are not and will not be transferable, assignable, subject to pledge or otherwise alienable, and the registered holder of these rights will immediately and automatically forfeit the number of IPO Supplemental Shares to which it might be entitled if the IPO Shareholder has sold or has otherwise transferred the IPO Shares during the “holding period,” which is the period commencing on the Closing Date and ending on the two-year anniversary of the Closing Date. Any right that is terminated and forfeited, from that time, will be null, void and have no further force or effect. The transfer of any or all of the IPO Shares without suffering a forfeiture of the right to receive IPO Supplemental Shares during the holding period will only be allowed

- on the IPO Shareholder's death, by will or operation of law to the IPO Shareholder's spouse, ex-spouse, child, grandchild, stepchild or
- by or as a result of divorce proceedings or
- to a trust or other similar estate planning vehicle for the benefit of the IPO Shareholder or
- on liquidation of any corporation, trust or other entity

provided that in each such case, each transferee must agree in writing to receive and hold the IPO Supplemental Shares so transferred subject to the Long Term Investor Right and there shall be no further transfer of those IPO Supplemental Shares.

We will issue the IPO Supplemental Shares to IPO Shareholders who have not otherwise forfeited their rights as a result of their selling or otherwise transferring IPO Shares during the holding period if, during the two-year period immediately following the Closing Date (i) the average closing price per share of our common stock over any five consecutive trading days does not equal or exceed 200% of IPO price per share (subject to adjustment as set forth below). Any additional shares will be issued in accordance with the records of the Company as promptly as practicable following the second anniversary of the Effective Date to those IPO Shareholders who have not otherwise forfeited their rights. If the common stock trades on its principal exchange at 200% of the IPO price per share or greater on five consecutive trading days during the two years after the closing date the Long Term Investor Right will terminate.

The formula to determine the number of IPO Supplemental Shares to be issued on a trigger of the Long Term Investor Right, which shall not exceed one share of common stock per Long Term Investor Right, will be: (i) *200% of the Offering Price* minus (ii) *the highest average of consecutive closing prices over any 90 calendar day period on the principal exchange during the two years after the Closing Date* (the "Measurement Average") divided *by the Measurement Average.* Fractional shares issuable to a qualifying IPO Shareholder resulting from the calculation will be rounded up to the next whole share of Common Stock, taking into account the aggregate number of Long Term Investor Rights of a holder. For illustrative purposes only: where, for example, the Offering Price is $9.00, 200% of the Offering Price is $18, if the Measurement Average is $12 and if the qualifying IPO Shareholder has retained 1,000 IPO Shares, then (i) $18 minus $12, (ii) divided by $12 results in the qualifying IPO Shareholder receiving an additional one-half of a share of common stock per each Long Term Investor Right, or an aggregate of 500 IPO Supplemental Shares. The Offering Price for purposes of the calculation of the amount of common stock to be issued on a Long Term Investor Right will be subject to adjustment in the event of a reorganization, recapitalization or split-up of our shares, our issuance of a stock dividend or any similar event. The amount of IPO Supplemental Shares, if any, to be issued will be computed by independent public accountant as soon as practicable following the second anniversary of the Closing Date. The determination by such independent public accountant will be final and binding on us and on all qualifying IPO Shareholders and we will within 15 days after receipt of written determination mail to shareholders certificates evidencing the additional shares.

Preferred Stock

Our Articles of Incorporation permit us to issue up to 10,000,000 shares of preferred stock in one or more series and with rights and preferences that may be fixed or designated by our board of directors without any further action by our stockholders. We have no shares of preferred stock outstanding, and have no current intentions of issuing any share of preferred stock

Subject to the limitations prescribed in our Articles of Incorporation and under California law, our Articles of Incorporation authorize the board of directors, from time to time by resolution and without further stockholder action, to provide for the issuance of shares of preferred stock, in one or more series, and to fix the designation, powers, preferences and other rights of the shares and to fix the qualifications, limitations and restrictions thereof. The issuance of preferred stock with certain voting, conversion and/or redemption rights could adversely affect the rights of holders of our common stock, including with respect to voting, dividends and liquidation. Preferred stock could also be issued quickly with terms calculated to delay, defer or prevent a change in control of Second Sight or to make removal of management more difficult. Additionally, the issuance of preferred stock may decrease the market price of our common stock.

Demand Registration Rights

The holders of an aggregate of about 22,172,093 shares of our common stock, or their permitted transferees, have demand registration rights pursuant to a September 2003 Shareholders Agreement that expired in September 2013. The demand registration rights continue after expiration of the shareholder agreement. Under its terms we will be required after six months following the date of this offering upon the written request of holders owning at least a majority percentage of those shares to file a registration statement no later than 60 days after we have received that request. We are required to effect only one mandatory registration of shares under the shareholder agreement. Depending on certain conditions, however, we may defer such registration for up to 120 days in any 12-month period.

Stock Options and Warrants

As of August 31, 2014, we have reserved the following shares of common stock for issuance pursuant to stock option and warrant agreements:

- 2,521,748 shares of our common stock are reserved for issuance under various outstanding option agreements, at a weighted average exercise price of $5.09 per share;
- 1,180,766 shares of our common stock, at an exercise price of $5.00 per share are reserved for issuance under various outstanding warrant agreements; and
- 955,977 shares of our common stock, net of exercises, reserved for future grants pursuant to our 2011 Equity Incentive Plan.

Convertible Promissory Notes

During 2012 and 2013, Second Sight borrowed money primarily from existing investors in three separate rounds through the issuance of convertible promissory notes totaling $29,519,162. These notes are unsecured, bear simple interest of 7.5% per annum accrued on the outstanding face value of the notes, and may be converted into shares of our common stock at $5.00 per share upon the occurrence of certain events, one of which is an initial public offering of our common stock.

Warrants

In connection with each of the three separate rounds by which we borrowed a total of $29,519,162 we also issued to 19 beneficial holders of convertible promissory notes, warrants that in the aggregate permit them to purchase 1,180,766 shares of our common stock for a period of five years. In June 2014 our board of directors amended the terms of the warrants to eliminate provisions that required the holders to exercise the warrants at $5 per share or have them terminated without value on completion of this offering. Three of our directors beneficially own in the aggregate warrants to purchase 887,152 shares of common stock. See "Principal Stockholders".

Authorized Common and Preferred Stock

Effects of authorized but unissued common stock and blank check preferred stock. In August 2014 we amended our articles of incorporation to increase authorized common stock from 35,000,000 shares of common stock to 200,000,000 shares of common stock and to authorize 10,000,000 shares of blank check preferred stock. One of the effects of the existence of authorized but unissued common stock and undesignated preferred stock may be to enable our board of directors to make more difficult or to discourage an attempt to obtain control of Second Sight by means of a merger, tender offer, proxy contest or otherwise, and thereby to protect the continuity of management. If, in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal was not in our best interest, these shares could be issued by the board of directors without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover transaction by diluting the voting or other rights of the proposed acquirer or insurgent stockholder group, by putting a substantial voting bloc in institutional or other hands that might undertake to support the position of the incumbent board of directors, by effecting an acquisition that might complicate or preclude the takeover, or otherwise.

In addition, our restated articles of incorporation grant our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance also may adversely affect the rights and powers, including voting rights, of those holders and may have the effect of delaying, deterring or preventing a change in control of our Company.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be VStock Transfer, LLC. The transfer agent's address is 18 Lafayette Place, Woodmere, New York 11598, and its telephone number is 212-828-8436.

Exchange Listing

We have applied to list our common stock on the Nasdaq Capital Market under the symbol "EYES."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for shares of our common stock. Future sales of substantial amounts of shares of common stock, including shares issued upon the exercise of outstanding warrants and options, in the public market after this offering, or the possibility of these sales occurring, could adversely affect the prevailing market price for our common stock or impair our ability to raise equity capital.

Upon the completion of this offering, a total of 34,581,442 shares of common stock will be outstanding, assuming the then automatic conversion of all outstanding convertible promissory notes into shares of common stock. All 3,500,000 shares of common stock sold in this offering by us, plus any shares sold upon exercise of the underwriter's over-allotment option, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining 31,081,442 shares of common stock that are outstanding at the completion of this offering will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below.

Subject to the lock-up agreements described below and the provisions of Rules 144 and 701 under the Securities Act, these restricted securities will be available for sale in the public market beginning more than 180 days after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described below, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. However, all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

Lock-Up Agreements

Our directors, officers, stockholders beneficially owning 10% or greater of our equity securities and certain of our consultants have agreed that, without the prior written consent of MDB Capital Group LLC, they will not, during the period ending 12 months after the date of this prospectus:

- offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of common stock, capital stock, or any securities convertible into or exchangeable or exercisable for shares of common stock or other capital stock;
- make any demand for or exercise any right with respect to the registration of any shares of common stock or other such securities; or
- enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition. As of August 31, 2014, the aggregate number of shares subject to 12 months lock-ups amounts to 22,782,153 shares of common stock and 2,349,579 shares of common stock issuable upon exercise of options and warrants. Employees and certain consultants owning [ ] shares of common stock and owning options and warrants to purchase [ ] shares of common stock have agreed to a comparable lock-up of their securities for a period of six months after the date of this prospectus. These agreements are subject to certain exceptions. See “Underwriting” for additional information. Our board and MDB Capital have agreed that our President and CEO may sell up to 100,000 shares of common stock in the period commencing February 15, 2015 and ending April 15, 2015 to permit him to obtain amounts he may need to pay income tax obligations that will be then due.

Registration Statement on Form S-8

Following the six month anniversary of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock to be issued or reserved for issuance under our equity incentive plan. Shares covered by that registration statement will be eligible for sale in the public market, upon the expiration or release from the terms of the lock-up agreements and subject to vesting of such shares.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated the date of this prospectus with MDB Capital Group, LLC ("MDB Capital Group"), as the managing underwriter, we have agreed to sell to the underwriter and the underwriter has agreed to purchase from us the number of shares of common stock indicated in the table below at the public offering price, less the underwriting discounts and commissions set forth on the cover page of this prospectus, as it may be supplemented from time to time.

Underwriter	Number of Shares
MDB Capital Group, LLC	3,500,000
Total	3,500,000

The underwriter is committed to purchase all of the common shares offered by us, if they purchase any shares, other than those covered by the option to purchase additional shares described below. The underwriting agreement provides that the underwriter's obligations to purchase shares of our common stock are subject to conditions contained in the underwriting agreement. A copy of the underwriting agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part.

We have been advised by the underwriter that they propose to offer the shares of our common stock directly to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers that are members of the Financial Industry Regulatory Authority ("FINRA"). Any of the securities sold by the underwriter to securities dealers will be sold at the public offering price less a selling concession not in excess of $ per share. After the public offering of the shares, the offering price and other selling terms may be changed by the underwriter.

None of our securities included in this offering may be offered or sold, directly or indirectly, nor may this prospectus and any other offering material or advertisements in connection with the offer and sales of any of our common stock, be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons who receive this prospectus are advised to inform themselves about and to observe any restrictions relating to this offering of our common stock and the distribution of this prospectus. This prospectus is neither an offer to sell nor a solicitation of any offer to buy any of our common stock included in this offering in any jurisdiction where that would not be permitted or legal.

MDB Capital Group has advised us that the underwriter does not intend to confirm sales to any accounts over which it exercises discretionary authority.

Underwriting Discount and Expenses

The following table summarizes the underwriting discount and commission to be paid to the underwriter by us.

	Without Over-Allotment	With Over-Allotment
Public offering price	$ 31,500,000	$ 36,225,000
Underwriting discount to be paid to the underwriter	1,260,000	1,449,000
Accountable expense allowance	200,000	200,000
Net proceeds, before other expenses	$ 30,040,000	$ 34,576,000

We estimate the total expenses payable by us for this offering to be approximately $ 1.98 million ($2.17 million if the underwriter's over-allotment option is exercised in full), which amount includes (i) the aggregate underwriting discount of $1,260,000 ($1,449,000 if the underwriter's over-allotment option is exercised in full), (ii) reimbursement of the expenses of the underwriter on an accountable basis not to exceed $200,000, including the fees of underwriter's counsel of which $25,000 has been advanced on a refundable and accountable basis being paid by us, and (iii) other estimated expenses of approximately $523,000 which includes legal, accounting, printing costs and various fees associated with the registration and listing of our shares. In no event will the aggregate expenses reimbursed to the underwriter exceed $200,000.

Over-allotment Option

We have granted to the underwriter an option, exercisable not later than 45 days after the date of this prospectus, to purchase up to an additional 525,000 shares of our common stock (up to 15% of the shares firmly committed in this offering) at the public offering price, less the underwriting discount, set forth on the cover page of this prospectus. The underwriter may exercise the option solely to cover over-allotments, if any, made in connection with this offering. If any shares of common stock are purchased pursuant to the over-allotment option, the underwriter will offer these shares of common stock on the same terms as those on which the other shares of common stock are being offered hereby.

Determination of Offering Price

There is no current market for our common stock. The underwriter is not obligated to make a market in our securities, and even if they choose to make a market, they can discontinue their market making at any time without notice. Neither we nor the underwriter can provide any assurance that an active and liquid trading market in our securities will develop or, if developed, that the market will continue.

The public offering price of the shares offered by this prospectus has been determined by negotiation between us and the underwriter. Among the factors considered in determining the public offering price of the shares were:

- our history, current and proposed business activities, and our prospects;
- the industry in which we operate;
- our past and present operating results;
- the nature and extent of our intellectual property and of our proposed products, including Orion I;
- the nature and extent of domestic and foreign regulatory approvals for our Argus II product;
- the previous experience of our executive officers; and
- the general condition of the securities markets at the time of this offering.

The offering price stated on the cover page of this prospectus should not be considered an indication of the actual value of the shares. That price is subject to change as a result of market conditions and other factors, and neither we nor the underwriter can assure you that an active trading market for the shares will develop or that after the offering the shares will trade in the public market at or above the initial public offering price.

Underwriter Warrant

We have agreed to issue to the underwriter a warrant to purchase shares of our common stock (up to 20% of the shares of common stock sold in this offering, including the over-allotment, to the extent exercised). The warrant is exercisable in whole or in part at $11.25 per share (125% of the price of the common stock sold in this offering), commencing in 180 days after the effective date of the registration statement for this offering and expiring on the fifth anniversary of the effective date of the registration statement. The warrant and the shares of common stock underlying the warrant have been deemed compensation by FINRA and are therefore subject to a 180 days lock up pursuant to Rule 5110(g)(1) of FINRA. The underwriter (or permitted assignees under Rule 5110(g)(1)) will not sell, transfer, assign, pledge, or hypothecate the warrant or the securities underlying the warrant, nor will it engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrant or the underlying securities for a period of 180 days from the effective date of the registration statement for this offering.

Lock-Up Agreements

Our directors, officers and stockholders beneficially owning 10% or more of our common stock and certain of our consultants have agreed that they will not sell, contract to sell, grant any option for the sale or otherwise dispose of any of our equity securities, or any securities convertible into or exercisable or exchangeable for our equity securities, without the consent of MDB Capital Group, LLC for a period of 12 months from the date of this prospectus. Certain of our employees and consultants holding options and shares have agreed to a similar lock-up, for six months from the date of this prospectus. MDB Capital Group, LLC may consent to an early release from the applicable lock-up period, as it determines in its discretion as to potential seller and quantity, if, in their opinion, the market for the common stock would not be adversely impacted by sales or for any other reason. Our board and MDB Capital have agreed that our President and CEO may sell up to 100,000 shares of common stock in the period commencing February 15, 2015 and ending April 15, 2015 to permit him to obtain amounts he may need to pay income tax obligations that will be then due. We are unaware of any other officer, director or stockholder who intends to ask for consent to sell or otherwise transfer any of our equity securities during the relevant lock-up periods.

Indemnification

We will agree to indemnify the underwriter against certain liabilities, including certain liabilities arising under the Securities Act, and to contribute to payments that the underwriter may be required to make for these liabilities.

Short Positions and Penalty Bids

The underwriter may engage in over-allotment, syndicate covering transactions, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act.

- Over-allotment involves sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by an underwriter is not greater than the number of shares that it may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriter may close out any short position by either exercising its over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which it may purchase shares through the over-allotment option. If an underwriter sells more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if an underwriter is concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit an underwriter to reclaim a selling concession from a syndicate member when the shares originally sold by the syndicate member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq Capital Market, and if commenced, they may be discontinued at any time.

Neither we nor the underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor the underwriter make any representation that the underwriter will engage in these transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by the underwriter, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the underwriter, prospective investors may be allowed to place orders online. The underwriter may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriter on the same basis as other allocations.

Other than the prospectus in electronic format, the information on the underwriter's website and any information contained in any other website maintained by the underwriter is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriter in its capacity as underwriter and should not be relied upon by investors.

The underwriter's compensation in connection with this offering is limited to the fees and expenses described above under "Underwriting Discount and Expenses."

LEGAL MATTERS

Law Offices of Aaron A. Grunfeld, 11111 Santa Monica Boulevard, Suite 1840, Los Angeles, California 90255, will pass upon the validity of the shares of common stock offered by this prospectus. Golenbock Eiseman Assor Bell & Peskoe LLP, 437 Madison Avenue, New York, New York 10022, is acting as counsel to MDB Capital Group, LLC. Aaron A. Grunfeld is the beneficial owner of 10,715 shares of our common stock.

CHANGES IN ACCOUNTANTS

In June 2014, we dismissed Cooper, Moss, Resnick, Klein & Co., LLP (CMRK) as our independent public accounting firm, because CMRK is not registered with the Public Company Accounting Oversight Board. On June 16, 2014, we engaged Gumbiner Savett Inc. ("Gumbiner") as our new independent registered public accounting firm. The decision to dismiss CMRK and to retain Gumbiner was approved by our board of directors.

For the fiscal years ended December 31, 2011 and December 31, 2012, CMRK's reports on our consolidated financial statements contained an emphasis of matter paragraph regarding substantial doubt about the Company's ability to continue as a going concern. The CMRK's report on our consolidated financial statements did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to audit scope, or accounting principles. During the fiscal years ended December 31, 2011 and December 31, 2012 and through the date of CMRK's dismissal, there were no disagreements with CMRK on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that would have caused CMRK to make reference to the subject matter of the disagreement in its reports. During the fiscal years ended December 31, 2011 and December 31, 2012 and through the date of CMRK's dismissal, we did not experience any of the events set forth in paragraphs (A) through (D) of Item 304(a)(1)(v) of Regulation S-K.

During the fiscal years ended December 31, 2011 and December 31, 2012 and through the date that we retained Gumbiner, we did not consult Gumbiner regarding any of the matters set forth in paragraphs (i) and (ii) of Item 304(a)(2) of Regulation S-K.

EXPERTS

The financial statements of Second Sight Medical Products for the years ended December 31, 2013 and 2012 included in this prospectus have been audited by Gumbiner Savett Inc., an independent registered public accounting firm as set forth in their report. We have included these financial statements in this prospectus in reliance upon the report of Gumbiner Savett Inc., given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933 with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the public reference room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1(800) SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

Information contained on or that can be accessed through our website is not part of this prospectus and the inclusion of our website address in this prospectus is intended as an inactive textual reference only.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company, we have been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Current assets:		
Cash	$ 2,946,729	$ 62,565
Money market funds	3,079,505	8,611,614
Accounts receivable	459,407	468,644
Inventories, net	4,040,836	2,346,770
Prepaid expenses and other current assets	547,431	298,223
Total current assets	11,073,908	11,787,816
Property and equipment, net of accumulated depreciation	860,004	723,474
Deposits and other assets	178,965	162,131
Total assets	$ 12,112,877	$ 12,673,421
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	$ 700,699	$ 314,327
Accrued expenses	819,162	662,883
Accrued compensation expense	1,045,818	1,146,028
Accrued clinical trial expenses	450,361	491,267
Deferred revenue	373,390	68,875
Total current liabilities	3,389,430	2,683,380
Convertible promissory notes, including $18,362,243 and $15,389,215 payable to related parties at June 30, 2014 and December 31, 2013, respectively, including accrued interest of $2,202,328 and $1,724,096 at June 30, 2014 and December 31, 2013, respectively, net of unamortized discount of $9,152,114 and $12,032,146 at June 30, 2014 and December 31, 2013, respectively	23,189,014	19,211,112
Total liabilities	26,578,444	21,894,492
Commitments and contingencies		
Stockholders’ deficiency:		
Preferred stock, no par value, 10,000,000 shares authorized and none outstanding	—	—
Common stock, no par value; 200,000,000 shares authorized; shares issued and outstanding: 24,273,862 and 23,050,073 at June 30, 2014 and December 31, 2013, respectively	96,659,344	88,311,192
Additional paid-in capital	21,232,817	20,785,499
Notes receivable, including amount due from an officer of $420,425 and $423,217 at June 30, 2014 and December 31, 2013, respectively, to finance stock option exercises	(571,441)	(587,543)
Accumulated other comprehensive loss	(343,738)	(267,498)
Accumulated deficit	(131,442,549)	(117,462,721)
Total stockholders’ deficiency	(14,465,567)	(9,221,071)
Total liabilities and stockholders’ deficiency	$ 12,112,877	$ 12,673,421

See accompanying notes to condensed consolidated financial statements

**SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Product sales	$ 1,268,203	$ 765,625
Cost of sales	1,720,487	2,786,909
Gross loss	(452,284)	(2,021,284)
Operating expenses:		
Research and development, net of grant revenue	2,259,675	1,732,932
Clinical and regulatory	1,307,135	1,622,620
Selling and marketing	3,083,089	1,512,813
General and administrative	2,917,178	2,161,935
Total operating expenses	9,567,077	7,030,300
Loss from operations	(10,019,361)	(9,051,584)
Interest income	5,609	3,747
Interest expense on convertible promissory notes	(1,097,870)	(620,103)
Amortization of issuance discount on convertible promissory notes	(2,880,032)	(1,146,675)
Other income, net	11,826	700
Net loss	$ (13,979,828)	$ (10,813,915)
Net loss per common share – Basic and diluted	$ (0.60)	$ (0.48)
Weighted average common shares outstanding – Basic and diluted	23,211,763	22,378,316

See accompanying notes to condensed consolidated financial statements.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)

	Six Months Ended June 30,	
	2014	**2013**
Net loss	$ (13,979,828)	$ (10,813,915)
Other comprehensive loss:		
Foreign currency translation adjustments	(76,240)	(39,447)
Comprehensive loss	$ (14,056,068)	$ (10,853,362)

See accompanying notes to condensed consolidated financial statements.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
(unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Notes Receivable for Stock Option Exercises	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficiency
Balance, December 31, 2013	23,050,073	$ 88,311,192	$ 20,785,499	$ (587,543)	$ (267,498)	$ (117,462,721)	$ (9,221,071)
Issuance of shares of common stock in connection with private placement	1,082,711	7,578,977	—	—	—	—	7,578,977
Finder's fee paid on private placement	53,778	376,446	(376,446)	—	—	—	—
Exercise of stock options	87,300	392,729	—	—	—	—	392,729
Stock-based compensation expense	—	—	823,764	—	—	—	823,764
Repayment of notes receivable for stock option exercises, net	—	—	—	16,102	—	—	16,102
Comprehensive loss							
Net loss	—	—	—	—	—	(13,979,828)	(13,979,828)
Foreign currency translation adjustment	—	—	—	—	(76,240)	—	(76,240)
Comprehensive loss	—	—	—	—	(76,240)	(13,979,828)	(14,056,068)
Balance, June 30, 2014	24,273,862	$ 96,659,344	$ 21,232,817	$ (571,441)	$ (343,738)	$ (131,442,549)	$ (14,465,567)

See accompanying notes to condensed consolidated financial statements.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash flows from operating activities:		
Net loss	$ (13,979,828)	$ (10,813,915)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of property and equipment	144,503	159,890
Stock-based compensation	823,764	451,872
Amortization of discount on convertible notes payable	2,880,032	1,146,675
Non-cash interest accrued on convertible notes payable	1,097,870	620,103
Changes in operating assets and liabilities:		
Restricted cash	—	163,576
Accounts receivable	9,237	(61,988)
Grants receivable	—	47,567
Inventories	(1,694,066)	115,091
Prepaid expenses and other assets	(266,042)	(161,090)
Accounts payable	386,372	(399,446)
Accrued expenses	115,373	248,108
Accrued compensation expenses	(100,210)	(121,320)
Deferred revenue	304,515	(60,378)
Net cash used in operating activities	(10,278,480)	(8,665,255)
Cash flows from investing activities:		
Purchase of property and equipment	(281,033)	(113,542)
Proceeds from (investment in) money market funds	5,532,109	(5,952,478)
Net cash provided by (used in) investing activities	5,251,076	(6,066,020)
Cash flows from financing activities:		
Proceeds from sale of common stock	7,578,977	—
Proceeds from exercise of common stock options	408,831	35,680
Repayment of convertible notes	—	(53,666)
Proceeds from issuance of convertible promissory notes	—	14,769,162
Net cash provided by financing activities	7,987,808	14,751,176
Effect of exchange rate changes on cash	(76,240)	(39,447)
Cash:		
Net increase (decrease)	2,884,164	(19,546)
Balance at beginning of period	62,565	144,754
Balance at end of period	$ 2,946,729	$ 125,208

(Continued)

See accompanying notes to condensed consolidated financial statements.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)
(unaudited)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Supplemental disclosures of cash flow information:		
Non-cash financing and investing activities:		
Fair value of warrants issued in connection with convertible promissory notes	$ —	$ 2,365,778
Fair value of beneficial conversion feature in connection with convertible promissory note	$ —	$ 7,935,471

During the six months ended June 30, 2014, the Company issued 53,778 shares of its common stock valued at $376,446 as finder's fee in connection with the private placement of its common stock.

See accompanying notes to condensed consolidated financial statements.

**SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Six Months Ended June 30, 2014 and 2013

1. Basis of Presentation

The condensed consolidated financial statements of Second Sight Medical Products, Inc. ("Second Sight" or "the Company") at June 30, 2014, and for the six months ended June 30, 2014 and 2013, are unaudited. The accompanying unaudited interim condensed financial statements and information have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management of the Company, all adjustments (including normal recurring adjustments) have been made that are necessary to present fairly the financial position of the Company as of June 30, 2014, and the results of its operations for the six months ended June 30, 2014 and 2013, and its cash flows for the six months ended June 30, 2014 and 2013. These financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2013 included elsewhere in this document. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full fiscal year. The condensed consolidated balance sheet at December 31, 2013 has been derived from the Company's audited consolidated financial statements at such date.

2. Organization and Business Operations

Organization and Business Operations

Second Sight Medical Products, Inc. ("Second Sight" or "the Company"), formerly Second Sight LLC, was founded in 1998 as a limited liability company and was subsequently incorporated in the State of California in 2003. Second Sight develops, manufactures and markets implantable prosthetic devices that can restore some functional vision to patients blinded by outer retinal degenerations, such as Retinitis Pigmentosa.

In 2007, Second Sight formed Second Sight (Switzerland) Sarl, initially to manage clinical trials for its products in Europe, and later to manage sales and marketing in Europe and the Middle East. As the laws of Switzerland require at least two corporate stockholders, Second Sight (Switzerland) Sarl is 99.5% owned directly by the Company and 0.5% owned by an executive of Second Sight, who is acting as a nominee of the Company. Accordingly, Second Sight (Switzerland) Sarl is considered 100% owned for financial statement purposes and is consolidated with Second Sight for all periods presented.

The Company began clinical trials of a prototype product in 2002. The Company's current product, the Argus II system, entered clinical trials in 2006, received CE Mark approval for marketing and sales in the European Union ("EU") in 2011, and approval by the United States Food and Drug Administration ("FDA") for marketing and sales in the United States in 2013. The Company began selling its product in Europe in 2011, in Saudi Arabia in 2013, and in the United States and Canada in 2014.

Registration Statement

On August 12, 2014, the Company filed a registration statement with the Securities and Exchange Commission (the "SEC") providing for the registration of 3,500,000 shares of the Company's common stock to be offered to the public for up to $31,500,000 in gross proceeds (net $29,517,000 after expenses). The proceeds from the offering are expected to be used by the Company to invest in its business to expand sales and marketing efforts, enhance current product, gain regulatory approvals for additional indications, and continue research and development into next generation technology. The registration statement is subject to review by the SEC before it is declared effective.

Long Term Investor Right

A Long Term Investor Right (the "Right") is being made available to all investors who acquire their shares in the IPO. The Right is non-detachable and non-transferable, and is available only to the original IPO purchasers. The additional shares issuable pursuant to the Right are contingent on: (1) the investor purchasing the IPO shares and then agreeing to accept the conditions to acquire the Right; (2) the post-IPO changes in the Company's share price; and (3) the investors actually holding the IPO shares and not placing them in street name or trading them at any time during the two year post-IPO measurement period.

The Right is an equity instrument that will be accounted for as a component of the actual price per common share paid by the investor in the IPO. For basic earnings per share, the shares associated with the Right will be treated as contingently issuable shares and will not be included in basic earnings per share until the actual number of shares can be calculated and the shares have been issued.

At the end of each reporting period, the Company will disclose the potential dilutive effect of the Right, including the number of common shares that would be issuable on such date based on the actual share price movements since the IPO.

Going Concern

The Company's condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, the Company has experienced recurring operating losses and negative operating cash flows since inception and expects to incur continuing operating losses and negative operating cash flows for the next few years.

To date, the Company has not generated sufficient revenues from product sales to achieve positive earnings and operating cash flows to enable the Company to finance its operations internally. Funding for the business to date has come primarily through the issuance of convertible debt and equity securities, as well as grants from private institutions and government agencies. Over the next two to three years, the Company intends to invest its working capital resources in (1) sales and marketing in order to increase the distribution and demand for its products, (2) research and development to enhance its existing products and develop the next generation of products, and (3) clinical and regulatory efforts to expand indications for its existing products and to assess the feasibility of future products. In order to accomplish such objectives, the Company will need substantial additional working capital resources, which it intends to obtain through an initial public offering. However, if the initial public offering is delayed or unsuccessful, the Company anticipates continuing to fund its working capital requirements, albeit at lower levels then currently envisioned, through the issuance of convertible debt and equity securities to related and unrelated parties, but there can be no assurances that the Company will be successful in this regard.

Although the Company's objective is to increase its revenues from the sales of its products within the next few years sufficient to reach operating and cash flow breakeven levels, there can be no assurances that the Company will be successful in this regard. After the completion of the proposed initial public offering, if the Company is unsuccessful in generating a sufficient level of product revenues to fully fund its operations within the next two to three years, the Company may consider raising additional debt and/or equity capital. However, there can be no assurances that the Company will be able to secure any such additional financing on acceptable terms and conditions or at all. If cash resources become insufficient to satisfy the Company's ongoing cash requirements, the Company would be required to scale back or discontinue its technology and product development programs and/or clinical trials, or obtain funds, if available (although there can be no certainty), through strategic alliances that may require the Company to relinquish rights to its products, or to discontinue its operations entirely.

The report from the Company's independent registered public accounting firm relating to the year ended December 31, 2013 states that there is substantial doubt about the Company's ability to continue as a going concern.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements include the financial statements of Second Sight and Second Sight Switzerland. Intercompany balances and transactions have been eliminated in consolidation.

Accounts receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers or interest on past due amounts. Management estimates the allowance for doubtful accounts based on review and analysis of specific customer balances that may not be collectible and how recently payments have been received. Accounts are considered for write-off when they become past due and when it is determined that the probability of collection is remote. There was no allowance for doubtful accounts at June 30, 2014 and December 31, 2013.

Inventories

Inventories are stated at the lower of cost or market, determined by the first-in, first-out method. Inventories consist primarily of raw materials, work in progress and finished goods, which includes all direct material, labor and other overhead costs. The Company establishes a reserve to mark down its inventory for estimated unmarketable inventory equal to the difference between the cost of inventory and the estimated net realizable value based on assumptions about the usability of the inventory, future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory markdowns may be required.

Property and Equipment

Property and equipment are recorded at historical cost less accumulated depreciation and amortization. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the condensed consolidated statements of operations.

Depreciation is provided for using the straight-line method in amounts sufficient to relate the cost of assets to operations over their estimated service lives. Leasehold improvements are amortized over the shorter of the life of the asset or the related lease term. Estimated useful lives of the principal classes of assets are as follows:

Lab equipment	5 – 7 years
Computer hardware and software	3 – 7 years
Leasehold improvements	1 – 5 years or the term of the lease, if shorter
Furniture, fixtures and equipment	5 – 10 years

The Company reviews its property and equipment for impairment annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. There were no impairment losses recognized in 2014 and 2013.

Depreciation and amortization of property and equipment amounted to $144,503 and $159,890 for the six months ended June 30, 2014 and 2013, respectively.

Research and Development

Research and development costs are charged to operations in the period incurred and amounted to $2,259,675 and $1,732,932, net of grant revenue, for the six months ended June 30, 2014 and 2013, respectively.

Patent Costs

The Company has nearly 300 domestic and foreign patents. Due to the uncertainty associated with the successful development of one or more commercially viable products based on Company's research efforts and any related patent applications, all patent costs, including patent-related legal, filing fees and other costs, including internally generated costs, are expensed as incurred. Patent costs were $311,453 and $350,242 for the six months ended June 30, 2014 and 2013, respectively, and are included in general and administrative expenses in the condensed consolidated statements of operations.

Revenue Recognition

The Company's revenue is derived from the sale of its Argus II retinal implant, which is implanted during retina surgery to provide limited vision to patients blinded by Retinitis Pigmentosa.

The Company sells to university hospitals, teaching hospitals and large medical centers. The Company recognizes revenue when four basic criteria are met: (1) persuasive evidence of an arrangement exists; (2) surgical implantation has occurred; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. The Company generally uses customer purchase orders or contracts to determine the existence of an arrangement. Sales transactions are based on prices that are determinable at the time that the customer's purchase order is accepted by the Company. In order to determine whether collection is reasonably assured, the Company assesses a number of factors, including creditworthiness of the customer and medical insurance coverage. If the Company determines that collection is not reasonably assured, the Company will defer the recognition of revenue until collection becomes reasonably assured, which is generally upon receipt of payment. The Company may periodically grant special terms, such as extended payment terms. The Company defers revenues when these special terms are granted until a final price is fixed and collection becomes reasonably assured. Due to the nature of the Company's revenue recognition policy of recording revenue only after surgical implantation, the Company has had no returns related to Argus II System recorded as revenue.

Grant Receipts and Liabilities

From time to time, the Company receives grants that help fund specific development programs. Any amounts received pursuant to grants are offset against the related operating expenses as the costs are incurred. During the six months ended June 30, 2014 and 2013 grants offset against operating expenses were $19,245 and $151,893, respectively.

Use of Estimates

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

Concentration of Risk

Credit Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash, money market funds, and trade accounts receivable. The Company maintains cash and money market funds with financial institutions that management deems reputable, and at times, cash balances may be in excess of FDIC and SIPC insurance limits. The Company extends differing levels of credit to customers, and typically does not require collateral.

The Company also maintains a cash balance at a bank in Switzerland. Accounts at such bank are insured up to an amount specified by the deposit insurance agency of Switzerland.

Customer Concentration

During the six months ended June 30, 2014 and 2013 (unaudited), the following customers comprised more than 10% of revenues:

	2014	2013
Customer 1	36%	0%
Customer 2	16%	0%
Customer 3	15%	0%
Customer 4	12%	0%
Customer 5	0%	35%
Customer 6	0%	19%
Customer 7	0%	19%
Customer 8	0%	13%
Customer 9	0%	12%

As of June 30, 2014 and December 31, 2013, the following customers comprised more than 10% of accounts receivable:

	June 30, 2014 (unaudited)	December 31, 2013
Customer 1	42%	0%
Customer 2	32%	0%
Customer 3	13%	45%
Customer 4	0%	21%
Customer 5	3%	20%

Geographic Concentration

During the six months ended June 30, 2014 and 2013 (unaudited) regional revenue, based on customer location, consisted of the following:

	2014	2013
United States	48%	0%
Germany	20%	12%
Spain	16%	0%
Canada	15%	0%
Saudi Arabia	0%	35%
Italy	0%	19%
Netherlands	0%	19%
France	0%	13%

Sources of Supply

Several of the components, materials and services used in the Company's current Argus II product are available from only one supplier, and substitutes for these items cannot be obtained easily or would require substantial design or manufacturing modifications. Any significant problem experienced by one of the Company's sole source suppliers could result in a delay or interruption in the supply of components to the Company until that supplier cures the problem or an alternative source of the component is located and qualified. Even where the Company could qualify alternative suppliers, the substitution of suppliers may be at a higher cost and cause time delays that impede the commercial production of the Argus II, reduce gross profit margins and impact the Company's abilities to deliver its products as may be timely required to meet demand.

Foreign Operations

The accompanying consolidated condensed financial statements as of June 30, 2014 and December 31, 2013 include assets amounting to approximately $994,000 and $729,000, respectively, relating to operations of the Company in Switzerland. It is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

Fair Value of Financial Instruments

The authoritative guidance with respect to fair value establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, and requires that assets and liabilities carried at fair value be classified and disclosed in one of three categories, as presented below. Disclosure as to transfers in and out of Levels 1 and 2, and activity in Level 3 fair value measurements, is also required.

Level 1. Observable inputs such as quoted prices in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active-exchange traded securities and exchange-based derivatives.

Level 2. Inputs, other than quoted prices included within Level 1, which are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange based derivatives, mutual funds, and fair-value hedges.

Level 3. Unobservable inputs in which there is little or no market data for the asset or liability which requires the reporting entity to develop its own assumptions. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

The Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities at each reporting period end.

Money market funds are the only financial instrument that is measured and recorded at fair value on the Company's balance sheet on a recurring basis.

Stock-Based Compensation

Pursuant to Financial Accounting Standards Board ("FASB") ASC 718 Share-Based Payment ("ASC 718"), the Company records stock-based compensation expense for all stock-based awards.

Under ASC 718, the Company estimates the fair value of stock options granted using the Black-Scholes option pricing model. The fair value for awards that are expected to vest is then amortized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The assumptions used in the Black-Scholes valuation model are as follows:

- Grant Price — the grant price of the issuances, with certain exceptions, are determined based on the estimated fair value of the shares at the date of grant.
- Risk-free interest rate — the risk free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant.
- Expected lives — as permitted by SAB 107, due to the Company's insufficient history of option activity, the management utilizes the simplified approach to estimate the options expected term, which represents the period of time that options granted are expected to be outstanding.

- Expected volatility — is determined based on average historical volatilities of comparable companies in the similar industry.
- Expected dividend yield — is based on current yield at the grant date or the average dividend yield over the historical period. The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Convertible Promissory Notes and Warrants

The warrants and embedded beneficial conversion feature of convertible promissory notes are classified as equity under FASB ASC Topic 815-40 "Derivatives and Hedging — Contracts in Entity's Own Equity". The Company allocates the proceeds of the convertible promissory notes between convertible promissory notes and the financial instruments related to warrants associated with convertible promissory notes based on their relative fair values at the commitment date. The fair value of the financial instruments related to warrants associated with convertible promissory notes is determined utilizing the Black-Scholes option pricing model and the respective allocated proceeds to the warrants is recorded in additional paid-in capital. The Company utilized the Black-Scholes option valuation model using the same valuation assumptions as described herein for Stock Based Compensation. The embedded beneficial conversion feature associated with convertible promissory notes is recognized and measured by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital in accordance with ASC Topic 470-20 "Debt — Debt with Conversion and Other Options." The portion of debt discount resulting from the allocation of proceeds to the financial instruments related to warrants associated with convertible promissory notes is being amortized over the life of the convertible promissory notes. For the portion of debt discount resulting from the allocation of proceeds to the beneficial conversion feature, it is amortized over the term of the notes from the respective dates of issuance.

Comprehensive Income or Loss

The Company complies with provisions of FASB ASC 220, Comprehensive Income, which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, for the period in which they are recognized. Comprehensive income is defined as the change in equity during a period from transactions and other events from non-owner sources.

Comprehensive and other comprehensive income (loss) is reported on the face of the financial statements. For the six months ended June 30, 2014 and 2013 comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss) which, for the Company, consists entirely of foreign currency translation adjustments.

Foreign Currency Translation and Transactions

The financial statements and transactions of the subsidiary's operations are reported in the local (functional) currency of Swiss francs (CHF) and translated into US dollars in accordance with U.S. GAAP. Assets and liabilities of those operations are translated at exchange rates in effect at the balance sheet date. The resulting gains and losses from translating foreign currency financial statements are recorded as other comprehensive income (loss). Revenues and expenses are translated at the average exchange rate for the reporting period. Foreign currency translation gains (losses) resulting from exchange rate fluctuations on transactions denominated in a currency other than the foreign operations' functional currencies are included in expenses in the condensed consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under an asset and liability approach for financial accounting and reporting for income taxes. Accordingly, the Company recognizes deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to operations in the period such determination was made. The Company has incurred losses for tax purposes since inception and has significant tax losses and tax credit carryforwards. These amounts are subject to valuation allowances as it is not likely that they will be realized in the next few years.

Warranties

The Company's policy is to warrant all shipped products against defects in materials and workmanship for two years by replacing failed parts. The Company also provides a three-year manufacturer's warranty covering implant failure by providing a functionally-equivalent replacement implant. Accruals for product warranties are estimated based on historical warranty experience and current product performance trends, and are recorded at the time revenue is recognized as a component of cost of sales. The warranty liabilities are reduced by material and labor costs used to replace parts over the warranty period in the periods in which the costs are incurred. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. The warranty liabilities are included in accrued expenses in the consolidated balance sheet.

Net Loss per Share

The Company’s computation of earnings per share (“EPS”) includes basic and diluted EPS. Basic EPS is measured as the income (loss) available to common shareholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible notes payable, convertible preferred stock, preferred stock warrants and common stock options) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted loss per common share is the same for all periods presented because all convertible notes payable, common stock warrants and common stock options outstanding were anti-dilutive.

At June 30, 2014 and 2013, the Company excluded the outstanding securities summarized below, which entitle the holders thereof to ultimately acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	2014	2013
Convertible notes payable	6,468,226	5,104,935
Common stock warrants	1,180,766	990,766
Common stock options	2,287,603	2,629,192
Total	9,936,595	8,724,893

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting standards, if adopted, will have a material effect on the condensed consolidated financial statements.

4. Money Market Funds

Money market funds at June 30, 2014 totaled $3,079,505 and consisted of $993,751 in the City National Rochdale Government Fund Class S, $152,551 in a Preferred Deposit, $1,876,806 in the BBIF Money Fund Class 2, and $56,397 in the FFI Institutional Fund. Money market funds at December 31, 2013 totaled $8,611,614 and consisted of $768,368 in the City National Rochdale Government Fund Class S, $3,550,845 in a Preferred Deposit, $3,351,104 in the BBIF Money Fund Class 3, and $941,297 in the FFI Institutional Fund.

The investment objective of the City National Rochdale Government Money Market Fund is to preserve principal and maintain a high degree of liquidity while providing current income through a portfolio of liquid, high quality, short-term U.S. Government bonds and notes, at least 80% of which is in U.S. Government securities. The City National Rochdale Government Money Market Fund is managed by City National Rochdale, LLC. The Preferred Business Deposit Fund is managed by Merrill Lynch and is designed to provide liquidity, safety and competitive yields. The investment objective of the BBIF Money Fund is to seek current income, preservation of capital and liquidity through a diversified portfolio of U.S. dollar-denominated short-term securities with maturities of not more than 397 days (13 months). The BBIF Money Fund is managed by BlackRock Advisors, LLC. The investment objective of the FFI Institutional Fund is to seek maximum current income consistent with liquidity and the maintenance of a portfolio of high-quality, short-term money market securities. The FFI Institutional Fund is managed by BlackRock Advisors, LLC.

The following table presents money market funds at their level within the fair value hierarchy at June 30, 2014 and December 31, 2013.

June 30, 2014: **(unaudited)**	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 3,079,505	$ 3,079,505	$ —	$ —

December 31, 2013:	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 8,611,614	$ 8,611,614	$ —	$ —

5. Inventories

Inventories consisted of the following at June 30, 2014 and December 31, 2013:

	June 30, 2014	**December 31, 2013**
	(unaudited)	
Raw materials	$ 592,360	$ 510,802
Work in process	2,273,726	2,617,502
Finished goods	2,246,352	814,258
	5,112,438	3,942,562
Allowance for Excess and Obsolescence	(1,071,602)	(1,595,792)
	$ 4,040,836	$ 2,346,770

6. Property and Equipment

Property and equipment consisted of the following at June 30, 2014 and December 31, 2013:

	June 30, 2014	December 31, 2013
	(unaudited)	
Laboratory equipment	$ 3,141,568	$ 2,986,770
Computer hardware and software	1,568,616	1,448,640
Leasehold improvements	359,173	359,173
Furniture, fixtures and equipment	135,490	129,231
	5,204,847	4,923,814
Accumulated depreciation and amortization	(4,344,843)	(4,200,340)
	$ 860,004	$ 723,474

7. Related Party Transactions

As of June 30, 2014 and December 31, 2013, three members of the Company's Board of Directors and certain of their affiliates (collectively, the "Related Party Investors") held $23,178,808 and $23,378,808, respectively, in face value of the Company's convertible promissory notes. These convertible notes, which are more-fully described in Note 8, entitle the Related Party Investors to (i) simple interest of 7.5% per annum accrued on the outstanding face value of convertible notes, (ii) warrants to purchase shares of the Company's common stock at $5.00 per share, and (iii) the right to convert their convertible notes into shares of the Company's common stock at $5.00 per share upon the occurrence of certain events, one of which is an initial public offering of the Company's common stock. In June 2014, an entity associated with one of these Related Party Investors assigned $200,000 in face value of these convertible notes payable to unrelated parties. This assignment included all accrued interest and the related 8,000 warrants. As of June 30, 2014 and December 31, 2013, the Related Party Investors held convertible promissory notes, including accrued interest, totaling $25,381,137 and $24,731,240, respectively. As of June 30, 2014 and December 31, 2013, in connection with the issuance of these convertible notes, the Related Party Investors held warrants to purchase 927,152 and 935,152 shares, respectively, of the Company's common stock. During the six months ended June 30, 2014 and 2013, in connection with these convertible notes, the Company recorded interest expense to the Related Party Investors of $862,061 and $496,852, respectively. The Related Party Investors purchased these convertible notes on the same terms and conditions as the other investors in the convertible note financings. The Related Party Investors were also stockholders of the Company at the time that they purchased the convertible notes.

The Company's largest stockholder and chairman is also a substantial contributor to the Alfred E. Mann Foundation for Scientific Research (the "Foundation"). Beginning February 2007, an officer of the Company also became the Chairman of the Board of the Foundation. The Company and the Foundation share certain limited administrative and engineering employees. The shared employees make an allocation of their time between the Company and the Foundation. There are also various other costs shared between the Company and the Foundation. In connection with these shared costs, the Company owed the Foundation $8,314 and $11,887 as of June 30, 2014 and December 31, 2013, respectively.

On May 31, 2011, an officer of the Company entered into a loan agreement with the Company to finance the exercise of stock options to purchase 100,000 shares for $319,000, with a maturity date of May 31, 2016 and interest accruing at 2.26% per annum. On December 11, 2013, the same officer of the Company entered into a second loan agreement with the Company to finance the exercise of stock options to purchase 200,000 shares of common stock for $100,000, with a maturity date of December 31, 2018 and interest accruing at 1.64% per annum. As of June 30, 2014 and December 31, 2013, the balance outstanding pursuant to the two loans, including accrued interest, was $420,425 and $423,217, respectively. These loans receivable are recorded in the Company's financial statements as an offset to stockholders' equity. In July 2014, the Company's Board of Directors approved forgiving this note receivable and related accrued interest of $420,425, which amount will be included in general and administrative expenses in the Company's statement of operations for the nine months ending September 30, 2014.

The Company leases its office and laboratory space in Sylmar, California under an operating lease with Mann Biomedical Park, LLC (formerly Sylmar Biomedical Park, LLC), which is wholly owned by Alfred E. Mann, a stockholder of the Company (see Note 13). In June 2014, the Company was advised that Alfred E. Mann entered into an escrow agreement as part of a plan to sell the Mann Biomedical Park, LLC to an unrelated party.

8. Convertible Promissory Notes

During 2010 and 2011, the Company borrowed money in a series of financing rounds by issuing $15,440,511 of convertible notes (the "2010 - 2011 Notes") primarily to existing stockholders. The notes accrued interest at 7.5% per annum and had a variety of maturity dates. During 2011, all but two of the 2010 and 2011 Notes, with a combined face value $47,001, were converted into 3,195,590 shares of the Company's common stock at $5.00 per share. In March 2013, the Company redeemed the remaining two notes for $53,666 in cash.

During 2012 and 2013, the Company borrowed money primarily from existing investors in three separate rounds through the issuance of convertible promissory notes (collectively, the "Convertible Notes") totaling $29,519,162. The first round of Convertible Notes in the amount of $5,000,000 was issued from July through November 2012 (the "July 2012 Notes). The second round of Convertible Notes in the amount of $5,000,000 was issued from October through December 2012 (the "October 2012 Notes"). The third round of Convertible Notes in the amount of $19,519,162 was issued from February through December 2013 (the "February 2013 Notes"). There were no placement fees associated with the Convertible Notes, and other administrative costs were nominal and were expensed as incurred. The July 2012 Notes and the October 2012 Notes have maturity dates of July 31, 2015. The February 2013 Notes have a maturity date of February 28, 2016. The Convertible Notes accrue interest at the rate of 7.5% per annum, which is added to the principal amounts. For the six months ended June 30, 2014, the annualized effective interest rates on the July 2012 Notes, the October 2012, and the February 2013 were 14.5%, 14.9% and 33.3%, respectively. For the six months ended June 30, 2013, the annualized effective interest rates on the July 2012 Notes, the October 2012 Notes, and the February 2013 Notes were 14.5%, 14.9% and 31.7%, respectively.

The Convertible Notes are due on their respective maturity dates or convertible into the Company's common stock upon the occurrence of a "capital event," which is defined as (i) a sale of stock to a third party, excluding existing shareholders, of not less than $15,000,000, (ii) an initial public offering, or (iii) a "qualifying reorganization event" as defined in the Convertible Promissory Note agreement. Should the Convertible Notes be converted due to a capital event, all outstanding principal and interest shall be converted into shares of common stock at the lower of the purchase price then being paid by the purchaser pursuant to the capital event, or $5.00 per share. If no capital event occurs before the maturity date, at the election of the holder, all outstanding principal and interest shall be converted to shares of common stock at $5.00 per share. The debt discount recorded in connection with this beneficial conversion feature was $10,487,645 in 2013.

In connection with all three rounds of the Convertible Notes during 2012 and 2013, the Company issued warrants to purchase shares of the Company's common stock. The warrants grant the holder the right to purchase additional shares of common stock of the Company equal to the product of (a) twenty percent, multiplied by (b) the face amount of the convertible note divided by $5.00. The exercise price for each share purchased under the warrant is $5.00. Until their expiration date, the warrants may be exercised at any time, and from time to time, in whole or in part. As originally issued, the warrants expired on the earlier of their expiration dates, upon a change in control event, or within 30 days of prior written notice of a pending IPO. In June 2014, the board of directors amended the warrants to provide that they will not expire on the occurrence of an IPO. The warrants associated with the July 2012 Notes and the October 2012 Notes have an expiration date of July 31, 2017. The warrants associated with the February 2013 Notes have an expiration date of February 28, 2018. The debt discount recorded in connection with the fair value of warrants issued was $3,107,379 in 2013.

As of June 30, 2014, there were warrants outstanding to purchase 1,180,766 shares of the Company's common stock with a weighted average remaining contractual life of 3.47 years.

Convertible promissory notes consisted of the following at June 30, 2014 and December 31, 2013:

	July 2012 Notes	October 2012 Notes	February 2013 Notes	Total
June 30, 2014: (unaudited)				
Principal outstanding	$ 5,000,000	$ 5,000,000	$ 19,519,162	$ 29,519,162
Accrued interest	668,290	590,030	1,563,646	2,821,966
Unamortized discount	(378,969)	(400,839)	(8,372,306)	(9,152,114)
	5,289,321	5,189,191	12,710,502	23,189,014
Less current portion	—	—	—	—
Long-term portion	$ 5,289,321	$ 5,189,191	$ 12,710,502	$ 23,189,014
December 31, 2013:				
Principal outstanding	$ 5,000,000	$ 5,000,000	$ 19,519,162	$ 29,519,162
Accrued interest	482,331	404,072	837,693	1,724,096
Unamortized discount	(554,285)	(586,272)	(10,891,589)	(12,032,146)
	4,928,046	4,817,800	9,465,266	19,211,112
Less current portion	—	—	—	—
Long-term portion	$ 4,928,046	$ 4,817,800	$ 9,465,266	$ 19,211,112

9. Employee Benefit Plans

The Company has a 401(k) Savings Retirement Plan that covers substantially all full-time employees who meet the plan's eligibility requirements and provides for an employee elective contribution. The Plan provides for employer matching contributions or profit sharing contributions to eligible employees. Employer contributions are discretionary and determined annually by the Board of Directors. For the six months ended June 30, 2014 and 2013, employer contributions to the Plan totaled $64,906 and $56,534, respectively.

The Company is required to contribute to a government-sponsored pension plan for the employees of its Switzerland-based subsidiary. For the six months ended June 30, 2014 and 2013, the employer's portion of the amounts contributed to the subsidiary's pension plan on behalf of those employees was $51,979 and $41,182, respectively.

10. Equity Securities

In June 2014 the articles of incorporation were amended to increase authorized common shares to 200,000,000, no par value, and to authorize 10,000,000 shares of preferred stock, no par value. The financial statements have been retroactively restated to reflect this amendment. The Board of Directors has the authority to establish the rights, preferences, privileges and restrictions granted to and imposed upon the holders of preferred stock and common stock.

2014 Private Placement

From January 1, through June 30, 2014, the Company sold 1,082,711 shares of its common stock to new investors at $7.00 per share, raising a total of $7,578,977. Related to this stock placement, the Company paid a finder's fee of 22,250 shares of common stock to Mendelsohn Investment Services, LLC, a firm affiliated with Aaron Mendelsohn, a member of the Company's Board of Directors. The Company paid an additional finder's fee of 31,528 shares of common stock to an existing shareholder in connection with this stock placement.

Planned Initial Public Offering

On April 29, 2014, the Company signed a letter of intent with MDB Capital Group LLC ("MDB"), an investment bank, to serve as its underwriter to raise funds from the sale of common stock in an initial public offering. The letter of intent provides for (1) a cash fee equal to 4% of the value of shares sold, including any over-allotment, (2) reimbursement of out-of-pocket expenses associated with the offering up to a maximum of $200,000, and (3) warrants to purchase common shares equal to 20% of the shares of common stock sold in the offering at a price of not less than 125% of the issuance price. The warrants would be exercisable for five years, would not be exercisable until six months after the initial public offering, and would contain standard anti-dilution provisions, demand and piggyback registration rights, and cashless exercise provisions. However, MDB would have no demand rights in the event that the shares underlying the warrants may be sold without any limitation under Rule 144.

11. Stock-Based Compensation

Effective June 1, 2011, the Company restated its 2003 Equity Incentive Plan (the "2003 Plan"). Under the 2003 Plan, as restated, the Company is authorized to issue options covering up to 3,500,000 common stock shares. No employee or affiliate of the Company may be awarded more than 1,000,000 options in a calendar year period. The option price is determined by the Board of Directors but cannot be less than the fair value of the shares at the grant date. Generally, the options vest ratably over either four or five years and expire ten years from the grant date. The 2003 Plan agreement provides for accelerated vesting if there is a change of control, as defined in the agreement. In addition, the Company adopted the 2011 Equity Incentive Plan (the "2011 Plan") effective June 1, 2011. The maximum number of shares with respect to which options may be granted under the 2011 Plan is 4,000,000 shares, which is offset and reduced by options previously granted under the 2003 Plan.

No option shall be granted under the 2011 Plan after May 31, 2021. The option price is determined by the Board of Directors. The term of each option will not to exceed ten years and the option exercise is subject to vesting and other conditions.

The Company incurred stock-based compensation cost of $823,764 and $451,872 during the six months ended June 30, 2014 and 2013, respectively. The calculated value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Six Months Ended June 30,	
	2014	**2013**
	(unaudited)	(unaudited)
Risk-free interest rate	0.3% - 2.1%	1.0%
Expected dividend yield	0%	0%
Expected volatility	50.0%-61.2%	61.2%
Expected term	1.5- 6.5 years	6.5 years
Weighted-average grant date calculated fair value	$ 4.08	$ 1.58

As the Company has no stock trading history, the expected volatility is based on the historical volatility of similar companies that have a trading history. The expected term represents the estimated average period of time that the options are expected to remain outstanding. Since the Company does not have sufficient historical data on the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

A summary of stock option activity is presented below for the six months ended June 30, 2014 (unaudited).

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Options outstanding at December 31, 2013	2,240,568	4.84	
Granted	335,749	4.72	
Exercised	(87,300)	4.50	
Forfeited or expired	(201,414)	4.53	
Options outstanding at June 30, 2014	2,287,603	$ 4.86	4.32
Options exercisable at December 31, 2013	1,818,664	$ 4.80	
Options exercisable at June 30, 2014	1,849,668	$ 4.83	3.44

The exercise prices of common stock options outstanding and exercisable are as follows at June 30, 2014:

Exercise Price	Options Outstanding (Shares)	Options Exercisable (Shares)
$ 2.50	32,000	32,000
$ 3.75	10,000	10,000
$ 4.25	127,000	127,000
$ 4.75	504,739	504,739
$ 5.00	1,613,864	1,175,929
	2,287,603	1,849,668

The estimated aggregate intrinsic value of the options exercisable at June 30, 2014 was approximately $4,013,272. As of June 30, 2014, there was $1,219,316 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted average period of 3.42 years.

In January 2014, the Company granted a stock option to its chief executive officer to purchase 125,000 shares of common stock at an exercise price of $4.25 per share, exercisable for a period of three years from the date of grant. The stock option grant was fully vested on the date of issuance and was intended to replace an earlier stock option grant with the same exercise price that had expired in January 2014. The stock option was not granted pursuant to the 2011 Plan. The grant date fair value of the stock option, calculated pursuant to the Black-Scholes option-pricing model utilizing a volatility factor of 50% and a dividend rate of 0%, was determined to be $392,737, which was charged to operations as general and administrative expense in the six months ended June 30, 2014.

During the six months ended June 30, 2014, the Company granted stock options to purchase 210,749 shares of common stock to certain employees. The options are exercisable for a period of ten years from the date of grant at $5.00 per share, which the Company's Board determined was the fair value of the Company's common stock on such date. The options vest over a period of either four or five years. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $977,138 ($4.64 per share).

During the six months ended June 30, 2014, the Company recorded a charge of $171,293 to extend the exercise period of 223,615 options for three employees who resigned and became consultants for the Company. All unvested options for employees were terminated when they ceased full-time employment with the Company.

The total stock-based compensation recognized for stock-based awards granted in the condensed consolidated statements of operations for the six months ended June 30, 2014 and 2013 is as follows:

	2014	2013
	(unaudited)	(unaudited)
Cost of sales	$ 62,336	$ 76,326
Research and development	137,634	181,550
Clinical and regulatory	33,765	41,343
Selling and marketing	41,558	50,884
General and Administrative	548,471	101,769
Total	$ 823,764	$ 451,872

From time to time, the Company has extended full-recourse loans to certain non-officer employees for the purpose of financing stock option exercises. These loans bear interest ranging from 1.27% to 1.64% per annum and are payable over three years in monthly installments of principal and interest. At June 30, 2014 and December 31, 2013, the outstanding balance of such loans, including accrued interest, was $42,755 and $24,661, respectively. These loans receivable are recorded in the Company's condensed consolidated financial statements as an offset to stockholders' equity. Additionally the Company had a receivable in the amount of $12,500 from a non-officer employee for the exercise of options which has been recorded as an offset to stockholders' equity in the Company's condensed consolidated financial statements at June 30, 2014 and December 31, 2013.

On December 27, 2013, the Company extended a full-recourse loan totaling $127,165 to a consultant for the purpose of financing the exercise of stock options. The loan bears interest at 1.64% per annum and is repayable in eight equal quarterly installments of $16,192. This loan receivable is recorded in the Company's condensed consolidated financial statements as an offset to stockholders' equity. At June 30, 2014 and December 31, 2013, the outstanding balance of this loan including accrued interest was $95,761 and $127,165, respectively.

12. Warranties

A summary of activity in the Company's warranty liabilities, which are included in accrued expenses in the accompanying condensed consolidated balance sheet, is presented below (unaudited).

Balance at December 31, 2013	$ 253,200
Accruals	29,684
Payments	(25,507)
Balance at June 30, 2014	$ 257,377

13. Commitments and Contingencies

Lease Commitment

Effective August 2012, the Company entered into a lease agreement (the "Sylmar Lease") with a company owned by the major stockholder of the Company for office space for a term of five years that expires on February 28, 2017. The Sylmar Lease included rental of additional space commencing January 1, 2013 and a five year option to renew. The lease requires the Company to pay real estate taxes, insurance and common area maintenance each year, and is subject to periodic cost of living adjustments. In April 2014, the Sylmar Lease was renegotiated with the term ending on February 28, 2022, and a five year option to renew. The new lease also requires the Company to pay real estate taxes, insurance and common area maintenance each year and includes automatic increases in base rent each year.

Second Sight Switzerland rents office space in Switzerland on a month-to-month basis for CHF 7,079 (approximately $7,982 at June 30, 2014) per month.

Total rent expense was approximately $470,000 and $394,000 for the six months ended June 30, 2014 and 2013, respectively, and is allocated based on square footage to general and administrative and manufacturing costs in the accompanying condensed consolidated statement of operations.

As of June 30, 2014, future minimum rental payments required under the operating leases are as follows for the years ended December 31. Amounts reflected for 2014 represent amounts due at June 30, 2014 for the remainder of the 2014 year ending December 31, 2014.

Years	Amount
2014	$ 373,407
2015	778,448
2016	808,068
2017	833,045
2018	858,036
Thereafter	2,888,696
Total	$ 6,539,700

License Agreements

The Company has exclusive licensing agreements to utilize certain patents. These patents are related to the technology for the prevention, cure and amelioration of the loss of eyesight. There are currently two such agreements that the Company has determined there is a reasonable likelihood of future royalty payments. The Company has agreed to pay the licensors' royalties for licensed products sold or leased by the Company. The royalty rates range from 0.5% to 3.25%, based on related net sales of licensed products, less a credit for royalties paid to others.

One of the licensing agreements requires the Company to pay the licensors a $5,000 annual maintenance fee for the first seven years and a $10,000 annual maintenance fee each year thereafter for as long as the agreement has not been terminated by the Company. The second of these agreements has no stipulated fees. Pursuant to these agreements, the Company has incurred costs of approximately $12,447 and $27,039, for the six months ended June 30, 2014 and 2013, respectively.

Clinical Trial Agreements

Based upon FDA approval, which was obtained in February 2013, the Company is required to collect follow-up data from subjects enrolled in its pre-approval trial for a period of up to ten years post-implant, which extends this trial through the year 2019. In addition, the Company is conducting two post-market studies to comply with US FDA and European post-market surveillance regulations and requirements. The Company has contracted with various universities, hospitals, and medical practices to provide these services. Payments are based on procedures performed for each subject and are charged to clinical and regulatory expense as incurred. Total amounts charged to expense for the six months ended June 30, 2014 and 2013 were $236,665 and $301,522, respectively.

Litigation, Claims and Assessments

Six oppositions have been filed by a third-party in the European Patent Office, each challenging the validity of a European patent owned or exclusively licensed by the Company. The outcome of the challenges are not certain, however, if successful, they may affect the Company's ability to block competitors from utilizing its patented technology. Management of the Company does not believe a successful challenge will have a material effect on its ability to manufacture and sell its products, or otherwise have a material effect on its operations.

The Company is party to litigation arising in the ordinary course of business. It is management's opinion that the outcome of such matters will have not have a material effect on the Company's financial statements.

14. Subsequent Events

Stock Option Grants

Stock Option Grants

During July and August 2014, the Company granted stock options to purchase 262,095 shares of common stock to certain employees. The options are exercisable for a period of ten years from the date of grant at $7.00 per share, which the Company's Board determined was the fair value of the Company's common stock on such date. The options vest over a period of either four or five years. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $1,091,598 ($4.16 per share).

In September 2014, subsequent to filing its Registration Statement, the Company granted options to purchase 746,134 shares of its common stock, including 725,734 options that were granted to senior management of the Company. The options are exercisable for a period of ten years from the date of grant at $9.00 per share, which the Company's Board determined was the fair value of the Company's common stock on such date. The options vest over a period of either four or five years. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $3,930,361 ($5.27 per share).

2014 Private Placement

From July 1, 2014 through July 30, 2014, the Company sold 217,142 shares of its common stock to new investors at $7.00 per share in a private placement, raising a total of $1,519,994. The Company paid a finder's fee of 10,606 shares of common stock related to this private placement. Mendelsohn Investment Services, LLC, a firm affiliated with Aaron Mendelsohn, a member of the Company's Board of Directors, received 4,535 shares of common stock as part of this finder's fee. The Company paid an additional finder's fee of 6,071 shares of common stock to an existing shareholder in connection with this stock placement.

Stock Awards

In July 2014, the Company awarded Alfred E. Mann, its chairman of the board, 25,000 shares of common stock in recognition of services rendered to the Company since inception. These shares were valued at $175,000, or $7.00 per share, and will be charged to general and administrative expense in the third quarter of fiscal 2014.

In August 2014, the Company issued 10,715 shares to an outside attorney as part of the fee paid for drafting the Company's prospectus and S-1 filing. These shares were valued at $75,005, or $7.00 per share. If the Company's planned public offering is successful, the cost of these shares will be treated as an issuance cost and will be deducted from the gross proceeds from the offering. If the Company's planned public offering is not successful, the cost of these shares will be charged to general and administrative expense.

Grant Awards

In September, 2014, the Company entered into a Joint Research and Development Agreement or JRDA with The Johns Hopkins University Applied Physics Laboratory or APL. The JRDA includes a subcontract to do research under a grant received by APL. Under the JRDA, the Company has agreed to perform research regarding integration of APL research in to a visual prosthesis system. APL will pay the Company $4.075 million in one lump sum to conduct our portion of the research. The JRDA also includes a license from APL to the Company, for the life of any patents resulting from APL's portion of the research. The APL portion of the research includes image processing enhancements for a visual prosthesis. In exchange for the license, the Company issued 1,000 shares of its common stock to APL, have agreed to pay APL patent prosecution costs, and to pay APL a royalty of .25% of net sales of licensed products. The Company expects to receive funding under this grant in the fourth quarter of 2014 and will record as an offset to research and development expenses incurred relating to JRDA.

Loan from Principal Stockholder

We are in the process of discussing a revolving line of credit from a bank in an amount of up to $7 million. We anticipate that this loan may be guaranteed in whole or in part by one or more of our directors. No assurance can be given that we will be able to reach a definitive agreement on terms acceptable by both the bank and us. Pending our entering into a definitive agreement for this line of credit, we entered into a loan agreement with an entity affiliated with Mr. Mann to lend us up to $3 million at an annualized interest rate of 1.5% on an unsecured basis. We intend to borrow $2 million from this entity on or about October 1, 2014, and at our discretion we may borrow an additional $1 million from this lender. We will utilize these funds for our general operating expenses. All amounts that we may borrow from this related party lender are due and payable 60 days after first funds we receive under this loan agreement.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Second Sight Medical Products, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of Second Sight Medical Products, Inc. and Subsidiary (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficiency), and cash flows for each of the years in the two-year period ended December 31, 2013. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in Note 1 to the consolidated financial statements, the Company is subject to the risks and uncertainties associated with a new business and has incurred significant losses from operations since inception. The Company's operations are dependent upon it raising additional funds through an equity offering or debt financing. The Company is also obligated to pay or in case of a capital event, as defined in the convertible promissory notes, convert $31,243,000 in promissory notes and accrued interest due in July 2015 and February 2016. The Company has no committed sources of capital and is not certain whether additional financing will be available when needed on terms that are acceptable, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Gumbiner Savett Inc.

August 11, 2014

Santa Monica, California

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	$ 62,565	$ 144,754
Money market funds	8,611,614	4,310,038
Restricted cash	—	163,576
Accounts receivable	468,644	320,334
Grants receivable	—	47,567
Inventories, net	2,346,770	1,786,883
Prepaid expenses and other current assets	298,223	265,865
Total current assets	11,787,816	7,039,017
Property and equipment, net of accumulated depreciation	723,474	793,240
Deposits and other assets	162,131	160,318
Total assets	$ 12,673,421	$ 7,992,575
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	$ 314,327	$ 731,377
Accrued expenses	662,883	487,400
Accrued compensation expense	1,146,028	862,243
Accrued clinical trial expenses	491,267	461,745
Deferred revenue	68,875	167,334
Current portion of convertible promissory notes including accrued interest of $5,942	—	52,943
Total current liabilities	2,683,380	2,763,042
Convertible promissory notes including $15,389,215 and $7,137,131 payable to related parties at December 31, 2013 and 2012, respectively, including accrued interest of $1,724,096 and $135,409 at December 31, 2013 and 2012, respectively, net of unamortized discount of $12,032,146 and $1,862,053 at December 31, 2013 and 2012, respectively, net of current portion	19,211,112	8,273,356
Total liabilities	21,894,492	11,036,398
Commitments and contingencies		
Stockholders' deficiency:		
Preferred stock, no par value, 10,000,000 shares authorized and none outstanding	—	—
Common stock, no par value; 200,000,000 shares authorized; shares issued and outstanding: 23,050,073 and 22,375,247 at December 31, 2013 and 2012, respectively	88,311,192	85,565,765
Additional paid-in capital	20,785,499	6,420,579
Notes receivable, including amount due from an officer of $423,217 and $323,217 at December 31, 2013 and 2012, respectively, to finance stock option exercises	(587,543)	(351,237)
Accumulated other comprehensive loss	(267,498)	(185,134)
Accumulated deficit	(117,462,721)	(94,493,796)
Total stockholders' deficiency	(9,221,071)	(3,043,823)
Total liabilities and stockholders' deficiency	$ 12,673,421	$ 7,992,575

See accompanying notes to consolidated financial statements

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31, 2013	Years Ended December 31, 2012
Product sales	$ 1,564,933	$ 1,367,224
Cost of sales	5,629,320	4,396,746
Gross loss	(4,064,387)	(3,029,522)
Operating expenses:		
Research and development, net of grant revenue	3,248,466	3,045,157
Clinical and regulatory	3,215,290	3,726,556
Selling and marketing	3,301,452	2,194,590
General and administrative	4,167,934	4,025,558
Total operating expenses	13,933,142	12,991,861
Loss from operations	(17,997,529)	(16,021,383)
Interest income	7,454	7,512
Interest expense on convertible promissory notes	(1,588,687)	(138,934)
Amortization of issuance discount on convertible promissory notes	(3,424,931)	(128,097)
Other income, net	34,768	1,775
Net loss	$ (22,968,925)	$ (16,279,127)
Net loss per common share – Basic and diluted	$ (1.02)	$ (.74)
Weighted average common shares outstanding – Basic and diluted	22,521,432	21,945,580

See accompanying notes to consolidated financial statements.

**SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31, 2013	Years Ended December 31, 2012
Net loss	$ (22,968,925)	$ (16,279,127)
Other comprehensive loss:		
Foreign currency translation adjustments	(82,364)	(43,538)
Comprehensive loss	$ (23,051,289)	$ (16,322,665)

See accompanying notes to consolidated financial statements.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

	Common Stock		Additional Paid-in Capital	Notes Receivable for Stock Option Exercises	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficiency)
	Shares	Amount					
Balance, December 31, 2011	20,771,801	$ 77,585,137	$ 3,522,568	$ (354,625)	$ (141,596)	$ (78,214,669)	$ 2,396,815
Issuance of shares of common stock in connection with private placement	1,576,016	7,880,080	—	—	—	—	7,880,080
Fair value of warrants issued in connection with convertible promissory notes	—	—	1,044,649	—	—	—	1,044,649
Fair value of beneficial conversion feature in connection with convertible promissory notes	—	—	945,500	—	—	—	945,500
Exercise of stock options	27,430	100,548	—	—	—	—	100,548
Stock-based compensation expense	—	—	907,862	—	—	—	907,862
Repayment of notes receivable for stock option exercises, net	—	—	—	3,388	—	—	3,388
Comprehensive loss							
Net loss	—	—	—	—	—	(16,279,127)	(16,279,127)
Foreign currency translation adjustment	—	—	—	—	(43,538)	—	(43,538)
Comprehensive loss	—	—	—	—	(43,538)	(16, 279,127)	(16,322,665)
Balance, December 31, 2012	22,375,247	85,565,765	6,420,579	(351,237)	(185,134)	(94,493,796)	(3,043,823)
Issuance of shares of common stock in connection with private placement	342,955	2,400,685	—	—	—	—	2,400,685
Fair value of warrants issued in connection with convertible promissory notes	—	—	3,107,379	—	—	—	3,107,379
Fair value of beneficial conversion feature in connection with convertible promissory notes	—	—	10,487,645	—	—	—	10,487,645
Exercise of stock options	331,871	344,742	—	—	—	—	344,742
Stock-based compensation expense	—	—	769,896	—	—	—	769,896
Notes receivable, including amount due from officer of $100,000 for stock option exercises, net	—	—	—	(236,306)	—	—	(236,306)
Comprehensive loss							
Net loss	—	—	—	—	—	(22,968,925)	(22,968,925)
Foreign currency translation adjustment	—	—	—	—	(82,364)	—	(82,364)
Comprehensive loss	—	—	—	—	(82,364)	(22,968,925)	(23,051,289)
Balance, December 31, 2013	23,050,073	$ 88,311,192	$ 20,785,499	$ (587,543)	$ (267,498)	$ (117,462,721)	$ (9,221,071)

See accompanying notes to consolidated financial statements.

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2013	Years Ended December 31, 2012
Cash flows from operating activities:		
Net loss	$ (22,968,925)	$ (16,279,127)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of property and equipment	315,770	324,712
Stock-based compensation	769,896	907,862
Amortization of discount on convertible promissory notes	3,424,931	128,097
Non-cash interest accrued on convertible promissory notes	1,588,687	138,934
Changes in operating assets and liabilities:		
Restricted cash	163,576	(163,576)
Accounts receivable	(148,310)	97,433
Grants receivable	47,567	68,863
Inventories	(559,887)	(595,734)
Prepaid expenses and other current assets	(34,171)	(62,397)
Accounts payable	(417,050)	492,483
Accrued expenses	176,206	(129,913)
Accrued compensation expenses	283,785	(318,765)
Accrued clinical trial expenses	29,522	65,260
Deferred revenue	(98,459)	4,654
Net cash used in operating activities	(17,426,862)	(15,321,214)
Cash flows from investing activities:		
Purchase of property and equipment	(246,004)	(196,083)
Investment in money market funds	(4,301,576)	(2,651,176)
Net cash used in investing activities	(4,547,580)	(2,847,259)
Cash flows from financing activities:		
Proceeds from sale of common stock	2,400,685	7,880,080
Proceeds from exercise of common stock options	108,436	103,936
Repayment of convertible notes	(53,666)	—
Proceeds from issuance of convertible promissory notes	19,519,162	10,000,000
Net cash provided by financing activities	21,974,617	17,984,016
Effect of exchange rate changes on cash	(82,364)	(43,538)
Cash:		
Net decrease	(82,189)	(227,995)
Balance at beginning of year	144,754	372,749
Balance at end of year	$ 62,565	$ 144,754

(Continued)

SECOND SIGHT MEDICAL PRODUCTS, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

	Years Ended December 31,	
	2013	**2012**
Supplemental disclosures of cash flow information:		
Cash paid for -		
Interest	$ —	$ —
Income taxes	$ —	$ —
Non-cash financing and investing activities:		
Fair value of warrants issued in connection with convertible promissory notes	$ 3,107,379	$ 1,044,649
Fair value of beneficial conversion feature in connection with convertible promissory notes	$ 10,487,645	$ 945,500
Employee exercise of stock options through secured promissory note	$ 252,165	$ 2,511

See accompanying notes to consolidated financial statements.

1. Organization and Business Operations

Organization and Business Operations

Second Sight Medical Products, Inc. ("Second Sight" or "the Company"), formerly Second Sight LLC, was founded in 1998 as a limited liability company and was subsequently incorporated in the State of California in 2003. Second Sight develops, manufactures and markets implantable prosthetic devices that can restore some functional vision to patients blinded by outer retinal degenerations, such as Retinitis Pigmentosa.

In 2007, Second Sight formed Second Sight (Switzerland) Sarl, initially to manage clinical trials for its products in Europe, and later to manage sales and marketing in Europe and the Middle East. As the laws of Switzerland require at least two corporate stockholders, Second Sight (Switzerland) Sarl is 99.5% owned directly by the Company and 0.5% owned by an executive of Second Sight, who is acting as a nominee of the Company. Accordingly, Second Sight (Switzerland) Sarl is considered 100% owned for financial statement purposes and is consolidated with Second Sight for all periods presented.

The Company began clinical trials of a prototype product in 2002. The Company's current product, the Argus II system, entered clinical trials in 2006, received CE Mark approval for marketing and sales in the European Union ("EU") in 2011, and approval by the United States Food and Drug Administration ("FDA") for marketing and sales in the United States in 2013. The Company began selling its product in Europe in 2011, in Saudi Arabia in 2013 and in the United States in 2014. The Company signed a distribution agreement covering Spain in 2014.

The Company is planning an initial public offering of approximately $31,500,000 and intends to use the proceeds from such offering to invest in its business to expand sales and marketing efforts, enhance current product, gain regulatory approvals for additional indications, and continue research and development into next generation technology.

Going Concern

The Company's consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, the Company has experienced recurring operating losses and negative operating cash flows since inception and expects to incur continuing operating losses and negative operating cash flows for the next few years.

To date, the Company has not generated sufficient revenues from product sales to achieve positive earnings and operating cash flows to enable the Company to finance its operations internally. Funding for the business to date has come primarily through the issuance of equity securities and convertible debt, as well as grants from private institutions and government agencies. Over the next two to three years, the Company intends to invest its working capital resources in (1) sales and marketing in order to increase the distribution and demand for its products, (2) research and development to enhance its existing products and develop the next generation of products, and (3) clinical and regulatory efforts to expand indications for its existing products and to assess the feasibility of future products. In order to accomplish such objectives, the Company will need substantial additional working capital resources, which it intends to obtain through an initial public offering. However, if the initial public offering is delayed or unsuccessful, the Company anticipates continuing to fund its working capital requirements, albeit at lower levels then currently envisioned, through the issuance of convertible debt and equity securities to related and unrelated parties, but there can be no assurances that the Company will be successful in this regard.

Although the Company's objective is to increase its revenues from the sales of its products within the next few years sufficient to reach operating and cash flow breakeven levels, there can be no assurances that the Company will be successful in this regard. After the completion of the proposed initial public offering, if the Company is unsuccessful in generating a sufficient level of product revenues to fully fund its operations within the next two to three years, the Company may consider raising additional debt and/or equity capital. However, there can be no assurances that the Company will be able to secure any such additional financing on acceptable terms and conditions or at all. If cash resources become insufficient to satisfy the Company's ongoing cash requirements, the Company would be required to scale back or discontinue its technology and product development programs and/or clinical trials, or obtain funds, if available (although there can be no certainty), through strategic alliances that may require the Company to relinquish rights to its products, or to discontinue its operations entirely.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of Second Sight and Second Sight Switzerland. Intercompany balances and transactions have been eliminated in consolidation.

Accounts receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers or interest on past due amounts. Management estimates the allowance for doubtful accounts based on review and analysis of specific customer balances that may not be collectible and how recently payments have been received. Accounts are considered for write-off when they become past due and when it is determined that the probability of collection is remote. There was no allowance for doubtful accounts at December 31, 2013 and 2012.

Inventories

Inventories are stated at the lower of cost or market, determined by the first-in, first-out method. Inventories consist primarily of raw materials, work in progress and finished goods, which includes all direct material, labor and other overhead costs. The Company establishes a reserve to mark down its inventory for estimated unmarketable inventory equal to the difference between the cost of inventory and the estimated net realizable value based on assumptions about the usability of the inventory, future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory reserves may be required.

Property and Equipment

Property and equipment are recorded at historical cost less accumulated depreciation and amortization. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statements of operations.

Depreciation is provided for using the straight-line method in amounts sufficient to relate the cost of assets to operations over their estimated service lives. Leasehold improvements are amortized over the shorter of the life of the asset or the related lease term. Estimated useful lives of the principal classes of assets are as follows:

Lab equipment	5 – 7 years
Computer hardware and software	3 – 7 years
Leasehold improvements	1 – 5 years or the term of the lease, if shorter
Furniture, fixtures and equipment	5 – 10 years

The Company reviews its property and equipment for impairment annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. There were no impairment losses recognized in 2013 and 2012.

Depreciation and amortization of property and equipment amounted to $315,770 and $324,712 for the years ended December 31, 2013 and 2012, respectively.

Research and Development Costs

Research and development costs are charged to operations in the period incurred and amounted to $3,248,466 and $3,045,157 for the years ended December 31, 2013 and 2012, respectively.

Patent Costs

The Company has over two hundred domestic and foreign patents. Due to the uncertainty associated with the successful development of one or more commercially viable products based on Company's research efforts and any related patent applications, all patent costs, including patent-related legal, filing fees and other costs, including internally generated costs, are expensed as incurred. Patent costs were $669,011 and $689,633 for the years ended December 31, 2013 and 2012, respectively, and are included in general and administrative expenses in the consolidated statements of operations.

Revenue Recognition

The Company's revenue is derived from the sale of its Argus II retinal implant, which is implanted during retina surgery to provide limited vision to patients blinded by Retinitis Pigmentosa.

The Company sells to university hospitals, teaching hospitals and large medical centers. The Company recognizes revenue when four basic criteria are met: (1) persuasive evidence of an arrangement exists; (2) surgical implantation has occurred; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. The Company generally uses customer purchase orders or contracts to determine the existence of an arrangement. Sales transactions are based on prices that are determinable at the time that the customer's purchase order is accepted by the Company. In order to determine whether collection is reasonably assured, the Company assesses a number of factors, including creditworthiness of the customer and medical insurance coverage. If the Company determines that collection is not reasonably assured, the Company defers the recognition of revenue until collection becomes reasonably assured, which is generally upon receipt of payment. The Company may periodically grant special terms, such as extended payment terms. The Company defers revenues when these special terms are granted until a final price is fixed and collection becomes reasonably assured. Due to the nature of the Company's revenue recognition policy of recording revenue only after surgical implantation, the Company has had no returns related to Argus II System recorded as revenue.

Grant Receipts and Liabilities

From time to time, the Company receives grants that help fund specific development programs. Any amounts received pursuant to grants are offset against the related operating expenses as the costs are incurred. During the years ended December 31, 2013 and 2012, $174,565 and $601,255, respectively, of grants were offset against the related costs incurred in research and development expenses.

Use of Estimates

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

Concentration of Risk

Credit Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash, money market funds, and trade accounts receivable. The Company maintains cash and money market funds with financial institutions that management deems reputable, and at times, cash balances may be in excess of FDIC and SIPC insurance limits. The Company extends differing levels of credit to customers, and typically does not require collateral.

The Company also maintains a cash balance at a bank in Switzerland. Accounts at such bank are insured up to an amount specified by the deposit insurance agency of Switzerland.

Customer Concentration

During the years ended December 31, 2013 and 2012, the following customers comprised more than 10% of revenues:

	2013	**2012**
Customer 1	7%	32%
Customer 2	0%	29%
Customer 3	12%	21%
Customer 4	6%	14%
Customer 5	31%	1%
Customer 6	13%	0%
Customer 7	13%	0%

During the years ended December 31, 2013 and 2012, the following customers comprised more than 10% of accounts receivable:

	2013	**2012**
Customer 1	21%	60%
Customer 2	0%	30%
Customer 3	45%	0%
Customer 4	20%	0%

Geographic Concentration

During the years ended December 31, 2013 and 2012, regional revenue, based on customer location, consisted of the following:

	2013	**2012**
Germany	32%	75%
Saudi Arabia	31%	1%
Italy	18%	21%
Netherlands	13%	0%

Sources of Supply

Several of the components, materials and services used in the Company's current Argus II product are available from only one supplier, and substitutes for these items cannot be obtained easily or would require substantial design or manufacturing modifications. Any significant problem experienced by one of the Company's sole source suppliers could result in a delay or interruption in the supply of components to the Company until that supplier cures the problem or an alternative source of the component is located and qualified. Even where the Company could qualify alternative suppliers the substitution of suppliers may be at a higher cost and cause time delays that impede the commercial production of the Argus II, reduce gross profit margins and impact the Company's abilities to deliver its products as may be timely required to meet demand.

Foreign Operations

The accompanying consolidated financial statements as of December 31, 2013 and 2012 include assets amounting to approximately $729,000 and $740,000, respectively, relating to operations of the Company in Switzerland. It is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

Fair Value of Financial Instruments

The authoritative guidance with respect to fair value established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, and requires that assets and liabilities carried at fair value be classified and disclosed in one of three categories, as presented below. Disclosure as to transfers in and out of Levels 1 and 2, and activity in Level 3 fair value measurements, is also required.

Level 1. Observable inputs such as quoted prices in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active-exchange traded securities and exchange-based derivatives.

Level 2. Inputs, other than quoted prices included within Level 1, which are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange based derivatives, mutual funds, and fair-value hedges.

Level 3. Unobservable inputs in which there is little or no market data for the asset or liability which requires the reporting entity to develop its own assumptions. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

The Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities at each reporting period end.

Money market funds are the only financial instrument that is measured and recorded at fair value on the Company's balance sheet on a recurring basis.

Stock-Based Compensation

Pursuant to Financial Accounting Standards Board ("FASB") ASC 718 Share-Based Payment ("ASC 718"), the Company records stock-based compensation expense for all stock-based awards.

Under ASC 718, the Company estimates the fair value of stock options granted using the Black-Scholes option pricing model. The fair value for awards that are expected to vest is then amortized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The assumptions used in the Black-Scholes valuation model are as follows:

- Grant Price - the grant price of the issuances, with certain exceptions, is determined based on the estimated fair value of the shares at the date of grant.
- Risk-free interest rate — the risk free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant.

- Expected lives — as permitted by SAB 107, due to the Company's insufficient history of option activity, the management utilizes the simplified approach to estimate the options expected term, which represents the period of time that options granted are expected to be outstanding.
- Expected volatility — is determined based on average historical volatilities of comparable companies in the similar industry.
- Expected dividend yield — is based on current yield at the grant date or the average dividend yield over the historical period. The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Convertible Promissory Notes and Warrants

The warrants and embedded beneficial conversion feature of convertible promissory notes are classified as equity under FASB ASC Topic 815-40 “Derivatives and Hedging — Contracts in Entity’s Own Equity”. The Company allocates the proceeds of the convertible promissory notes between convertible promissory notes and the financial instruments related to warrants associated with convertible promissory notes based on their relative fair values at the commitment date. The fair value of the financial instruments related to warrants associated with convertible promissory notes is determined utilizing the Black-Scholes option pricing model and the respective allocated proceeds to the warrants is recorded in additional paid-in capital. The Company utilized the Black-Scholes option valuation model using the same valuation assumptions as described herein for Stock Based Compensation. The embedded beneficial conversion feature associated with convertible promissory notes is recognized and measured by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital in accordance with ASC Topic 470-20 “Debt — Debt with Conversion and Other Options.” The portion of debt discount resulting from the allocation of proceeds to the financial instruments related to warrants associated with convertible promissory notes is being amortized over the life of the convertible promissory notes. For the portion of debt discount resulting from the allocation of proceeds to the beneficial conversion feature, it is amortized over the term of the notes from the respective dates of issuance.

Comprehensive Income or Loss

The Company complies with the provisions of FASB ASC 220, Comprehensive Income, which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, for the period in which they are recognized. Comprehensive income is defined as the change in equity during a period from transactions and other events from non-owner sources.

Comprehensive and other comprehensive income (loss) is reported on the face of the financial statements. For the years ended December 31, 2013 and 2012, comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss) which, for the Company, consists entirely of foreign currency translation adjustments.

Foreign Currency Translation and Transactions

The financial statements and transactions of the subsidiary’s operations are reported in the local (functional) currency of Swiss francs (CHF) and translated into U.S. dollars in accordance with U.S. GAAP. Assets and liabilities of those operations are translated at exchange rates in effect at the balance sheet date. The resulting gains and losses from translating foreign currency financial statements are recorded as other comprehensive income (loss). Revenues and expenses are translated at the average exchange rate for the reporting period. Foreign currency translation gains (losses) resulting from exchange rate fluctuations on transactions denominated in a currency other than the foreign operations’ functional currencies are included in expenses in the consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under an asset and liability approach for financial accounting and reporting for income taxes. Accordingly, the Company recognizes deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to operations in the period such determination was made. The Company has incurred losses for tax purposes since inception and has significant tax losses and tax credit carryforwards. These amounts are subject to valuation allowances as it is not likely that they will be realized in the next few years.

Warranties

The Company's policy is to warrant all shipped products against defects in materials and workmanship for two years by replacing failed parts. The Company also provides a three-year manufacturer's warranty covering implant failure by providing a functionally-equivalent replacement implant. Accruals for product warranties are estimated based on historical warranty experience and current product performance trends, and are recorded at the time revenue is recognized as a component of cost of sales. The warranty liabilities are reduced by material and labor costs used to replace parts over the warranty period in the periods in which the costs are incurred. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. The warranty liabilities are included in accrued expenses in the consolidated balance sheet.

Presentation of sales and value added taxes

The Company collects value added tax on its sales in Europe and certain states in the United Sates impose a sales tax on the Company’s sales to nonexempt customers. The Company collects that valued added and sales tax from customers and remits the entire amount to the respective authorities. The Company’s accounting policy is to exclude the tax collected and remitted to the authorities from revenues and cost of revenues.

Net Loss per Share

The Company’s computation of earnings per share (“EPS”) includes basic and diluted EPS. Basic EPS is measured as the income (loss) available to common stockholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible notes payable, convertible preferred stock, preferred stock warrants and common stock options) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted loss per common share is the same for all periods presented because all convertible notes payable, common stock warrants and common stock options outstanding were anti-dilutive.

At December 31, 2013 and 2012, the Company excluded the outstanding securities summarized below, which entitle the holders thereof to ultimately acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	2013	2012
Convertible notes payable	6,248,652	2,027,082
Common stock warrants	1,180,766	400,000
Common stock options	2,240,568	2,727,503
Total	9,699,986	5,154,585

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 and has not determined the effect of the standard on our ongoing financial reporting.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 (ASU 2014-08), *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)*. ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company is currently evaluating the impact of adopting ASU 2014-08 on the Company's results of operations or financial condition.

In February 2013, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date. This guidance provides direction for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in US GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. This guidance will become effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company adoption of this guidance had no material impact on the Company's consolidated financial statements.

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830). This guidance resolves the diversity in practice relating to financial reporting involving a parent entity's accounting for the cumulative translation adjustment of foreign currency into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. In addition, this guidance resolves the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. This guidance will become effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company adoption of this guidance had no material impact on the Company's consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Loss, or a Tax Credit Carryforward Exists (a consensus the FASB Emerging Issues Task Force). This guidance provides direction on financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The FASB's objective in issuing this guidance was to eliminate diversity in practice resulting from a lack of guidance on this topic in current US GAAP. This guidance applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. This guidance will become effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company adoption of this guidance had no material impact on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. Money Market Funds

Money market funds at December 31, 2013 totaled $8,611,614 and consisted of $768,368 in the City National Rochdale Government Fund Class S, $3,550,845 in a Preferred Deposit, $3,351,104 in the BBIF Money Fund Class 3, and $941,297 in the FFI Institutional Fund. Money market funds at December 31, 2012 totaled $4,310,038 and consisted of $2,368,206 in the City National Rochdale Government Fund Class S and $1,941,832 in the BBIF Money Fund Class 3.

The investment objective of the City National Rochdale Government Money Market Fund is to preserve principal and maintain a high degree of liquidity while providing current income through a portfolio of liquid, high quality, short-term U.S. Government bonds and notes, at least 80% of which is in U.S. Government securities. The City National Rochdale Government Money Market Fund is managed by City National Rochdale, LLC. The Preferred Business Deposit Fund is managed by Merrill Lynch and is designed to provide liquidity, safety and competitive yields. The investment objective of the BBIF Money Fund is to seek current income, preservation of capital and liquidity through a diversified portfolio of U.S. dollar-denominated short-term securities with maturities of not more than 397 days (13 months). The BBIF Money Fund is managed by BlackRock Advisors, LLC. The investment objective of the FFI Institutional Fund is to seek maximum current income consistent with liquidity and the maintenance of a portfolio of high-quality, short-term money market securities. The FFI Institutional Fund is managed by BlackRock Advisors, LLC.

The following table presents money market funds at their level within the fair value hierarchy at December 31, 2013 and 2012.

December 31, 2013:	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 8,611,614	$ 8,611,614	$ —	$ —

December 31, 2012:	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 4,310,038	$ 4,310,038	$ —	$ —

4. Inventories

Inventories consisted of the following at December 31, 2013 and 2012:

	2013	2012
Raw materials	$ 510,802	$ 449,547
Work in process	2,617,502	1,281,419
Finished goods	814,258	609,088
	3,942,562	2,340,054
Allowance for Excess and Obsolescence	(1,595,792)	(553,171)
	$ 2,346,770	$ 1,786,883

5. Property and Equipment

Property and equipment consisted of the following at December 31, 2013 and 2012:

	2013	2012
Laboratory equipment	$ 2,986,770	$ 2,815,601
Computer hardware and software	1,448,640	1,398,475
Leasehold improvements	359,173	340,147
Furniture, fixtures and equipment	129,231	123,587
	4,923,814	4,677,810
Accumulated depreciation and amortization	(4,200,340)	(3,884,570)
	$ 723,474	$ 793,240

6. Related Party Transactions

As of December 31, 2013 and 2012, three members of the Company's Board of Directors and certain of their affiliates (collectively, the "Related Party Investors") held $23,378,808 and $8,636,716, respectively, in face value of the Company's convertible notes payable. These convertible notes payable, which are more-fully described in Note 8, entitle the Related Party Investors to (i) simple interest of 7.5% per annum accrued on the outstanding face value of convertible notes, (ii) warrants to purchase shares of the Company's common stock at $5.00 per share, and (iii) the right to convert their convertible notes into shares of the Company's common stock at $5.00 per share upon the occurrence of certain events, one of which is an initial public offering of the Company's common stock. As of December 31, 2013 and 2012, the Related Party Investors held convertible notes payable, including accrued interest, totaling $24,731,240 and $8,749,192, respectively. As of December 31, 2013 and 2012, in connection with the issuance of these convertible notes, the Related Party Investors held warrants to purchase 935,152 and 345,469 shares of the Company's common stock, respectively. During the years ended, December 31, 2013 and 2012, in connection with these convertible notes, the Company recorded interest expense to the Related Party Investors of $1,239,956 and $112,476, respectively. The Related Party Investors purchased these convertible notes on the same terms and conditions as the other investors in the convertible note financings. The Related Party Investors were also stockholders of the Company at the time that they purchased the convertible notes.

The Company’s largest stockholder and chairman is also a substantial contributor to the Alfred E. Mann Foundation for Scientific Research (the "Foundation"). Beginning February 2007, an officer of the Company also became the Chairman of the Board of the Foundation. The Company and the Foundation share certain limited administrative and engineering employees. The shared employees make an allocation of their time between the Company and the Foundation. There are also various other costs shared between the Company and the Foundation. In connection with these shared costs, the Company owed the Foundation $11,887 and $3,477 as of December 31, 2013 and 2012.

On May 31, 2011, an officer of the Company entered into a loan agreement with the Company to finance the exercise of stock options to purchase 100,000 shares for $319,000, with a maturity date of May 31, 2016 and interest accruing at 2.26% per annum. On December 11, 2013, the same officer of the Company entered into a second loan agreement with the Company to finance the exercise of stock options to purchase 200,000 shares of common stock for $100,000, with a maturity date of December 31, 2018 and interest accruing at 1.64% per annum. As of December 31, 2013 and 2012, the balance outstanding pursuant to the two loans, including accrued interest, was $423,217 and $323,217, respectively. These loans receivable are recorded in the Company’s financial statements as an offset to stockholders’ equity. In July 2014, the Company’s Board of Directors approved forgiving this note receivable and related accrued interest of approximately $420,425 which amount will be included in general and administrative expenses in the Company’s statement of operations for the nine months ending September 30, 2014.

The Company leases its office and laboratory space in Sylmar, California under an operating lease with Mann Biomedical Park, LLC (formerly Sylmar Biomedical Park, LLC), which is wholly owned by Alfred E. Mann, a stockholder of the Company (see Note 14). In June 2014, the Company was advised that Alfred E. Mann entered into an escrow agreement as part of a plan to sell the Mann Biomedical Park, LLC to an unrelated party.

7. Grants

In April 2010, the Company was awarded a development and testing grant of $2,988,224 from the Department of Health and Human Services, National Institutes of Health (NIH). The grant was for three years commencing in May 2010. The grant included managing various subcontracts with designated individuals and their respective institutions. The grant reimburses research costs to develop technology for the prevention, cure and amelioration of the loss of eyesight and other neurologic applications. The Company recorded funding under the grant as an offset to research and development expenses. In 2013 and 2012, research and development expenses were offset by $174,565 and $601,255, respectively. The Company had accrued liabilities for subcontract expenses and related accrued expenses of $0 and $47,567 as of December 31, 2013 and 2012, respectively.

In August 2010, the Company was awarded a foreign grant of CHF230,000 from the European Union Federal Office for Professional Education and Technology (valued at $251,600 at December 31, 2012) to support training and career development of researchers. The grant was for four years commencing October 2011. In November 2011, €124,440 of the grant was advanced to the Company, which was restricted for that purpose and subject to certain requirements. In January 2013, the Company had yet to meet the requirements as specified by the grant agreement, and therefore, management decided not to pursue the grant and returned the advanced funds. Advances received pursuant to the grant totaling $163,576 at December 31, 2012 are presented as restricted cash on the Company's consolidated balance sheet at such date. Amounts returned upon termination of the grant are presented as a current liability on the Company's consolidated balance sheet at December 31, 2012.

8. Convertible Promissory Notes

During 2010 and 2011, the Company borrowed money in a series of financing rounds by issuing $15,440,511 of convertible notes (the “2010 - 2011 Notes") primarily to existing stockholders. The notes accrued interest at 7.5% per annum and had a variety of maturity dates. During 2011, all but two of the 2010 and 2011 Notes, with a combined face value $47,001, were converted into 3,195,590 shares of the Company's common stock at $5.00 per share. At December 31, 2012, the unconverted and outstanding 2010 - 2011 Notes totaled $52,943, including accrued interest of $5,942. In March 2013, the Company repaid these two outstanding notes for $53,666 in cash.

During 2012 and 2013, the Company borrowed money primarily from existing investors in three separate rounds through the issuance of convertible promissory notes (collectively, the “Convertible Notes”) totaling $29,519,162. The first round of Convertible Notes in the amount of $5,000,000 was issued from July through November 2012 (the “July 2012 Notes). The second round of Convertible Notes in the amount of $5,000,000 was issued from October through December 2012 (the “October 2012 Notes”). The third round of Convertible Notes in the amount of $19,519,162 was issued from February through December 2013 (the “February 2013 Notes”). There were no placement fees associated with the Convertible Notes, and other administrative costs were nominal and were expensed as incurred. The July 2012 Notes and the October 2012 Notes have maturity dates of July 31, 2015. The February 2013 Notes have a maturity date of February 28, 2016. The Convertible Notes accrue simple interest at the rate of 7.5% per annum, which is added to the principal amounts. For the year ended December 31, 2012, the annual effective interest rate on the July 2012 Notes and the October 2012 Notes was 14.5% and 14.9%, respectively. For the year ended December 31, 2013, the annual effective interest rate on the July 2012 Notes, the October 2012 Notes, and the February 2013 Notes was 14.5%, 14.9%, and 33.3%, respectively.

The Convertible Notes are due on their respective maturity dates or convertible into the Company's common stock upon the occurrence of a "capital event," which is defined as (i) a sale of stock to a third party, excluding existing stockholders, of not less than $15,000,000, (ii) an initial public offering, or (iii) a "qualifying reorganization event" as defined in the Convertible Promissory Note agreement. Should the Convertible Notes be converted due to a capital event, all outstanding principal and interest shall be converted into shares of common stock at the lower of the purchase price then being paid by the purchaser pursuant to the capital event, or $5.00 per share. If no capital event occurs before the maturity date, at the election of the holder, all outstanding principal and interest shall be converted to shares of common stock at $5.00 per share. The debt discount recorded in connection with this beneficial conversion feature was $10,487,645 and $945,500 in 2013 and 2012, respectively.

In connection with all three rounds of the Convertible Notes during 2012 and 2013, the Company issued warrants to purchase shares of the Company's common stock. The warrants grant the holder the right to purchase additional shares of common stock of the Company equal to the product of (a) twenty percent, multiplied by (b) the face amount of the convertible note divided by $5.00. The exercise price for each share purchased under the warrant is $5.00. Until their expiration date, the warrants may be exercised at any time, and from time to time, in whole or in part. As originally issued, the warrants expired on the earlier of their expiration dates, upon a change in control event, or within 30 days of prior written notice of a pending IPO. In June 2014, the board of directors amended the warrants to provide that they will not expire on the occurrence of an IPO. The warrants associated with the July 2012 Notes and the October 2012 Notes have an expiration date of July 31, 2017. The warrants associated with the February 2013 Notes have an expiration date of February 28, 2018. The debt discount recorded in connection with the fair value of warrants issued was $3,107,379 and $1,044,649 in 2013 and 2012, respectively.

The calculated value of the warrants was estimated on the respective dates of grant using the Black-Scholes option-pricing model with the following assumptions:

	Years Ended December 31,	
	2013	**2012**
Risk-free interest rate	0.65% -1.68%	0.60% - 0.83%
Expected dividend yield	0%	0%
Expected volatility	57.5%	63.9%
Expected term	4.2 - 5 years	4.6 - 5 years
Weighted-average grant date calculated fair value	$ 3.98	$ 2.61

A summary of warrants activity for the years ended December 31, 2013 and 2012 is presented below:

	Number of Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (in Years)**
Warrants outstanding at December 31, 2011	—	$ —	
Granted	400,000	5.00	
Exercised	—	—	
Forfeited or expired	—	—	
Warrants outstanding at December 31, 2012	400,000	5.00	
Granted	780,766	5.00	
Exercised	—	—	
Forfeited or expired	—	—	
Warrants outstanding at December 31, 2013	1,180,766	$ 5.00	3.97

Convertible promissory notes consisted of the following at December 31, 2013 and 2012:

	2010-2011 Notes	July 2012 Notes	October 2012 Notes	February 2013 Notes	Total
December 31, 2013:					
Principal outstanding		$ 5,000,000	$ 5,000,000	$ 19,519,162	$ 29,519,162
Accrued interest		482,331	404,072	837,693	1,724,096
Unamortized discount		(554,285)	(586,272)	(10,891,589)	(12,032,146)
		4,928,046	4,817,800	9,465,266	19,211,112
Less current portion		—	—	—	—
Long-term portion		$ 4,928,046	$ 4,817,800	$ 9,465,266	$ 19,211,112
December 31, 2012:					
Principal outstanding	$ 47,001	$ 5,000,000	$ 5,000,000		$ 10,047,001
Accrued interest	5,942	106,711	28,698		141,351
Unamortized discount	—	(904,915)	(957,138)		(1,862,053)
	52,943	4,201,796	4,071,560		8,326,299
Less current portion	(52,943)	—	—		(52,943)
Long-term portion	$ —	$ 4,201,796	$ 4,071,560		$ 8,273,356

9. Employee Benefit Plans

The Company has a 401(k) Savings Retirement Plan that covers substantially all full-time employees who meet the plan's eligibility requirements and provides for an employee elective contribution. The Plan provides for employer matching contributions or profit sharing contributions to eligible employees. Employer contributions are discretionary and determined annually by the Board of Directors. For the years ended December 31, 2013 and 2012, employer contributions to the Plan totaled $109,866 and $129,486, respectively.

The Company is required to contribute to a government-sponsored pension plan for the employees of its Switzerland-based subsidiary. For the years ended December 31, 2013 and 2012, the employer’s portion of the amounts contributed to the subsidiary’s pension plan on behalf of those employees was $94,157 and $78,029, respectively.

10. Equity Securities

In June 2014 the articles of incorporation were amended to increase authorized common shares to 200,000,000, no par value, and to authorize 10,000,000 shares of preferred stock, no par value. The financial statements have been retroactively restated to reflect this amendment. The Board of Directors has the authority to establish the rights, preferences, privileges and restrictions granted to and imposed upon the holders of preferred stock and common stock.

2013 Private Placement

From July 1, through December 31, 2013, the Company sold 342,955 shares of its common stock to new investors at $7.00 per share, raising a total of $2,400,685. No costs were incurred in connection with these issuances.

2012 Sales of Common Stock

During 2012, the Company sold 1,576,016 shares of its common stock to its existing stockholders in a series of three issuances at $5.00 per share, raising a total of $7,880,080. No costs were incurred in connection with these issuances.

11. Stock-Based Compensation

Effective June 1, 2011, the Company restated its 2003 Equity Incentive Plan (the "2003 Plan"). Under the 2003 Plan, as restated, the Company is authorized to issue options covering up to 3,500,000 common stock shares. No employee or affiliate of the Company may be awarded more than 1,000,000 options in a calendar year period. The option price is determined by the Board of Directors but cannot be less than the fair value of the shares at the grant date. Generally, the options vest ratably over either four or five years and expire ten years from the grant date. The 2003 Plan agreement provides for accelerated vesting if there is a change of control, as defined in the agreement. In addition, the Company adopted the 2011 Equity Incentive Plan (the "2011 Plan") effective June 1, 2011. The maximum number of shares with respect to which options may be granted under the 2011 Plan is 4,000,000 shares, which is offset and reduced by options previously granted under the 2003 Plan.

No option shall be granted under the 2011 Plan after May 31, 2021. The option price is determined by the Board of Directors but cannot be less than the fair value of the shares at the grant date. The term of each option will not to exceed ten years and the option exercise is subject to vesting and other conditions.

The Company recognized stock-based compensation cost of $769,896 and $907,862 in 2013 and 2012, respectively. The calculated value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Years Ended December 31, 2013	Years Ended December 31, 2012
Risk-free interest rate	1.00%	0.93% - 1.30%
Expected dividend yield	0%	0%
Expected volatility	61.2%	62.2%
Expected term	6.5 years	6.25 years - 6.5 years
Weighted-average grant date calculated fair value	$ 1.58	$ 2.93

As the Company has no stock trading history, the expected volatility is based on the historical volatility of comparable companies in the similar industry that have a trading history. The expected term represents the estimated average period of time that the options are expected to remain outstanding. Since the Company does not have sufficient historical data on the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

During 2013 and 2012, the company granted stock options to purchase 500 shares and 190,100 shares, respectively, to certain employees. The stock options are exercisable for a period of 10 years from the date of grant at $5.00 per share, which the Company's Board determined was the fair value of the Company's stock on such date. The options vest over a period of four or five years. The fair value of these options, as calculated pursuant to Black-Scholes option pricing model, was determined to be $789 ($1.58 per share) and $556,841 ($2.93 per share), respectively.

A summary of stock option activity for the years ended December 31, 2013 and 2012 is presented below.

	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Options outstanding at December 31, 2011	2,599,053	$	4.26	
Granted	190,100		5.00	
Exercised	(27,430)		3.67	
Forfeited or expired	(34,220)		4.67	
Options outstanding at December 31, 2012	2,727,503		4.32	
Granted	500		5.00	
Exercised	(331,871)		1.05	
Forfeited or expired	(155,564)		3.73	
Options outstanding at December 31, 2013	2,240,568	$	4.84	4.16
Options exercisable at December 31, 2012	2,010,888	$	4.07	
Options exercisable at December 31, 2013	1,818,664	$	4.80	3.49

The exercise prices of common stock options outstanding and exercisable are as follows at December 31, 2013:

Exercise Price		Options Outstanding (Shares)	Options Exercisable (Shares)
$	2.50	42,000	42,000
$	3.75	10,000	10,000
$	4.25	147,000	147,000
$	4.75	522,114	522,114
$	5.00	1,519,454	1,097,550
		2,240,568	1,818,664

The estimated aggregate intrinsic value of the options exercisable at December 31, 2013 and 2012 was approximately $3,995,606 and $1,865,694, respectively. As of December 31, 2013, there was $697,622 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted average period of 3.13 years.

During 2013, the Company recorded a charge of $133,847 to extend the exercise period of 118,954 options for two terminated employees. All unvested options for these two employees were forfeited when they ceased employment with the Company.

The total stock-based compensation recognized for stock-based awards granted under the 2003 Plan and the 2011 Plan in the consolidated statements of operations as of December 31, 2013 and 2012 is as follows:

		2013		2012
Cost of sales	$	152,653	$	217,887
Research and development		229,253		136,179
Clinical and regulatory		82,686		118,022
Selling and marketing		101,768		145,258
General and Administrative		203,536		290,516
Total	$	769,896	$	907,862

From time to time, the Company has extended full-recourse loans to certain non-officer employees for the purpose of financing stock option exercises. These loans bear interest at rates ranging from 1.27% to 1.64% per annum and are payable over three years in monthly installments of principal and interest. At December 31, 2013 and 2012, the outstanding balance of such loans, including accrued interest, was $24,661 and $28,020, respectively. These loans receivable are recorded in the Company's financial statements as an offset to stockholders' equity. Additionally the Company had a receivable in the amount of $12,500 from a non-officer employee for the exercise of options which has been recorded as an offset to stockholders' equity in the Company's condensed consolidated financial statements at December 31, 2013. The Company had no such receivable at December 31, 2012.

On December 27, 2013, the Company extended a full-recourse loan totaling $127,165 to a consultant for the purpose of financing the exercise of stock options. The loan bears interest at 1.64% per annum and is repayable in eight equal quarterly installments of $16,192. This loan receivable is recorded in the Company's financial statements as an offset to stockholders' equity. Additionally the Company had a receivable in the amount of $125,000 and $0 at December 31, 2013 and 2012, respectively, on account of exercise of stock options by a non-officer employee.

12. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets as of December 31, 2013 and 2012 are summarized below.

	December 31, 2013	December 31, 2012
Stock-based compensation	$ 1,164,000	$ 1,643,000
Research credits	5,201,000	4,915,000
Depreciation	(13,000)	(42,000)
Net operating loss carryforwards	37,773,000	32,017,000
Inventory reserve	684,000	237,000
Other	241,000	154,000
Total deferred tax assets	45,050,000	38,924,000
Valuation allowance	(45,050,000)	(38,924,000)
Net deferred tax assets	$ —	$ —

In assessing the potential realization of these deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the Company attaining future taxable income during the periods in which those temporary differences become deductible. As of December 31, 2013 and 2012, management was unable to determine if it is more likely than not that the Company's deferred tax assets will be realized, and has therefore recorded an appropriate valuation allowance against deferred tax assets at such dates.

No federal tax provision has been provided for the years ended December 31, 2013 and 2012 due to the losses incurred during such periods. The Company's effective tax rate is different from the federal statutory rate of 34% due primarily to operating losses that receive no tax benefit as a result of a valuation allowance recorded for such losses.

As of December 31, 2013, the Company had federal and state income tax net operating loss carryforwards, which may be applied to future taxable income, of approximately $94,882,000 and $94,491,000, respectively. The federal net operating loss carryforwards will expire at various dates from 2023 through 2033. The state net operating loss carryforwards will expire at various dates from 2013 through 2033. The Company also has a federal and state research and development tax credit carryforwards totaling approximately $3,070,000 and $3,229,000, respectively. The federal research and development tax credit carryforwards will expire at various dates from 2023 through 2033. The state research and development tax credit carryforwards do not expire.

Pursuant to Internal Revenue Code Sections 382 and 383, use of the Company's net operating loss and credit carryforwards may be limited if a cumulative change in ownership of more than 50% occurs within any three-year period since the last ownership change. The Company does not anticipate performing a complete analysis of the limitation on the annual use of the net operating loss and tax credit carryforwards until the time that it projects it will be able to utilize these tax attributes.

The Company files income tax returns in the U.S. federal jurisdiction and California and is subject to income tax examinations by federal tax authorities for tax years ended 2010 and later and by California authorities for tax years ended 2009 and later. The Company’s policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2013, the Company has no accrued interest or penalties related to uncertain tax positions. Second Sight Switzerland, the Company's foreign subsidiary, has not had any taxable income in the past.

13. Warranties

A summary of activity in the Company’s warranty liabilities which are included in accrued expenses in the accompanying balance sheet, for the years ended December 31, 2013 and 2012 is presented below.

	2013	2012
Balance, beginning of period	$ 120,440	$ 35,353
Accruals	138,490	105,125
Payments	(5,879)	(22,574)
Adjustments and other	149	2,536
Balance, end of period	$ 253,200	$ 120,440

14. Commitments and Contingencies

Lease Commitment

Effective August 2012, the Company entered into a lease agreement (the “Sylmar Lease”) with a company owned by the major stockholder of the Company for office space for a term of five years that expires on February 28, 2017. The Sylmar Lease included rental of additional space commencing January 1, 2013 and a five year option to renew. The lease requires the Company to pay real estate taxes, insurance and common area maintenance each year, and is subject to periodic cost of living adjustments. In April 2014, the Sylmar Lease was renegotiated with the term ending on February 28, 2022, and a five year option to renew. The new lease also requires the Company to pay real estate taxes, insurance and common area maintenance each year and includes automatic increases in base rent each year.

Second Sight Switzerland rents office space in Switzerland on a month-to-month basis for CHF7,079 (approximately $7,922 at December 31, 2013) per month.

Total rent expense was approximately $766,000 and $458,000 for the years ended December 31, 2013 and 2012, respectively, and is allocated based on square footage to general and administrative and manufacturing costs in the consolidated statement of operations.

Future minimum rental payments required under the operating leases are as follows for the years ended December 31:

Years	Amount
2014	$ 709,647
2015	778,448
2016	808,068
2017	833,045
2018	858,036
Thereafter	2,888,696
Total	$ 6,875,940

License Agreements

The Company has exclusive licensing agreements to utilize certain patents. These patents are related to the technology for the prevention, cure and amelioration of the loss of eyesight. There are currently two such agreements that the Company has determined there is a reasonable likelihood of future royalty payments. The Company has agreed to pay the licensors' royalties for licensed products sold or leased by the Company. The royalty rates range from 0.5% to 3.25%, based on related net sales of licensed products, less a credit for royalties paid to others.

One of the licensing agreements requires the Company to pay the licensors a $5,000 annual maintenance fee for the first seven years and a $10,000 annual maintenance fee each year thereafter for as long as the agreement has not been terminated by the Company. The second of these agreements has no stipulated fees.

Clinical Trial Agreements

Based upon FDA approval, which was obtained in February 2013, the Company is required to collect follow-up data from subjects enrolled in it pre-approval trial for a period of up to ten years post-implant, which extends this trial through the year 2019. In addition, the Company is conducting two post-market studies to comply with FDA and European post-market surveillance regulations and requirements. The Company has contracted with various universities, hospitals, and medical practices to provide these services. Payments are based on procedures performed for each subject and are charged to clinical and regulatory expense as incurred. Total amounts charged to expense in the years ended December 31, 2013 and 2012 were $480,950 and $385,556, respectively.

Litigation, Claims and Assessments

Six oppositions have been filed by a third-party in the European Patent Office, each challenging the validity of a European patent owned or exclusively licensed by the Company. The outcome of the challenges are not certain, however, if successful, they may affect our ability to block competitors from utilizing our patented technology. We do not believe a successful challenge will have a material effect on our ability to manufacture and sell our products, or otherwise have a material effect on our operations.

The Company is party to litigation arising in the ordinary course of business. It is management's opinion that the outcome of such matters will have not have a material effect on the Company's financial statements.

15. Subsequent Events

Planned Initial Public Offering

On April 29, 2014, the Company signed a letter of intent with MDB Capital Group LLC ("MDB"), an investment bank, to serve as its underwriter to raise funds from the sale of common stock in an initial public offering. The letter of intent provides for (1) a cash fee equal to 4% of the value of shares sold, including any over-allotment, (2) reimbursement of out-of-pocket expenses associated with the offering up to a maximum of $200,000, and (3) warrants to purchase common shares equal to 20% of the shares of common stock sold in the offering at a price of not less than 125% of the issuance price. The warrants would be exercisable for five years, would be not be exercisable until six months after the initial public offering, and would contain standard anti-dilution provisions, demand and piggyback registration rights, and cashless exercise provisions. However, MDB would have no demand rights in the event that the shares underlying the warrants may be sold without any limitation under Rule 144.

Long Term Investor Right

A Long Term Investor Right (the "Right") is being made available to all investors who acquire their shares in the IPO. The Right is non-detachable and non-transferable, and is available only to the original IPO purchasers. The additional shares issuable pursuant to the Right are contingent on: (1) the investor purchasing the IPO shares and then agreeing to accept the conditions to acquire the Right; (2) the post-IPO changes in the Company's share price; and (3) the investors actually holding the IPO shares and not placing them in street name or trading them at any time during the two year post-IPO measurement period.

The Right is an equity instrument that will be accounted for as a component of the actual price per common share paid by the investor in the IPO. For basic earnings per share, the shares associated with the Right will be treated as contingently issuable shares and will not be included in basic earnings per share until the actual number of shares can be calculated and the shares have been issued.

At the end of each reporting period, the Company will disclose the potential dilutive effect of the Right, including the number of common shares that would be issuable on such date based on the actual share price movements since the IPO.

Stock Option Grants

In January 2014, the Company granted a stock option to its chief executive officer to purchase 125,000 shares of common stock at an exercise price of $4.25 per share, exercisable for a period of three years from the date of grant. The stock option was fully vested on the date of issuance and was intended to replace an earlier stock option grant with the same exercise price that expired in January 2014. The stock option was not granted pursuant to the 2011 Plan. The grant date fair value of the stock option, calculated pursuant to the Black-Scholes option-pricing model utilizing a volatility factor of 50% and a dividend rate of 0%, was determined to be $392,737, which was charged to operations as general and administrative expense in the three months ended March 31, 2014.

In the first quarter of 2014, the Company granted stock options to purchase 54,500 shares of common stock to employees. The options are exercisable for a period of ten years from the date of grant at $5.00 per share. The options vest over a period of five years. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $251,866 ($4.62 per share).

On April 1, 2014, the Company granted stock options to purchase 156,249 shares of common stock to employees. The options are exercisable for a period of ten years from the date of grant at $5.00 per share. The options vest over a period of either four or five years. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $725,272 ($4.64 per share).

On July14, 2014, the Company granted stock options to purchase 253,095 shares of common stock to employees. The options are exercisable for a period of ten years from the date of grant at $7.00 per share. The options vest over a period of either four or five years. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $1,054,115 ($4.16 per share).

During 2014, the Company recorded a charge of $171,293 to extend the exercise period relating to 223,615 fully-vested options for three employees who resigned and became consultants for the Company. All unvested options for these three employees were terminated when they ceased full-time employment with the Company.

2014 Private Placement

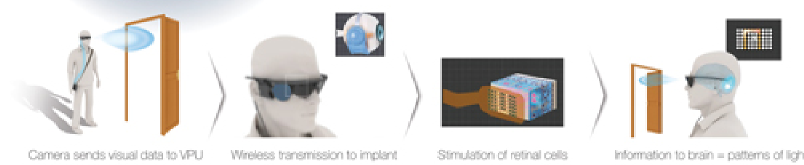
From January 1, 2014 through July 30, 2014, the Company sold 1,299,853 shares of its common stock to new investors at $7.00 per share in a private placement, raising a total of $9,098,971. The Company paid a finder's fee of 64,386 shares of common stock related to this private placement. Mendelsohn Investment Services, LLC, a firm affiliated with Aaron Mendelsohn, a member of the Company's Board of Directors, received 26,785 shares of common stock as part of this finder's fee.

Stock Awards

In July 2014, the Company awarded Alfred E. Mann, its chairman of the board, 25,000 shares of common stock in recognition of services rendered to the Company since inception. These shares were valued at $175,000, or $7.00 per share, and will be charged to general and administrative expense in the third quarter of fiscal 2014.

In August 2014, the Company issued 10,715 shares to an outside attorney as part of the fee paid for drafting the Company's prospectus and S-1 filing. These shares were valued at $75,005, or $7.00 per share. If the Company's planned public offering is successful, the cost of these shares will be treated as an issuance cost and will be deducted from the gross proceeds from the offering. If the Company's planned public offering is not successful, the cost of these shares will be charged to general and administrative expense.

System Overview



Second Sight

3,500,000 Shares of Common Stock

Second Sight Medical Products, Inc.

PROSPECTUS

MDB Capital Group, LLC

Until , 2014, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside of the United States: Neither we nor the underwriter has done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States are required to inform themselves about, and to observe any restrictions relating to, this offering and the distribution of this prospectus outside of the United States

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various expenses to be incurred in connection with the sale and distribution of our common stock being registered hereby, all of which will be borne by us (except any underwriting discounts and commissions and expenses incurred for brokerage, accounting, tax or legal services or any other expenses incurred in disposing of the shares). All amounts shown are estimates except the SEC registration fee.

SEC Filing Fee	$	5,832
FINRA Filing Fee	$	7,300
Underwriter's Legal Fees and Expenses	$	200,000
Nasdaq Listing Fee	$	75,000
Printing Expenses	$	25,000
Accounting Fees and Expenses	$	100,000
Legal Fees and Expenses	$	225,000
Transfer Agent and Registrar Expenses	$	10,000
Miscellaneous	$	75,000
Total	$	723,132

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 317 of the California Corporations Code, or the California Code, authorizes a corporation to indemnify, subject to certain exceptions, any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor) by reason of the fact that such person is or was an agent of the corporation, as the term "agent" is defined in section 317(a) of the California Code, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. A corporation is further authorized to indemnify, subject to certain exceptions, any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of the action if the person acted in good faith, in a manner the person believed to be in the best interests of the corporation and its shareholders.

Section 204 of the California Code provides that a corporation's articles of incorporation may not limit the liability of directors (i) for acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) for acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director, (iii) for any transaction from which a director derived an improper personal benefit, (iv) for acts or omissions that show a reckless disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of a serious injury to the corporation or its shareholders, (v) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its shareholders, (vi) under Section 310 of the California Code (concerning transactions between corporations and directors or corporations having interrelated directors) or (vii) under Section 316 of the California Code (concerning directors' liability for distributions, loans, and guarantees).

Section 204 further provides that a corporation's articles of incorporation may not limit the liability of directors for any act or omission occurring prior to the date when the provision became effective or any act or omission as an officer, notwithstanding that the officer is also a director or that his or her actions, if negligent or improper, have been ratified by the directors. Further, Section 317 has no effect on claims arising under federal or state securities laws and does not affect the availability of injunctions and other equitable remedies available to a corporation's shareholders for any violation of a director's fiduciary duty to the corporation or its shareholders.

The Registrant's Restated Articles of Incorporation provide for the elimination of liability for its directors to the fullest extent permissible under California law and authorize it to provide indemnification to directors, officers, employees or other agents through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Code, subject only to the applicable limits with respect to actions for breach of duty to the Registrant and its shareholders.

The Registrant's Amended and Restated Bylaws provide that it shall indemnify its directors and officers, employees and agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was its agent. As included in the Registrant's Amended and Restated Bylaws, a "director" or "officer" includes any person (a) who is or was a director or officer of the Registrant, (b) who is or was serving at the request of the Registrant as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (c) who was a director or officer of a corporation which was a predecessor corporation of the Registrant or of another enterprise at the request of such predecessor corporation. The Registrant's Amended and Restated Bylaws also contain provisions expressing the intent that these bylaws provide indemnity in excess of that expressly permitted by Section 317 of the California Code to indemnify each of its employees and agents (other than directors and officers) against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was its agent. As included in the Registrant's Amended and Restated Bylaws, an "employee" or "agent" (other than a director or officer), includes any person who (a) is or was an employee or agent of the Registrant, (b) is or was serving at the Registrant's request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (c) was an employee or agent of a corporation which was a predecessor corporation of the Registrant or of another enterprise at the request of such predecessor corporation.

The Registrant's Amended and Restated Bylaws further provide that it may advance expenses incurred in defending any proceeding for which indemnification is required or permitted, following authorization thereof by the board of directors, prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay that amount if it shall be determined ultimately that the indemnified person is not entitled to be indemnified as authorized by its Amended and Restated Bylaws. The indemnification provided for in the Registrant's Amended and Restated Bylaws for acts, omissions or transactions while acting in the capacity of, or while serving as, a director or officer of the Registrant but not involving a breach of duty to the Registrant and its shareholders will not be deemed exclusive of any other rights those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, to the extent the additional rights to indemnification are authorized in its Restated Articles of Incorporation.

In addition, the Registrant has entered into indemnification agreements with each of its directors and officers, and maintains directors' and officers' liability insurance under which its directors and officers are insured against loss (as defined in the policy) as a result of certain claims brought against them in such capacities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

During the past three years, we issued the following securities without registration under the Securities Act of 1933, as amended (the "Securities Act").

All of the subject offerings described below were conducted as private placements under Rule 506 of Regulation D of the Securities Act of 1933 and all securities were offered for sale, and sold, exclusively to investors who represented that they were qualified as "accredited" under said Regulation.

July 2013 through July 2014

From July 2013 the company sold shares of its common stock at $7 per share for a total of $11,499,656. As of the date hereof, a total of 1,642,808 shares have been sold. The company also issued an aggregate of 64,384 shares of common stock to two persons, including 26,785 shares of common stock to a person who is a director of the company, in connection with finders' fees paid for introductions made.

January 2013

The company sold unsecured promissory notes for a total amount of $19,519,162. These notes are convertible into common shares at the election of the holder or automatically upon the occurrence of an IPO. The notes bear interest at the rate of 7.5% per annum and have a maturity date of February 28, 2016 on which date principal and all accrued and unpaid interest becomes due and payable. In the event of conversion into common shares, the purchase price per share is $5. Each note holder was also granted a warrant that gives the warrant holder the right to purchase additional common shares at an exercise price of $5 per share. The total amount of shares that may be purchased by exercise of the warrant equals the face amount of the note held by the note holder multiplied by 20% and then divided by $5. The warrants expire on the earlier of February 28, 2018 or within 30 days of prior written notice of a pending IPO, however the board of directors amended the warrants in June 2014 to provide that they will not expire on the occurrence of an IPO.

October 2012

The company sold unsecured promissory notes at par for a total amount of $5,000,000. These notes are convertible into common shares at the election of the holder or automatically upon the occurrence of an IPO. The notes bear interest at the rate of 7.5% per annum and have a maturity date of July 31, 2015 on which date principal and all accrued and unpaid interest becomes due and payable. In the event of conversion into common shares, the purchase price per share is $5. Each note holder was also granted a warrant that gives the warrant holder the right to purchase additional common shares at an exercise price of $5 per share. The total amount of shares that may be purchased by exercise of the warrant equals the face amount of the note held by the note holder multiplied by 20% and then divided by $5. The warrants expire on the earlier of July 31, 2017 or within 30 days of prior written notice of a pending IPO, however the board of directors amended the warrants in June 2014 to provide that they will not expire on the occurrence of an IPO.

July 2012

The company sold unsecured promissory notes at par for a total amount of $5,000,000. These notes are convertible into common shares at the election of the holder or automatically upon the occurrence of an IPO. The notes bear interest at the rate of 7.5% per annum and have a maturity date of July 31, 2015 on which date principal and all accrued and unpaid interest becomes due and payable. In the event of conversion into common shares, the purchase price per share is $5. Each note holder is also granted a warrant that gives the warrant holder the right to purchase additional common shares at an exercise price of $5 per share. The total amount of shares that may be purchased by exercise of the warrant equals the face amount of the note held by the note holder multiplied by 20% and then divided by $5. The warrants expire on the earlier of July 31, 2017 or within 30 days of prior written notice of a pending IPO, however the board of directors amended the warrants in June 2014 to provide that they will not expire on the occurrence of an IPO.

ITEM 16. EXHIBITS

(a) *Exhibits.*

Exhibit No.	Exhibit Description
1.1	Form of Underwriting Agreement.
3.1	Restated Articles of Incorporation of the Registrant,
3.2	Amended and Restated Bylaws of the Registrant, as currently in effect.
4.1	Form of the Registrant's common stock certificate.
4.2	Form of Underwriter's Warrant
5.1*	Opinion of Law Offices of Aaron A. Grunfeld & Associates.
10.1	Form of Indemnification Agreement between Registrant and each of its directors and officers.
10.2**	2003 Equity Incentive Plan
10.3**	2003 Form of Employee Option Agreement
10.4**	2011 Equity Incentive Plan
10.5**	2011 Form of Employee Option Agreement
10.6**	2014 Option Issued to Robert Greenberg – Terms and Conditions
10.7**	2014 Executive Officer Option Agreement
10.8	Form of Convertible Promissory Note
10.9	Form of Warrant, as amended
10.10	Standard Multi-Tenant Office Lease – Net, dated April 15, 2014, between Registrant and Mann Biomedical Park LLC
10.11	Exclusive License Agreement between Registrant and John Hopkins University and Duke University.
10.12	Cost Reimbursement Consortium Research Agreement between Registrant and Doheny Eye Institute.
10.13	Form of Lock Up Agreement
10.14	Form of Shareholders' Agreement dated September 5, 2003
10.15**	Offer Letter to Thomas Miller dated May 21, 2014
10.16	Form of Loan Agreement dated September 30, 2014 between Mann Group LLC and Registrant for $3,000,000, including form of promissory note as Exhibit A thereto.
10.17	Joint Research and Development Agreement between The Johns Hopkins University Applied Physics Laboratory and Registrant
14.1	Code of Business Conduct and Ethics
21.1	List of subsidiaries of the Registrant.
23.1*	Consent of Law Offices of Aaron A. Grunfeld & Associates (included in Exhibit 5.1)
23.2	Consent of Gumbiner Savett Inc.
24.1	Power of Attorney (included on signature page)

* to be filed by amendment

** Indicated management contract or compensatory plan

(b) *Financial Statement Schedules.* All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424; (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant; (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(5) To provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(6) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus as filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(7) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 2, 2014.

SECOND SIGHT MEDICAL PRODUCTS, INC.

By: /s/ Robert J. Greenberg
Robert J. Greenberg
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Robert J. Greenberg and Thomas B. Miller, or either of them as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert J. Greenberg Robert J. Greenberg	Chief Executive Officer	October 2, 2014
/s/ Alfred E. Mann* Alfred E. Mann	Chairman of the Board	October 2, 2014
/s/ Thomas B. Miller Thomas B. Miller	Chief Financial Officer (Principal Financial and Accounting Officer)	October 2, 2014
/s/ William J. Link * William J. Link	Director	October 2, 2014
/s/ Aaron Mendelsohn * Aaron Mendelsohn	Director	October 2, 2014
/s/ Gregg Williams * Gregg Williams	Director	October 2, 2014

* /s/ Robert J. Greenberg
Robert J. Greenberg
Attorney-in-fact

SECOND SIGHT MEDICAL PRODUCTS, INC.

UNDERWRITING AGREEMENT

Sylmar, California
________, 2014

MDB Capital Group, LLC
401 Wilshire Blvd., Suite 1020
Santa Monica, CA 90401

Ladies and Gentlemen:

The undersigned, Second Sight Medical Products, Inc., a California corporation (the "**Company**"), hereby confirms its agreement with **MDB Capital Group, LLC** (hereinafter referred to as "**you**" (including its correlatives) or the "**Underwriter**"), as follows:

1. Purchase and Sale of Securities.

1.1 Firm Securities.

1.1.1 Nature and Purchase of Firm Securities.

(i) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Underwriter, an aggregate of [___] Million ([____]) shares (the "**Firm Shares**") of common stock of the Company, no par value (the "**Common Stock**").

(ii) The Underwriter agrees to purchase from the Company the Firm Shares at a purchase price (net of discounts and commissions) of **$____** per Share (**96% of the per Share public offering price**). The Firm Shares are to be offered initially to the public (the "**Offering**") at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof).

1.1.2 Shares Payment and Delivery.

(i) Delivery and payment for the Firm Shares shall be made at 10:00 a.m., Eastern time, on the third (3rd) Business Day following the effective date (the "**Effective Date**") of the Registration Statement (as defined in Section 2.1.1 below) (or the fourth (4th) Business Day following the Effective Date, if the Registration Statement is declared effective after 4:00 p.m. Eastern Time) or at such earlier time as shall be agreed upon by the Underwriter and the Company at the offices of Golenbock Eiseman Assor Bell & Peskoe LLP, counsel to the Underwriter ("**Underwriters Counsel**"), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Underwriter and the Company. The hour and date of delivery and payment for the Firm Shares is called the "**Closing Date**."

(ii) Payment for the Firm Shares shall be made on the Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery of the certificates (in form and substance satisfactory to the Underwriter) representing the Firm Shares (or through the facilities of the Depository Trust Company ("**DTC**")) for the account of the Underwriter. The Firm Shares shall be registered in such name or names and in such authorized denominations as the Underwriter may request in writing at least two (2) full Business Days prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Shares except upon tender of payment by the Underwriter for all the Firm Shares. The term "**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

1.2 Over-allotment Option.

1.2.1 Option Shares. For the purposes of covering any over-allotments made by the Underwriter in connection with the distribution and sale of the Firm Shares, the Underwriter is hereby granted an option to purchase from the Company up to [_____] shares (the "**Option Shares**") of Common Stock representing fifteen percent (15%) of the Firm Shares sold in the offering (the "**Over-allotment Option**"). The purchase price to be paid for the Option Shares will be the same price per Option Share as the price per Firm Share set forth in Section 1.1.1 hereof. The Firm Shares and the Option Shares are hereinafter referred to collectively as the "**Securities**."

1.2.2 Exercise of Option. The Over-allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Underwriter as to all (at any time) or any part (from time to time) of the Option Shares within 45 days after the Effective Date. The Underwriter will not be under any obligation to purchase any Option Shares prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Underwriter, which must be confirmed in writing by overnight mail or facsimile or other electronic transmission setting forth the number of Option Shares to be purchased and the date and time for delivery of and payment for the Option Shares (the "**Option Closing Date**"), which will not be later than five (5) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Underwriter, at the offices of Underwriter's Counsel, or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Underwriter. If such delivery and payment for the Option Shares does not occur on the Closing Date, the Option Closing Date will be as set forth in the notice. Upon exercise of the Over-allotment Option, the Company will become obligated to convey to the Underwriter, and, subject to the terms and conditions set forth herein, the Underwriter will become obligated to purchase, the number of Option Shares specified in such notice.

1.2.3 Payment and Delivery. Payment for the Option Shares will be made on the Option Closing Date by wire transfer in Federal (same day) funds as follows: **$_______** per Option Share **(96% of the per Share public offering price)** payable to the order of the Company upon delivery to you of certificates (in form and substance satisfactory to the Underwriter) representing the Option Shares (or through the facilities of DTC) for the account of the Underwriter. The Option Shares shall be registered in such name or names and in such authorized denominations as the Underwriter may request in writing at least two (2) full Business Days prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Shares except upon tender of payment by the Underwriter for applicable Option Shares.

1.3 Underwriter's Warrants. The Company hereby agrees to issue and sell to the Underwriter on the Closing Date warrants to purchase that number of shares of Common Stock equal to an aggregate of 20% of the amount of Securities sold in the Offering, including all Option Shares (the "**Underwriter's Warrants**"). The Underwriter's Warrants as evidenced by the Underwriter's Warrant Agreement in the form attached hereto as Exhibit A, shall be exercisable, in whole or in part, commencing one hundred eighty (180) days after the Effective Date and expiring five (5) years after the Effective Date at an initial exercise price per share of Common Stock of **$_______ [125% of the public offering price of the Securities]**. The Underwriter's Warrants and the shares of Common Stock of the Company issuable upon exercise thereof ("**Warrant Shares**") are sometimes referred to herein collectively as the "**Warrant Securities**." The Underwriter understands and agrees that there are significant restrictions pursuant to FINRA Rule 5110 against transferring the Warrant Securities and by its acceptance thereof shall agree that it will not, sell, transfer, assign, pledge or hypothecate the Warrant Securities, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities other than in accordance with FINRA Rule 5110.

2. Representations and Warranties of the Company. The Company represents and warrants in respect of itself and in respect of its subsidiary as the context would reasonably include the representation and warranty to the Underwriter as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

2.1 Filing of Registration Statement.

2.1.1 Pursuant to the Act. The Company has filed with the Securities and Exchange Commission (the "**Commission**") a registration statement and an amendment or amendments thereto, on Form S-1 (File No. 333- [________________]), including any related preliminary prospectus (the "**Preliminary Prospectus**", which for purposes of this Agreement, includes any prospectus that is included in the Registration Statement immediately prior to the effectiveness of the Registration Statement for the registration of the Securities under the Securities Act of 1933, as amended (the "**Act**"), which registration statement and amendment or amendments have been prepared by the Company in conformity with the requirements of the Act, and the rules and regulations (the "**Regulations**") of the Commission under the Act. The conditions for use of Form S-1 to register the Securities under the Act, as set forth in the General Instructions to such Form, have been satisfied. Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement becomes effective (including the preliminary prospectus, prospectus, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of such time pursuant to Rule 430A of the Regulations), is hereinafter called the "**Registration Statement**," and the form of the final prospectus dated the Effective Date included in the Registration Statement (or, if applicable, the form of final prospectus containing information permitted to be omitted at the time of effectiveness by Rule 430A of the Regulations filed with the Commission pursuant to Rule 424 of the Regulations), together with any "issuer free writing prospectus" (as defined in Rule 433 of the Regulations) relating to the Securities, is hereinafter called the "**Prospectus**." For purposes of this Agreement, "**Applicable Time**", as used in the Act, means _____:00 p.m., New York City time, on the date of this Agreement. Prior to the Applicable Time, the Company prepared a Preliminary Prospectus, dated [_______,] and made available one or more issuer free writing prospectuses for distribution by the Underwriter (taken together together the "**Statutory Prospectus**"). If the Company has filed, or is required pursuant to the terms hereof to file, a registration statement pursuant to Rule 462(b) of the Regulations registering the Securities (a "**Rule 462(b) Registration Statement**"), then, unless otherwise specified, any reference herein to the term "**Registration Statement**" shall be deemed to include such Rule 462(b) Registration Statement. Other than a Rule 462(b) Registration Statement, which, if filed, becomes effective upon filing, no other document with respect to the Registration Statement has heretofore been filed with the Commission. All of the Securities have been registered under the Securities Act pursuant to the Registration Statement or, if any Rule 462(b) Registration Statement is filed, will be duly registered under the Securities Act with the filing of such Rule 462(b) Registration Statement. The Registration Statement has been declared effective by the Commission on the date hereof. If, subsequent to the date of this Agreement, the Company or the Underwriter have determined that at the Applicable Time the Statutory Prospectus included an untrue statement of a material fact or omitted a statement of material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and have agreed to provide an opportunity to purchasers of the Securities to terminate their old purchase contracts and enter into new purchase contracts, the Statutory Prospectus will be deemed to include any additional information available to purchasers at the time of entry into the first such new purchase contract.

2.1.2 Registration under the Exchange Act and Stock Exchange Listing. The Company has filed with the Commission a Form 8-A12B (File Number 000-_____), as amended, providing for the registration under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of the Common Stock. The registration of the Securities under the Exchange Act is effective. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is listed on The NASDAQ Capital Market ("**NASDAQ**"), and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from NASDAQ, nor has the Company received any notification that the Commission or NASDAQ is contemplating terminating such registration or listing except as described in the Registration Statement and Prospectus.

2.2 No Stop Orders, etc. Neither the Commission nor, to the Company's knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Statutory Prospectus, Prospectus or the Registration Statement or has instituted or, to the Company's knowledge, threatened to institute any proceedings with respect to such an order.

2.3 Disclosures in Registration Statement.

2.3.1 10b-5 Representation. At the time of effectiveness of the Registration Statement (or at the time of any post-effective amendment to the Registration Statement) and at all times subsequent thereto up to the Closing Date and the Option Closing Date, if any, the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus contained or will contain all material statements that are required to be stated therein in accordance with the Act and the Regulations, and did or will, in all material respects, conform to the requirements of the Act and the Regulations. On the Effective Date, the Registration Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Closing Date and the Option Closing Date, if any, the Prospectus (together with any supplement thereto) did not and will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date of filing, the Statutory Prospectus did not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The representations and warranties made in this Section 2.3.1 do not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriter by the Underwriter expressly for use in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or Prospectus or any amendment thereof or supplement thereto, which information, it is agreed, shall consist solely of (i) the name and address of the Underwriter, (ii) the [**third and fifth**] paragraphs under "Underwriting," (iii) the statements in "Underwriting—Determination of Offering Price," and (iv) the first paragraph under "Underwriting—Short Positions and Penalty Bids." ("**Underwriter's Information**").

2.3.2 Disclosure of Agreements. The agreements and documents described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus conform to the descriptions thereof contained therein and there are no agreements or other documents required to be described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which its property or business is or may be bound or affected and (i) that is referred to in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus or attached as an exhibit thereto, or (ii) is material to the Company's business, has been duly and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company's knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefore may be brought, and none of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company's knowledge, any other party is in breach or default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a breach or default thereunder. To the Company's knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a material violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses, including, without limitation, those relating to environmental laws and regulations.

2.3.3 Regulations. The disclosures in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus concerning the effects of Federal, state and local regulation on the Company's business as currently contemplated fairly summarize, to the best of the Company's knowledge, such effects and do not omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

2.3.4 Testing-the-Waters Communications. The Company (A) has not engaged in any testing-the-waters communication and (B) has not authorized anyone to engage in testing-the-waters communications.

2.3.5 Company Not Ineligible Issuer. At the time of filing the Registration Statement, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Regulations) of the Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 of the Regulations, without taking account of any determination by the Commission pursuant to Rule 405 of the Regulations that it is not necessary that the Company be considered an ineligible issuer.

2.3.6 Issuer Free Writing Prospectuses. No issuer free writing prospectus conflicts with the information contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus (excluding any issuer free writing prospectus), and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified. The Company has made available any electronic road show in compliance with Rule 433(d)(8)(ii) of the Regulations such that no filing of any "road show" (as defined in Rule 433(h) of the Regulations) is required in connection with the offering of the Securities, as such regulations were promulgated under the Act.

2.3.7 Emerging Growth Company Status. From the time of the initial submission of the Registration Statement to the Commission through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Act.

2.3.8 Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Act and Section 21E of the Exchange Act) contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

2.4 Changes After Dates in Registration Statement.

2.4.1 No Material Adverse Change. Since the respective dates as of which information is given in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the condition, financial or otherwise, or business prospects of the Company (a "**Material Adverse Effect**"); (ii) there have been no material transactions entered into by the Company, other than as contemplated pursuant to this Agreement; (iii) no member of the Company's board of directors or management has resigned from any position with the Company and (iv) no event or occurrence has taken place which materially impairs, or would likely materially impair, with the passage of time, the ability of the members of the Company's board of directors or management to act in their capacities with the Company as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus.

2.4.2 Recent Securities Transactions, etc. Subsequent to the respective dates as of which information is given in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, and except as may otherwise be indicated or contemplated herein or therein, the Company has not: (i) issued any securities (other than shares of Common Stock that may be issued upon conversion of the Company's outstanding indebtedness) or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock.

2.5 Independent Accountants. To the knowledge of the Company, Gumbiner Savett Inc. ("**Gumbiner Savett**"), whose report is filed with the Commission as part of the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, are independent registered public accountants as required by the Act and the Regulations. Gumbiner Savett is registered with and in good standing with the PCAOB. Except for the preparation of federal tax returns and services provided to the Company in relation to the preparation of the Cold Comfort Letter described in Section 4.3, Gumbiner Savett has not, during the periods covered by the financial statements included in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

2.6 Financial Statements, Statistical Data.

2.6.1 Financial Statements. The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus fairly present the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with generally accepted accounting principles ("**GAAP**"), consistently applied throughout the periods involved. The Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus disclose all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, (a) the Company has not incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions, other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, except as disclosed in Section 2.4.2; (c) there has not been any change in the capital stock of the Company or any grants under any stock compensation plan and, (d) there has not been any material adverse change in the Company's long-term or short-term debt.

2.6.2 Statistical Data. The statistical, industry-related and market-related data included in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate, and such data agree with the sources from which they are derived.

2.7 Authorized Capital; Options, etc. The Company had at the date or dates indicated in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, as the case may be, duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, the Company will have on the Closing Date the adjusted stock capitalization set forth therein. Other than as disclosed in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus on the Effective Date and the Closing Date and the Option Closing Date, if any, there will be no options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued Common Stock of the Company or any security convertible into Common Stock of the Company, or any contracts or commitments to issue or sell Common Stock or any such options, warrants, rights or convertible securities.

2.8 Valid Issuance of Securities, etc.

2.8.1 Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and, with respect to all issued and outstanding shares of capital stock of the Company, are fully paid and non-assessable; the holders thereof have no rights of rescission with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized shares of Common Stock conform in all material respects to all statements relating thereto contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus. The offers and sales of the outstanding securities were at all relevant times either registered under the Act and the applicable state securities or Blue Sky laws or, based in part on the representations and warranties of the purchasers of such securities, exempt from such registration requirements.

2.8.2 Securities Sold Pursuant to this Agreement. The Securities have been duly authorized and reserved for issuance and when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Securities has been duly and validly taken. The Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, as the case may be. The Warrant Shares issuable upon exercise of the Underwriter's Warrant Agreement have been reserved for issuance upon the exercise thereof and, when issued in accordance with the terms of such securities, will be duly and validly authorized, validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders. The Warrant Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, as the case may be.

2.8.3 No Integration. Neither the Company nor any of its affiliates has, prior to the date hereof, made any offer or sale of any securities which are required to be "integrated" pursuant to the Act or the Regulations with the offer and sale of the Securities pursuant to the Registration Statement.

2.9 Registration Rights of Third Parties. Except as set forth in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Act or to include any such securities in a registration statement to be filed by the Company.

2.10 Validity and Binding Effect of Agreements. This Agreement and the Underwriter's Warrant Agreement have been duly and validly authorized by the Company, and, when executed and delivered, will constitute, the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefore may be brought.

2.11 No Conflicts, etc. The execution, delivery, and performance by the Company of this Agreement, the Underwriter's Warrant Agreement and all ancillary documents, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a material breach of, or conflict with any of the terms and provisions of, or constitute a material default under, or result in the creation, modification, termination or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument to which the Company is a party; (ii) result in any violation of the provisions of the Certificate of Incorporation (as the same may be amended from time to time, the **"Certificate of Incorporation**"); or (iii) violate any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or body or court, domestic or foreign, having jurisdiction over the Company or any of its properties or business constituted as of the date hereof.

2.12 No Defaults; Violations. No material default exists in the due performance and observance of any term, covenant or condition of any material license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the properties or assets of the Company is subject. The Company is not in violation of any material term or provision of its Certificate of Incorporation, or in violation of any franchise, license, permit, applicable law, rule, regulation, judgment or decree of any governmental agency or body or court, domestic or foreign, having jurisdiction over the Company or any of its properties or businesses.

2.13 Corporate Power; Licenses; Consents.

2.13.1 Conduct of Business. The Company has all requisite corporate power and authority, and has all necessary authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies that it needs as of the date hereof to conduct its business purpose as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus. To the knowledge of the Company, the disclosures in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus concerning the effects of foreign, federal, state and local regulation on this Offering and the Company's business purpose as currently contemplated are correct in all material respects and do not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.13.2 Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement and the Underwriter's Warrant Agreement and to carry out the provisions and conditions hereof and thereof, and all consents, authorizations, approvals and orders required in connection therewith have been obtained. No consent, authorization or order of, and no filing with, any court, government agency or other body is required for the valid issuance, sale and delivery of the Securities and the consummation of the transactions and agreements contemplated by this Agreement and the Underwriter's Warrant Agreement, except with respect to applicable federal and state securities laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("**FINRA**").

2.14 D&O Questionnaires. All information contained in the questionnaires completed by each of the Company's directors and officers and, to the Company's knowledge, 5% and greater shareholders, other than directors and officers of the Company (the "**Insiders**"), immediately prior to the Offering (the "**Questionnaires**") as well as in the Lock-Up Agreement provided to the Underwriter is true and correct in all material respects, and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires completed by each Insider to become inaccurate and incorrect. To the extent that information in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus differs from the information provided in a Questionnaire, the information in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus will be deemed to supersede and replace the information in the Questionnaires.

2.15 Litigation; Governmental Proceedings. There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the best of the Company's knowledge, threatened against, or involving the Company or, to the best of the Company's knowledge, any Insider which has not been disclosed in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus. There is no proceeding, inquiry or investigation, other than the listing application of the Company, pending, or, to the best of the Company's knowledge, threatened against or involving the Company or, to the best of the Company's knowledge, any Insider.

2.16 Good Standing. The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of California as of the date hereof, and is duly qualified to do business and is in good standing in each jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify would not have a Material Adverse Effect on the assets, business, prospects or operations of the Company.

2.17 Transactions Affecting Disclosure to FINRA.

2.17.1 Finder's Fees. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any Insider with respect to the sale of the Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its stockholders that may affect the Underwriter's compensation, as determined by FINRA.

2.17.2 Payments Within Twelve Months. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) to any FINRA member; or (iii) to the knowledge of the Company, to any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve months prior to the Effective Date. No officer, director, or beneficial owner of 5% or more of any class of the Company's securities (whether debt or equity, registered or unregistered, regardless of the time acquired or the source from which derived) (any such individual or entity, a "**Company Affiliate**") is a member, a person associated, or affiliated with a member of the FINRA. For purposes of the meaning of "beneficial owner" as used in this Section, the definition of Rule 13d-3, promulgated by the SEC under the Exchange Act shall apply.

2.17.3 Company Affiliate Membership. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, to the knowledge of the Company, no Company Affiliate is an owner (of record or beneficially) of stock or other securities of any member of the FINRA (other than securities purchased on the open market).

2.17.4 Subordinated Loans. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, to the knowledge of the Company, no Company Affiliate has made a subordinated loan to any member of the FINRA.

2.17.5 Use of Proceeds. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, no proceeds from the sale of the Securities (excluding underwriting compensation) will be paid to any FINRA member or to any persons associated or affiliated with a member of the FINRA, except as specifically authorized herein.

2.17.6 No other Options, etc. Except with respect to the Underwriter's Warrant Agreement, the Company has not issued any warrants or other securities, or granted any options, directly or indirectly to anyone who is a potential underwriter in the Offering or a related person (as defined by FINRA rules) of such an underwriter within the 180-day period prior to the initial filing date of the Registration Statement.

2.17.7 FINRA Relationship. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, to the knowledge of the Company, no person to whom securities of the Company have been privately issued within the 180-day period prior to the initial filing date of the Registration Statement has any relationship or affiliation or association with any member of the FINRA.

2.17.8 FINRA Conflicts. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, no FINRA member intending to participate in the Offering has a conflict of interest with the Company. For this purpose, a "conflict of interest" exists when a member of the FINRA and its associated persons, parent or affiliates in the aggregate beneficially own 10% or more of the Company's outstanding subordinated debt or common equity, or 10% or more of the Company's preferred equity. "Members participating in the Offering" include managing agents, syndicate group members and all dealers which are members of the FINRA.

2.17.9 Other Arrangements. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus and except with respect to the Underwriter in connection with the Offering, the Company has not entered into any agreement or arrangement (including, without limitation, any consulting agreement or any other type of agreement) during the 180-day period prior to the initial filing date of the Registration Statement, which arrangement or agreement provides for the receipt of any item of value and/or the transfer of any warrants, options, or other securities from the Company to a FINRA member or, the knowledge of the Company, any person associated with a member (as defined by FINRA rules), any potential underwriters in the Offering and any related persons.

2.18 Foreign Corrupt Practices Act. Neither the Company, nor to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company, is aware of or has taken any action directly or indirectly, that would result in a material violation by such persons of the FCPA (as defined below), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company has conducted its business in compliance in all material respects with the FCPA and instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance in all material respects therewith. "FCPA" means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

2.19 Money Laundering Laws. Neither the Company nor to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company has made any payment of funds of the Company or received or retained any funds in violation of any law, rule or regulation relating to the "know your customer" and anti-money laundering laws of any United States or non-United States jurisdiction (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any governmental agency or body involving the Company with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened.

2.20 OFAC. Neither the Company nor to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company is currently the target of or reasonably likely to become the target of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"); and the Company will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently the target of any U.S. sanctions administered by OFAC.

2.21 Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to you or to Underwriter's Counsel shall be deemed a representation and warranty by the Company to the Underwriter as to the matters covered thereby.

2.22 Lock-Up Period. Each of the Company's officers and directors and each beneficial owner of at least 10% of the Company's outstanding Common Stock (or securities convertible into Common Stock at any time) (together with the Company's officers and directors, together the "**Lock-Up Parties**") have agreed pursuant to executed Lock-Up Agreements that for a period of one year from the date of this Agreement (the "**Lock-Up Period**") and each other holder of outstanding Common Stock (or securities convertible into Common Stock at any time) from which the Company has reasonably attempted to obtain an executed Lock-Up Agreement (the "**Lock-Up Shareholders**") that for a period of six months from the date of this Agreement (the "**Shareholder Lock-Up Period**"), such persons and their affiliated parties shall not offer, pledge, sell, contract to sell, grant, lend or otherwise transfer or dispose of, directly or indirectly, any Common Stock, or any securities convertible into or exercisable or exchangeable for Common Stock, without the consent of the Underwriter, except for the exercise or conversion of currently outstanding warrants, options and convertible debentures, as applicable and the exercise of options under an acceptable stock incentive plan. The Underwriter may consent to an early release from the applicable Lock-Up Period or Shareholder Lock-Up Period, as the case may be. The Company has caused each of the Lock-Up Parties and Lock-Up Shareholders to deliver to the Underwriter the agreements of each of the Lock-Up Parties or the Lock-Up Shareholders to the foregoing effect prior to the date that the Company requests that the Commission declare the Registration Statement effective under the Act.

2.23 Subsidiaries. Exceipt for Second Sight Medical Products (Switzerland) Sarl, the Company does not have any direct or indirect subsidiary.

2.24 Related Party Transactions. There is no relationship, direct or indirect, exists between or among any of the Company or any Company Affiliate, on the one hand, and any director, officer, shareholder, customer or supplier of the Company or any Company Affiliate, on the other hand, which is required by the Act, the Exchange Act or the Regulations to be described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus that is not so described and described as required. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business), credit arrangements, or guarantees of indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members.

2.25 Board of Directors. The Board of Directors of the Company is comprised of the persons set forth under the heading of the Statutory Prospectus and the Prospectus captioned "Directors, Executive Officers and Corporate Governance." The qualifications of the persons serving as board members and the overall composition of the board comply with the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder applicable to the Company and the rules of NASDAQ. At least one member of the Board of Directors of the Company qualifies as a "financial expert" as such term is defined under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder and the rules of NASDAQ. [***In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent" as defined under the rules of NASDAQ.]***

2.26 Sarbanes-Oxley Compliance.

2.26.1 Disclosure Controls. The Company has developed and currently maintains disclosure controls and procedures that will comply with Rule 13a-15 or 15d-15 of the Exchange Act, and such controls and procedures are effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

2.26.2 Compliance. The Company is, or on the Effective Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act of 2002 applicable to it, and has implemented or will implement such programs and taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefore) with all the provisions of the Sarbanes-Oxley Act of 2002.

2.27 No Investment Company Status. The Company is not and, after giving effect to the Offering and sale of the Securities and the application of the proceeds thereof, will not be, an "investment company" as defined in the Investment Company Act of 1940, as amended.

2.28 No Labor Disputes. No labor dispute with the employees of the Company exists or, to the knowledge of the Company, is imminent.

2.29 Employment Laws Compliance. The Company has not violated, or received notice of any violation with respect to, any law, rule, regulation, order, decree or judgment applicable to it and its business, including those relating to transactions with affiliates, environmental, safety or similar laws, federal or state laws relating to discrimination in the hiring, promotion or pay of employees, federal or state wages and hours law, the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder, except for those violations that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

2.30 Intellectual Property. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, none of the Intellectual Property necessary for the conduct of the business of the Company as currently carried on and as contemplated by the Company, as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, are in dispute or are in any conflict with the rights of any other person or entity. The Company (i) owns or has the right to use, free and clear of all liens, charges, claims, encumbrances, pledges, security interests, defects or other restrictions or equities of any kind whatsoever, all of its Intellectual Property and the licenses and rights with respect to the foregoing, used in the conduct of the business of the Company as currently carried on and contemplated by the Company, as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, without infringing upon or otherwise acting adversely to the right or claimed right of any person, corporation or other entity under or with respect to any of the foregoing, and (ii) is not obligated or under any liability whatsoever to make any payment by way of royalties, fees or otherwise to any owner or licensee of, or other claimant to, any Intellectual Property with respect to the use thereof or in connection therewith for the conduct of its business or otherwise. For the purposes of this Section and this Agreement, the term "**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, together with all reissuances, continuations, continuations in part, revisions, extensions, and reexaminations thereof, (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 mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including ideas, research and development, know how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, diagrams, specifications, customer and supplier lists, catalogs, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including data and related documentation) (whether purchased or internally developed), (g) all information systems and management procedures, (h) all other proprietary rights, and (h) all copies and tangible embodiments thereof (in whatever form or medium).

2.31 Trade Secrets, etc. The Company owns and has the unrestricted right to use all trade secrets, know-how (including all other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), inventions, designs, processes, works of authorship, computer programs and technical data and information that are material to the development, manufacture, operation and sale of all products and services sold or proposed to be sold by the Company, free and clear of and without violating any right, lien, or claim of others, including without limitation, former employers of its employees.

2.32 Taxes. The Company has filed all returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. The Company has paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriter, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company. The term "**taxes**" mean all federal, state, local, foreign, and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments, or charges of any kind whatever, together with any interest and any penalties, additions to tax, or additional amounts with respect thereto. The term "**returns**" means all returns, declarations, reports, statements, and other documents required to be filed in respect to taxes.

2.33 Compliance with Food and Drug Laws. Except as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, the conduct of the preclinical testing and clinical trials and manufacture of the products of the Company is in compliance, in all material respects, with all laws, rules and regulations applicable to such activities, including without limitation applicable good laboratory practices, good clinical practices and good manufacturing practices. The descriptions of the results of such tests and trials contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus are accurate in all material respects. The Company has not received a warning letter or clinical hold notice from the U.S. Food and Drug Administration (the "**FDA**") or any non-U.S. counterpart of any of the foregoing, or any untitled letter or other correspondence or notice from the FDA or any other governmental authority or agency or any institutional or ethical review board alleging or asserting noncompliance with any law, rule or regulation applicable in any jurisdiction. The Company has not, either voluntarily or involuntarily, initiated, conducted or issued, or caused to be initiated, conducted or issued, any recall, field correction, market withdrawal or replacement, safety alert, warning, "dear doctor" letter, investigator notice, or other notice or action relating to an alleged or potential lack of safety or efficacy of any product or potential product of the Company, any alleged defect of any product of the Company, or any violation of any material applicable law, rule, regulation or any clinical trial or marketing license, approval, permit or authorization for any product of the Company. The Company has not received any written notices, correspondence or other communication from the FDA or other governmental regulatory agency or subdivision thereof, or any institutional or ethical review boards, asserting non-compliance with any applicable statutes, rules, regulations, orders, or other laws, or requiring or requesting the termination, suspension or modification of any preclinical or clinical studies, tests, investigations, or trials conducted by, or on behalf of, the Company or in which the Company has participated.

3. Covenants of the Company. The Company covenants and agrees as follows:

3.1 Amendments to Registration Statement. The Company will deliver to the Underwriter, prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Underwriter shall reasonably object in writing.

3.2 Federal Securities Laws.

3.2.1 Compliance. During the time when a Prospectus is required to be delivered under the Act, the Company will use its best efforts to comply with all requirements imposed upon it by the Act, the Regulations and the Exchange Act and by the regulations under the Exchange Act, as from time to time in force, so far as necessary to permit the continuance of sales of or dealings in the Securities in accordance with the provisions hereof and the Prospectus. If at any time when a Prospectus relating to the Securities is required to be delivered under the Act, any event shall have occurred as a result of which, in the opinion of counsel for the Company or counsel for the Underwriter, the Prospectus, as then amended or supplemented, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, the Company will notify the Underwriter promptly and prepare and file with the Commission, subject to Section 3.1 hereof, an appropriate amendment or supplement in accordance with Section 10 of the Act.

3.2.2 Filing of Final Prospectus. The Company will file the Prospectus (in form and substance satisfactory to the Underwriter) with the Commission pursuant to the requirements of Rule 424 of the Regulations.

3.2.3 Exchange Act Registration. For a period of two and one-half years from the Effective Date, the Company will use its commercially reasonable efforts to maintain the registration of the Common Stock under the Exchange Act.

3.2.4 Sarbanes-Oxley Compliance. The Company shall take all actions necessary to maintain compliance with each applicable provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder and related or similar rules and regulations promulgated by any other governmental or self regulatory entity or agency with jurisdiction over the Company, including maintenance of a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.2.5 Issuer Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Underwriter, it will not make any offer relating to the Securities that would constitute an issuer free writing prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433 of the Regulations. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to as an "issuer free writing prospectus," as defined in Rule 433 of the Regulations, and that it has complied and will comply with the applicable requirements of Rule 433 of the Regulations with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an issuer free writing prospectus there occurs an event or development as a result of which such issuer free writing prospectus would conflict with the information contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in each case when taken together with the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Underwriter and will promptly amend or supplement, at its own expense, such issuer free writing prospectus to eliminate or correct such conflict, untrue statement or omission.

3.3 Blue Sky Filing. Unless the Securities are listed on NASDAQ or another national securities exchange, the Company will endeavor in good faith, in cooperation with the Underwriter, at or prior to the time the Registration Statement becomes effective, to qualify the Securities for offering and sale under the securities laws of such jurisdictions as the Underwriter may reasonably designate, provided that no such qualification shall be required in any jurisdiction where, as a result thereof, the Company would be subject to service of general process or to taxation as a foreign corporation doing business in such jurisdiction. In each jurisdiction where such qualification shall be effected, the Company will, unless the Underwriter agrees that such action is not at the time necessary or advisable, use all reasonable efforts to file and make such statements or reports at such times as are or may be required by the laws of such jurisdiction. The Company, at its expense, will cause its counsel to provide to the Underwriter Preliminary Blue Sky Memorandums, the first being provided no later than the date of the first use the first Preliminary Prospectus to be distributed by the Underwriter for solicitation of offers and sales in the Offering and thereafter as reasonably requested by the Underwriter and a Final Blue Sky Memorandum at the Closing Date, in such quantities as the Underwriter reasonably request, for its use and the use of the selling members in connection with the offer and sale of the Securities.

3.4 Delivery to the Underwriter of Prospectuses. The Company will deliver to the Underwriter, without charge, from time to time during the period when the Prospectus is required to be delivered under the Act or the Exchange Act such number of copies of each Preliminary Prospectus, Statutory Prospectus and Prospectus as the Underwriter may reasonably request and, as soon as the Registration Statement or any amendment or supplement thereto becomes effective, deliver to the Underwriter two original executed Registration Statements, including exhibits, and all post-effective amendments thereto and copies of all exhibits filed therewith or incorporated therein by reference and all original executed consents of certified experts.

3.5 Effectiveness and Events Requiring Notice to the Underwriter. The Company will use its reasonable best efforts to cause the Registration Statement to remain effective with a current prospectus for at least nine (9) months from the Applicable Time and will notify the Underwriter immediately and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 3.5 hereof that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus untrue or that requires the making of any changes in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company will make every reasonable effort to obtain promptly the lifting of such order.

3.6 Secondary Market Trading and Standard & Poor's. The Company will apply to be included in the applicable corporate disclosures of either of Standard & Poor's or Mergent's reports for a period of two and one-half years immediately after the Effective Date.

3.7 Reports to the Underwriter.

3.7.1 Periodic Reports, etc. For a period of two (2) years from the Effective Date, the Company will furnish to the Underwriter copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class of its securities and also promptly furnish to the Underwriter: (i) a copy of each periodic report the Company shall be required to file with the Commission; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs which was released by the Company; (iii) a copy of each Form 8-K prepared and filed by the Company; (iv) a copy of each registration statement filed by the Company under the Act; (v) such additional documents and information with respect to the Company and the affairs of any future Subsidiaries of the Company as the Underwriter may from time to time reasonably request. Documents filed with the Commission pursuant to its EDGAR system shall be deemed to have been delivered to the Underwriter pursuant to this Section 3.8.1. In addition to the foregoing, during the same period as specified above, the Company will provide to the Underwriter an opportunity to review each periodic report, current report and proxy statement (or similar document) the Company shall be required to file with the Commission and each press release and news item and article with respect to the Company or its affairs to be released by the Company not less than 24 hours prior to the filing or the release of such document or information.

3.7.2 Transfer Agent; Transfer Sheets. For a period of five (5) years from the Effective Date, the Company shall retain a transfer and registrar agent reasonably acceptable to the Underwriter (the "**Transfer Agent**"). For a period of one (1) year from the Effective Date, the Company shall furnish to the Underwriter at the Company's sole cost and expense such transfer sheets of the Company's securities as the Underwriter may reasonably request, including the daily and monthly consolidated transfer sheets of the Transfer Agent. For a period of three months from the Effective Date, the Company shall furnish to the Underwriter at the Company's sole cost and expense tracking reports for the Common Stock as provided by DTC.

3.8 Payment of General Expenses Related to the Offering. The Company hereby agrees to be responsible for all expenses incident to the performance of its obligations under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Securities to be sold in the Offering (including the Option Shares) with the Commission; (b) all filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of the Common Stock on NASDAQ and such other stock exchanges as the Company and the Underwriter together determine; (d) all fees, expenses and disbursements relating to background checks of the Company's officers and directors and the Company to verify the disclosure in the Registration Statement; (e) all fees, expenses and disbursements relating to the registration or qualification of the Securities under the "blue sky" securities laws of such states and other jurisdictions as the Underwriter may reasonably designate; (f) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Securities under the securities laws of such foreign jurisdictions as the Underwriter may reasonably designate; (g) the costs of all mailing and printing of the Registration Statements, Preliminary Prospectuses, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Underwriter may reasonably deem necessary; (h) the costs and expenses of its public relations firm, if any; (i) the costs of preparing, printing and delivering certificates representing the Securities and fees and expenses of the transfer agent for the Common Stock; (j) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriter; (k) the fees and expenses of the Company's accountants; (l) the fees and expenses of the Company's legal counsel and other agents and representatives; (m) the use of i-Deal's book-building, prospectus tracking and compliance software for the Offering; and (n) the Company's actual "road show" expenses for the Offering. The Underwriter has the right to deduct from the net proceeds of the Offering any advance made by the Underwriter to pay for the expenses of the Company. The Underwriter may deduct from the net proceeds of the Offering payable to the Company on the Closing Date an accountable expense allowance of up to $200,000; provided, that any costs and expenses that are considered an item of value pursuant to FINRA Rule 5110(c)(3)(A) will be paid from, and not in addition to, the $200,000 maximum accountable expense allowance to be received by the Underwriter.

3.9 Application of Net Proceeds. The section of the Prospectus, "Use of Proceeds," will indicate in reasonable detail all the intended uses of the net proceeds from the Offering. The Company will apply the net proceeds from the Offering received by it in a manner consistent with the application described under the caption "Use Of Proceeds" in the Prospectus.

3.10 Delivery of Earnings Statements to Security Holders The Company will make generally available to its security holders as soon as practicable, but not later than the first day of the fifteenth full calendar month following the Effective Date, an earnings statement (which need not be certified by independent public or independent certified public accountants unless required by the Act or the Regulations, but which shall satisfy the provisions of Rule 158(a) of the Regulations) covering a period of at least twelve consecutive months beginning after the Effective Date.

3.11 Background Searches. Not later than the Effective Date, at the expense of the Company, the Company will have delivered to the Underwriter a copy of a background search, conducted by a company that is reasonably acceptable to the Underwriter, of each Company person named in the Statutory Prospectus and Prospectus, including the senior officers and directors, and of the Company as determined between the Company and the Underwriter, giving a comprehensive report of the person's or entities, employment, education, business endeavors, and credit history among other things.

3.12 Stabilization. Neither the Company, nor, to its knowledge, any of its employees, directors or stockholders (without the consent of the Underwriter) has taken or will take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Firm Shares.

3.13 Accountants. The Company shall retain a nationally recognized independent certified public accounting firm after the Effective Date. The Underwriter acknowledges that Gumbiner Savett is acceptable to the Underwriter.

3.14 Director and Officer Insurance. As of the Closing, the Company will have obtained director and officer insurance in an aggregate coverage amount of not less than $5,000,000, to be effective as of the Closing, under a form of insurance policy that is reasonably acceptable to the Underwriter.

3.15 FINRA. The Company shall advise the Underwriter (who shall make an appropriate filing with FINRA) if it becomes aware that any 5% or greater stockholder of the Company becomes an affiliate or associated person of an FINRA member participating in the distribution of the Securities.

3.16 Electronic Prospectus. The Company shall cause to be prepared and delivered to the Underwriter, at the Company's expense, promptly, but in no event later than one (1) Business Day from the effective date of this Agreement, an Electronic Prospectus to be used by the Underwriter in connection with the Offering. As used herein, the term "Electronic Prospectus" means a form of prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Underwriter, that may be transmitted electronically by the other Underwriter to offerees and purchasers of the Securities for at least the period during which a prospectus relating to the Securities is required to be delivered under the Act; (ii) it shall disclose the same information as the paper prospectus and prospectus filed pursuant to EDGAR, except to the extent that graphic and image material cannot be disseminated electronically, in which case such graphic and image material shall be replaced in the electronic prospectus with a fair and accurate narrative description or tabular representation of such material, as appropriate; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to the Underwriter, that will allow recipients thereof to store and have continuously ready access to the prospectus at any future time, without charge to such recipients (other than any fee charged for subscription to the Internet as a whole and for on-line time). The Company hereby confirms that it has included or will include in the Prospectus filed pursuant to EDGAR or otherwise with the Commission and in the Registration Statement at the time it was declared effective an undertaking that, upon receipt of a request by an investor or his or her representative within the period when a prospectus relating to the Securities is required to be delivered under the Act, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of the Prospectus.

3.17 Reservation of Shares. The Company will reserve and keep available that maximum number of its authorized but unissued securities which are issuable upon exercise of the Underwriter's Warrants outstanding from time to time.

4. Conditions of Underwriter's Obligations. The obligations of the Underwriter to purchase and pay for the Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and, as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder, and (iv) the following conditions:

4.1 Regulatory Matters.

4.1.1 Effectiveness of Registration Statement. The Registration Statement shall have become effective not later than 5:00 P.M., Eastern time, on [__________], 2014 or such later date and time as shall be consented to in writing by you, and, at each of the Closing Date and the Option Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or shall be pending or contemplated by the Commission and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of the Law Offices of Aaron A. Grunfeld & Associates.

4.1.2 FINRA Clearance. By the Effective Date, the Underwriter shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriter as described in the Registration Statement.

4.1.3 Exchange Stock Market Clearance. On the Closing Date, the Common Stock, including the Firm Shares, shall have been approved for listing on NASDAQ.

4.1.4 Blue Sky. The Underwriter will have received from the counsel to the Company, such forms of Preliminary Blue Sky Memorandums as reasonably requested, and at the Closing Date, dated as of the Effective Date, the Underwriter will have received from the counsel to the Company, a Final Blue Sky Memorandum, in each case indicating those jurisdictions in the United States and its territories in which the Securities may be offered and sold in the Offering. The Underwriter will be provided a reasonable number of original copies of the Preliminary Blue Sky Memorandums and Final Blue Sky Memorandum, and the Underwriter is hereby granted the right to provide copies thereof to members of the selling group, including selected dealers, indicating that such members may rely on the Preliminary Blue Sky Memorandums and Final Blue Sky Memorandum.

4.2 Company Counsel Matters.

4.2.1 Closing Date Opinion of Counsel. On the Closing Date, the Underwriter shall have received the opinion of the Law Offices of Aaron A. Grunfeld & Associates, counsel to the Company, (a form of such opinion is attached as Annex 2 hereto) and letter of negative assurance (a form of which is attached as Annex 3 hereto), in each case dated the Closing Date and in form and substance reasonably satisfactory to the Underwriter.

4.2.2 Option Closing Date Opinion of Counsel. On the Option Closing Date, if any, the Underwriter shall have received the opinion of Law Offices of Aaron A. Grunfeld & Associates and letter of negative assurance listed in Section 4.2.1, in each case dated the Option Closing Date addressed to the Underwriter and in form and substance reasonably satisfactory to the Underwriter, confirming as of the Option Closing Date, the statements made by such counsel in its respective opinion and letter of negative assurance delivered on the Closing Date.

4.2.3 Reliance. In rendering such opinions, such counsel may rely: (i) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance reasonably satisfactory to the Underwriter) of other counsel reasonably acceptable to the Underwriter, familiar with the applicable laws; and (ii) as to matters of fact, to the extent they deem proper, on certificates or other written statements of officers of the Company and officers of departments of various jurisdiction having custody of documents respecting the corporate existence or good standing of the Company, provided that copies of any such statements or certificates shall be delivered to Underwriter's Counsel if requested. The opinion of Law Offices of Aaron A. Grunfeld & Associates, and any opinions relied upon by Law Offices of Aaron A. Grunfeld & Associates, shall include a statement to the effect that it may be relied upon by counsel for the Underwriter in its opinion delivered to the Underwriter.

4.3 Cold Comfort Letter. At the time this Agreement is executed, and at each of the Closing Date and the Option Closing Date, if any, you shall have received a cold comfort letter, addressed to the Underwriter and in form and substance reasonably satisfactory in all respects to you and to Underwriter's Counsel from Gumbiner Savett dated, respectively, as of the date of this Agreement and as of the Closing Date and the Option Closing Date, if any.

4.4 Officers' Certificates.

4.4.1 Officers' Certificate. At each of the Closing Date and the Option Closing Date, if any, the Underwriter shall have received a certificate of the Company signed by the Chairman of the Board and Chief Executive Officer of the Company, dated the Closing Date or the Option Closing Date, as the case may be, respectively, to the effect that the Company has performed all covenants and complied with all conditions required by this Agreement to be performed or complied with by the Company prior to and as of the Closing Date, or the Option Closing Date, as the case may be, and that the conditions set forth in Section 4.5 hereof have been satisfied as of such date and that, as of the Closing Date and the Option Closing Date, as the case may be, the representations and warranties of the Company set forth in Section 2 hereof are true and correct. In addition, the Underwriter will have received such other and further certificates of officers of the Company as the Underwriter may reasonably request.

4.4.2 Secretary's Certificate. At each of the Closing Date and the Option Closing Date, if any, the Underwriter shall have received a certificate of the Company signed by the Secretary or Assistant Secretary of the Company, dated the Closing Date or the Option Date, as the case may be, respectively, certifying: (i) that the Certificate of Incorporation is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the public offering contemplated by this Agreement are in full force and effect and have not been modified; (iii) as to the accuracy and completeness of all correspondence between the Company or its counsel and the Commission; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

4.5 No Material Changes. Prior to and on each of the Closing Date and the Option Closing Date, if any: (i) there shall have been no material adverse change or development involving a prospective material adverse change in the condition or prospects or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement, the Statutory Prospectus and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or, to the knowledge of the Company, threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may materially adversely affect the business, operations, prospects or financial condition or income of the Company, except as set forth in the Registration Statement, the Statutory Prospectus and the Prospectus; (iii) no stop order shall have been issued under the Act and no proceedings therefore shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Act and the Regulations and shall conform in all material respects to the requirements of the Act and the Regulations, and the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus and any amendment or supplement thereto shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.6 Delivery of Agreements.

4.6.1 Effective Date Deliveries. On or prior to the Effective Date, the Company shall have delivered to the Underwriter executed copies of this Agreement and the Lock-Up Agreements from the Lock-Up Parties and the Lock-Up Shareholders.

4.6.2 Closing Date Deliveries. On the Closing Date, the Company shall have delivered to the Underwriter an executed copy of the Underwriter's Warrant Agreement.

5. Indemnification.

5.1 Indemnification of the Underwriter.

5.1.1 General. Subject to the conditions set forth below, the Company agrees to indemnify and hold harmless the Underwriter and each dealer selected by the Underwriter that participates in the offer and sale of the Securities (each a "**Selected Dealer**") and each of their respective directors, officers and employees and each person, if any, who controls the Underwriter and the dealer ("**Controlling Person**") within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between the Underwriter and the Company or between the Underwriter and any third party or otherwise) to which they or any of them may become subject under the Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus (as from time to time each may be amended and supplemented, and including without limitation any free writing prospectus); (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Securities, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Section 5, collectively called "application") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, NASDAQ or any securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon and in strict conformity with "Underwriter's Information" (as described in Section 2.3.1) furnished to the Company by the Underwriter. The Company agrees promptly to notify the Underwriter of the commencement of any litigation or proceedings against the Company or any of its officers, directors or Controlling Persons in connection with the issue and sale of the Securities or in connection with the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus.

5.1.2 Procedure. If any action is brought against the Underwriter, a Selected Dealer or a Controlling Person in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, the Underwriter, such Selected Dealer or Controlling Person, as the case may be, shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of such action, including the employment and fees of counsel (subject to the reasonable approval of the Underwriter or such Selected Dealer or Controlling Person, as the case may be) and payment of actual expenses. Any delay in notice will not relieve the Company of any liability to an indemnified party, except to the extent that the Company demonstrates that the delay prejudiced the defense of the action. Any indemnified person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel which are incurred after the Company assumes the defense of the action shall be at the expense of the Underwriter, such Selected Dealer or Controlling Person unless (i) the employment of such counsel at the expense of the Company shall have been authorized in writing by the Company in connection with the defense of such action, or (ii) the Company fails to assume the defense or to employ counsel to have charge of the defense of such action within a reasonable time after notice of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of not more than one additional firm of attorneys (in addition to local counsel) selected by the Underwriter, Selected Dealer and/or Controlling Person in their sole discretion shall be borne by the Company and paid as incurred or, at the option of the indemnified party, advanced pursuant to Section 5.1.4.

5.1.3 Settlement. The Company will not effect any settlement of a proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified person is a party therein) unless the Company has given the Underwriter, Selected Dealer or Controlling Person, as the case may be, reasonable prior written notice thereof and such settlement, compromise, consent or termination includes an unconditional release of each indemnified party from any liabilities arising out of such proceeding. The Company will not permit any such settlement, compromise, consent or termination to include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of any indemnified party, without that party's prior written consent. Notwithstanding anything to the contrary contained herein, if any Underwriter, Selected Dealer or Controlling Person shall conduct the defense of an action as provided in Section 5.1.2., the Company shall have the right to approve the terms of any settlement of such action, which approval shall not be unreasonably withheld, except that if the Company is required to and nonetheless fails to reimburse or advance the expenses of such defense, then the Company shall be bound by any determination made in the action or by any compromise or settlement made by the indemnified party without the Company's written consent, subject to the requirements of Section 5.1.5.

5.1.4 Settlement without Consent if Failure to Reimburse or Advance. If at any time the Underwriter, a Selected Dealer or a Controlling Person shall have requested the Company to reimburse or advance to the indemnified party its fees and expenses, including those of counsel, the Company agrees that it shall be liable for any settlement of the nature contemplated by Section 5.1.3. effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by the Company of the aforesaid request, (ii) the Company shall have received notice of the terms of such settlement at least 45 days prior to such settlement being entered into, and (iii) the Company shall not have reimbursed or advanced to the Underwriter, a Selected Dealer or a Controlling Person in accordance with such request prior to the date of such settlement, unless such failure to reimburse or advance to the Underwriter, a Selected Dealer or a Controlling Person is based on a dispute with a good faith basis as to either the obligation of the Company arising under this Section 5 to indemnify the Underwriter, a Selected Dealer or a Controlling Person or the amount of such obligation, and the Company shall have notified the Underwriter, a Selected Dealer or a Controlling Person of such good faith dispute prior to the date of such settlement.

5.1.5 Advances. Notwithstanding any other provision hereof, the Company shall advance, to the extent not prohibited by law, all expenses reasonably anticipated to be incurred by or on behalf of the Underwriter, a Selected Dealer or Controlling Person in connection with any proceeding, whether pending or threatened, within fifteen (15) days of receipt of a statement or statements from such indemnified parties, or any of them, requesting such advances from time to time. This advancement obligation shall include any retainers of counsel engaged by indemnified parties. Any statement requesting advances shall evidence the expenses anticipated or incurred by the indemnified party with reasonable particularity and may include only those expenses reasonably expected to be incurred within the 90-day period following each statement. In the event some portion of the amounts advanced are unused, or in the event a court of ultimate jurisdiction determines that the indemnified parties are not entitled to be indemnified against certain expenses, the recipient shall return the unused or disallowed portion of any advances within thirty (30) days of the final disposition of any proceeding to which such advances pertain.

5.2 Indemnification of the Company. The Underwriter agrees to indemnify and hold harmless the Company, its directors, officers and employees and agents who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the Underwriter, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions made in any Preliminary Prospectus, the Registration Statement, Statutory Prospectus or Prospectus or any amendment or supplement thereto or in any application, made in reliance upon and in strict conformity with the "Underwriter's Information" furnished by the Underwriter to the Company expressly for use in such Preliminary Prospectus, the Registration Statement, the Statutory Prospectus or the Prospectus or any amendment or supplement thereto or in any such application. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Statutory Prospectus or the Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against the Underwriter, the Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the Underwriter by the provisions of Section 5.1.2.

5.3 Contribution.

5.3.1 Contribution Rights. In order to provide for just and equitable contribution under the Act in any case in which (i) any person entitled to indemnification under this Section 5 makes claim for indemnification pursuant hereto but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 5 provides for indemnification in such case, or (ii) contribution under the Act, the Exchange Act or otherwise may be required on the part of any such person in circumstances for which indemnification is provided under this Section 5, then, and in each such case, the Company and the Underwriter shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Company and the Underwriter, as incurred, in such proportions that the Underwriter is responsible for that portion represented by the percentage that the underwriting discount appearing on the cover page of the Prospectus bears to the initial offering price appearing thereon and the Company is responsible for the balance; provided, that, no person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Notwithstanding the provisions of this Section 5.3.1, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that the Underwriter has otherwise been required to pay in respect of such losses, liabilities, claims, damages and expenses. For purposes of this Section, each director, officer and employee of the Underwriter or the Company, as applicable, and each person, if any, who controls the Underwriter or the Company, as applicable, within the meaning of Section 15 of the Act shall have the same rights to contribution as the Underwriter or the Company, as applicable.

5.3.2 Contribution Procedure. Within fifteen days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("**contributing party**"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid fifteen days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Act, the Exchange Act or otherwise available.

6. Additional Covenants.

6.1 Board Composition and Board Designations. The Company shall ensure that: (i) the qualifications of the persons serving as board members and the overall composition of the board comply with the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder and with the listing requirements of NASDAQ or any other national securities exchange or national securities association, as the case may be, in the event the Company seeks to have its Securities listed on another exchange or quoted on an automated quotation system, and (ii) if applicable, at least one member of the board of directors qualifies as a "financial expert" as such term is defined under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

6.2 Prohibition on Press Releases and Public Announcements The Company will not issue press releases or engage in any other publicity, without the Underwriter's prior written consent, for a period ending at 5:00 p.m. Eastern time on the first business day following the 25th day following the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

7. Effective Date of this Agreement and Termination Thereof.

7.1 Effective Date. This Agreement shall become effective when both the Company and the Underwriter have executed the same and delivered counterparts of such signatures to the other party.

7.2 Termination. You shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in your reasonable opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange, the NASDAQ Global Market or the NASDAQ Capital Market or NYSE MKT shall have been noticed for or actually suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction, or (iii) if the United States shall have become involved in a new war or a substantial increase in major hostilities, or (iv) if a banking moratorium has been declared by a New York State or federal authority or foreign authority which has a substantial disruptive effect on or adversely impacts the United States securities markets, or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets, or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in your reasonable opinion, make it inadvisable to proceed with the delivery of the Firm Shares or Option Shares, or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder, or (viii) if the Underwriter shall have become aware after the date hereof of such a material adverse change in the conditions or prospects of the Company, or such adverse material change in general market conditions as in the Underwriter's good faith judgment would make it impracticable to proceed with the offering, sale and/or delivery of the securities or to enforce contracts made by the Underwriter for the sale of the Firm Shares or Option Shares.

7.3 Expenses. In the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriter its actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable (including the actual and accountable out-of-pocket expenses related to its legal counsel, Underwriter's Counsel), up to $200,000; provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement

7.4 Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall not be in any way effected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

8. Miscellaneous.

8.1 Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by facsimile transmission and confirmed and shall be deemed given when so delivered or faxed and confirmed or if mailed, two days after such mailing.

If to the Underwriter:

MDB Capital Group, LLC
401 Wilshire Boulevard, Suite 1020
Santa Monica, CA 90401
Attn: General Counsel
Fax No.: (310) 526-5020

Copy to (which shall not constitute notice):

Golenbock Eiseman Assor Bell & Peskoe LLP
437 Madison Avenue
New York, NY 10022
Attn.: Andrew D. Hudders, Esq.
Fax No.: (212) 754-0330

If to the Company:

Second Sight Medical Products, Inc.
12744 San Fernando Road, Bldg. 3
Sylmar, CA 91342
Attn: Chief Executive Officer
Fax No.:

Copy to (which shall not constitute notice):

The Law Offices of Aaron G. Grunfeld & Associates
11111 Santa Monica Blvd., Suite 1840
Los Angeles, CA 90025
Attn.: Aaron G. Grunfeld, Esq.
Fax No.: [_______]

8.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

8.3 Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

8.4 Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

8.5 Binding Effect. This Agreement shall inure solely to the benefit of and shall be binding upon the Underwriter, the Company and the Controlling Persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term “successors and assigns” shall not include a purchaser, in its capacity as such, of securities from the Underwriter.

8 . 6 Governing Law. This Agreement shall be deemed to have been made and delivered in the City of Los Angeles and shall be governed as to validity, interpretation, construction, effect and in all other respects by the internal laws of the State of California. The Company (1) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted exclusively in the Superior Court of the State of California, County of Los Angeles or in the United States District Court for the Southern Central District of California, (2) waives any objection to the venue of any such suit, action or proceeding and the right to assert that such forum is not a convenient forum, and (3) irrevocably consents to the jurisdiction of the Superior Court of the State of California, County of Los Angeles, and the United States District Court for the Southern Central District of California in any such suit, action or proceeding. The Company further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the Superior Court of the State of California, County of Los Angeles, or in the United States District Court for the Southern Central District of California and agrees that service of process upon it mailed by certified mail to its address shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefore.

8.7 Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

8.8 Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

8.9 No Fiduciary Relationship. The Company hereby acknowledges that the Underwriter is acting solely as underwriter in connection with the offering of the Company's securities. The Company further acknowledges that the Underwriter is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis and in no event do the parties intend that the Underwriter act or be responsible as a fiduciary to the Company, its management, shareholders, creditors or any other person in connection with any activity that the Underwriter may undertake or have undertaken in furtherance of the offering of the Company's securities, either before or after the date hereof. The Underwriter hereby expressly disclaims any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect. The Company and the Underwriter agree that they are each responsible for making their own independent judgments with respect to any such transactions, and that any opinions or views expressed by the Underwriter to the Company regarding such transactions, including but not limited to any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriter with respect to any breach or alleged breach of any fiduciary or similar duty to the Company in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

[SIGNATURE PAGE FOLLOWS]

If the foregoing correctly sets forth the understanding among the Underwriter and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

.

Very truly yours,

SECOND SIGHT MEDICAL PRODUCTS, INC.

By: ______________________________
Name:
Title:

Accepted on the date first above written.

MDB CAPITAL GROUP, LLC

By: ______________________________
Name:
Title:

Exhibit A

Form of Underwriter's Warrant Agreement

ANNEX 2

[Form of Opinion of Issuer's Counsel]

(i) The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of California with the requisite corporate power to own or lease, as the case may be, and operate its respective properties, and to conduct its business, as described in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus.

(ii) Based solely as to factual matters on representations and warranties by the Company, all issued and outstanding securities of the Company have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any stockholder of the Company arising by operation of law or under the Certificate of Incorporation. Based solely as to factual matters on representations and warranties by the Company and the purchasers set forth in the applicable purchase agreement, the offers and sales of securities issued by the Company preceding the Effective Date were either registered under the Securities Act of 1933, as amended, or exempt from such registration requirements. The authorized and outstanding capital stock is as set forth in the Prospectus.

(iii) The common stock forming the Securities and the common stock underlying the Underwriter's Warrant Agreement (together the "Shares") have been duly authorized and, when issued and delivered in accordance with the terms of this Underwriting Agreement and the Underwriter's Warrant Agreement, as applicable, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability solely by reason of being such holders. The Shares are not and will not be subject to the preemptive rights of any holders of any security of the Company arising by operating of law or under the Certificate of Incorporation. The Shares conform in all material respects to the description thereof contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus.

(iv) The Company has the corporate power and authority to enter into the Underwriting Agreement and the Underwriter's Warrant Agreement and to issue, sell and deliver the Shares to the Underwriters as provided in the Underwriting Agreement and the Underwriter's Warrant Agreement. The Underwriting Agreement and the Underwriter's Warrant Agreement have been duly and validly authorized and executed by the Company and constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except (a) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (b) as enforceability of any indemnification or contribution provisions may be limited under the Federal and state securities laws, and (c) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefore may be brought.

(v) The execution, delivery and performance of the Underwriting Agreement and the Underwriter's Warrant Agreement by the Company, and compliance by the Company with the terms and provisions thereof and the consummation of the transactions contemplated thereby, and the issuance and sale of the Shares, do not and will not, with or without the giving of notice or the lapse of time, or both, (a) conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, or result in the creation or modification of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company pursuant to the terms of, any mortgage, deed of trust, note, indenture, loan, contract, commitment or other agreement or instrument filed as an exhibit to the Registration Statement, (b) result in any violation of the provisions of the Certificate of Incorporation or Bylaws of the Company, or (c) to counsel's knowledge, violate any statute or any judgment, order or decree, rule or regulation applicable to the Company of any court, regulatory authority or other governmental agency or body having jurisdiction over the Company or its subsidiary, properties or assets.

(vi) The Registration Statement, each Preliminary Prospectus, the Statutory Prospectus, and the Prospectus and any post-effective amendments or supplements thereto (other than the financial statements and the schedules, notes and auditor's reports included therein, as to which no opinion is hereby rendered) each as of their respective dates appears on its face to comply as to form in all material respects with the requirements of the Act and Regulations, provided that counsel expresses no opinion, statement or belief as to any other financial, statistical or accounting information set forth in the Registration Statement, each Preliminary Prospectus, the Statutory Prospectus or the Prospectus or in any exhibits to the Registration Statement. To counsel's knowledge, no United States or state statute or regulation required to be described in the Registration Statement, each Preliminary Prospectus, the Statutory Prospectus and the Prospectus is not described as required, including under the Blue Sky laws of the various states, nor are any contracts or documents of a character required to be described in the Registration Statement, each Preliminary Prospectus, the Statutory Prospectus or the Prospectus or to be filed as exhibits to the Registration Statement not so described or filed as required.

(vii) Based solely on a notice of effectiveness received from the Commission, the Registration Statement is effective under the Act. To counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or overtly threatened by the Commission. Any required filing of the Prospectus, and any required supplement thereto, pursuant to Rule 424(b) of the Regulations, has been made in the manner and within the time period required by Rule 424(b) of the Regulations.

(viii) The Company is not and, after giving effect to the Offering and sale of the Securities and the application of the proceeds thereof as described in the Registration Statement and the Prospectus, will not be, an "investment company" as defined in the Investment Company Act of 1940, as amended.

(ix) No consent, approval, authorization or filing with or order of any U.S. Federal or State of California court or governmental agency or body having jurisdiction over the Company is required, under the laws, rules and regulations of the United States of America and the State of California for the consummation by the Company of the transactions contemplated by the Agreement, except (i) such as have been made or obtained under the Securities Act and (ii) such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Shares by you in the manner contemplated in the Agreement and in the Prospectus.

ANNEX 3

[Form of Negative Assurance Letter of Issuer's Counsel]

Counsel has participated in conferences with officers and other representatives of the Company, the Underwriter and the independent registered public accounting firm of the Company, at which conferences the contents of the Registration Statement, each Preliminary Prospectus, the Statutory Prospectus and the Prospectus contained therein and related matters were discussed and, although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus and the Prospectus contained therein, solely on the basis of the foregoing without independent check and verification, no facts have come to the attention of such counsel which lead them to reasonably believe that the Registration Statement or any amendment thereto, at the time the Registration Statement or amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or the Prospectus or any amendment or supplement thereto, at the time they were filed pursuant to Rule 424(b) of the Regulations or at the date of such counsel's opinion, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statement therein, in light of the circumstances under which they were made, not misleading (except that such counsel need express no view and shall not be deemed to have rendered an opinion with respect to the financial information, statistical data and information and matters regarding non-United States laws, rules and regulations included in the Registration Statement, any Preliminary Prospectus, the Statutory Prospectus or the Prospectus).

NUMBER

SHARES

INCORPORATED 5/22/2003 UNDER THE LAWS OF THE STATE OF CALIFORNIA

SECOND SIGHT MEDICAL PRODUCTS, INC.

AUTHORIZED 35,000,000 SHARES OF COMMON STOCK

This Certifies that ______________________________ is the registered holder of ______________________________ Shares

transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this __________ day of __________ A.D. 20__

THOMAS B. MILLER, SECRETARY

ROBERT J. GREENBERG, M.D., Ph.D., PRESIDENT

For Value Received, ______ hereby sell, assign and transfer unto ______________________________

______________________________ Shares

represented by the within Certificate, and do hereby irrevocably constitute and appoint

______________________________ Attorney

to transfer the said Shares on the books of the within named Corporation with full power of substitution in the premises.

Dated ______________ A.D. 20___

In presence of

______________________________ ______________________________

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Exhibit 10.1

SECOND SIGHT MEDICAL PRODUCTS, INC.

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of June_____, 2014 between Second Sight Medical Products, Inc., a California corporation (the "**Company**"), and _____________________ ("**Indemnitee**").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. Indemnitee may also be entitled to indemnification pursuant to the Corporations Code of the State of California ("CCSC"). The CCSC expressly provides that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and Articles of Incorporation of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws and Restated Articles of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified;

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director and/or officer or other key employee of the Corporation from and after the date hereof, the parties hereto agree as follows:

1 . Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof.

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l (a) if, by reason of his Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in thisSection 1(b) if, by reason of his Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Superior Court of the State of California or other court of competent jurisdiction shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2 . Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors, or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5 . Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6 . Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the CCSC and public policy of the State of California. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Superior Court of the State of California or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of California, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Articles of Incorporation, the By-laws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the CCSC, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9 . Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision, provided, that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors set forth in Section 8(c) above; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding [and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement], including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his or her Corporate Status, by reason of any action taken by him or of any inaction on his part while acting in his or her Corporate Status; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Further, the invalidity or unenforceability of any provision hereof as to either Indemitee or Appointing Stockholder shall in no way affect the validity or enforceability of any provision hereof as to the other. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee and Appointing Stockholder indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

12744 San Fernando Road
Building 3
Sylmar, California 91342
Attention: Robert J. Greenberg, M.D., CEO

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same the same instrument. Counterparts may be delivered via facsimile, electronic mail or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States, located in California and no other courts.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

COMPANY

By: ____________________
Name: Robert Greenberg, M.D.
Title: President/CEO

INDEMNITEE:

____
Signature

Name: ____________________

Address: ____________________

Exhibit 10.11

The Johns Hopkins University
School of Medicine, Duke
University
&
Second Sight, LLC

Exclusive License Agreement
October 24, 2000

EXCLUSIVE LICENSE AGREEMENT

This Agreement is between The Johns Hopkins University, a corporation of the State of Maryland, having its principal place of business at 111 Market Place, Suite 906, Baltimore, Maryland 21202, (hereinafter referred to as "JHU"); Duke University, located at 230 North Building, Box 9008J, Durham, North Carolina 27710, (hereinafter referred to as "DUKE"); (JHU and DUKE shall collectively be referred to as the "LICENSORS"); and Second Sight, LLC, a limited liability company of the State of Delaware, having its principal place of business at 28460 Avenue Stanford, #200, Valencia, California 91355 (hereinafter referred to as "SECOND SIGHT").

WITNESSETH:

WHEREAS, DUKE is the owner of certain PATENT RIGHTS (as defined below) relating to U.S. Patent No. 5,109,844, issued on May 5, 1992, entitled *"Retinal Microstimulation"* (DUKE Ref.: 594), by Eugene de Juan, Jr., Mark S. Humayun, and Howard Phillips; and JHU is the owner of certain PATENT RIGHTS relating to *"Radio Frequency Powered Intraocular Visual Prosthesis"* (JHU Ref.: DM-3153), by Mark S. Humayun, Eugene de Juan, Jr., and Robert J. Greenberg; and *"A Method for Preferential Outer Retinal Stimulation"* (JHU Ref.: DM-3344), by Robert J. Greenberg, Eugene de Juan, Jr., and Mark S. Humayun;

WHEREAS, as centers for research and education, JHU and DUKE are interested in licensing PATENT RIGHTS in a manner that will benefit the public by facilitating the distribution of useful products and the utilization of new methods, but is without capacity to commercially develop, manufacture, and distribute any such products or methods;

WHEREAS, SECOND SIGHT desires to commercially develop, manufacture, use and distribute such products and processes throughout the world; and

NOW, THEREFORE, in consideration of the foregoing premises and the following mutual covenants, and other good and valuable consideration, the receipt of which is hereby -acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1-DEFINITIONS

1.1 "EXCLUSIVE LICENSE" shall mean the grant by LICENSORS of their entire right and interest in PATENT RIGHTS, subject to rights retained by the United States government in accordance with P.L. 96-517, as amended by P.L. 98-620, and as set forth in 37 CFR Part 401, and subject to the retained right of the LICENSORS to make, have made, use and provide LICENSED PRODUCTS for their and their affiliated health system's nonprofit clinical and internal research and educational purposes, but not to sell, distribute or otherwise make commercially available.

1.2 "PATENT RIGHTS" shall mean U.S. Patent No. 5,109,844 issued on May 5, 1992 and assigned to DUKE entitled,*"Retinal Microstimulation",* and the invention disclosed and claimed therein, and any reissues based thereon and all continuations, divisions and reissues thereof, and any corresponding foreign patent applications, and any patents, patents of addition, or other equivalent foreign patent rights, issued, granted or registered thereon, (hereinafter "DUKE PATENT RIGHTS"); and U.S. Patent No. 5,935,155 issued on August 10, 1999, and assigned to JHU entitled, *"Radio Frequency Powered Intraocular Visual Prosthesis",* and U.S. Patent No. 5,944,747 issued on August 31, 1999, and assigned to JHU entitled, *"A Method for Preferential Outer Retinal Stimulation",* and the inventions disclosed and claimed therein, and all continuations, divisions, and reissues based thereof, and any corresponding foreign patent applications, and any patents, patents of addition, or other equivalent foreign patent rights issuing, granted or registered thereon, (hereinafter "JHU PATENT RIGHTS"); and any patent applications and patents for IMPROVEMENTS (defined below) listed in Appendix A

1.3 "LICENSED PRODUCTS" shall mean any product, the manufacture, use or sale of which would constitute, but for the license granted to SECOND SIGHT pursuant to this Agreement, an infringement of a claim of PATENT RIGHTS (infringement shall include, but is not limited to, direct, contributory, or inducement to infringe).

1.4 "NET SALES", subject to Paragraph 3.8 below, shall mean gross sales revenues and fees received by SECOND SIGHT, AFFILIATED COMPANIES, and SUBLICENSEES from the use, sale, or lease of LICENSED PRODUCTS less reasonable trade discounts allowed, broker and agent fees actually paid, refunds, returns and recalls, taxes (U.S. sales tax, foreign taxes incident to sale, but excluding income taxes) and reasonable freight and transportation charges. In the event that the product sold is a system comprising a combination of one or more LICENSED PRODUCTS and other components, NET SALES of any such system shall be multiplied by the fraction A/B, where 'A' is the fully burdened standard manufacturing cost of the LICENSED PRODUCTS, and 'B' is the fully burdened manufacturing cost of the entire system. NET SALES shall exclude sales of LICENSED PRODUCTS by SECOND SIGHT, AFFILIATED COMPANIES and SUBLICENSEES to the U.S. Government when (i) the U.S. Government has a license to PATENT RIGHTS as set forth in P.L. 96-517, as amended by P.L. 98-620, and (ii) when the U.S. Government requests that LICENSED PRODUCTS be sold at a discounted price such that the discount is not less than the royalty rate set forth in Paragraph 3.4.

1.5 "AFFILIATED COMPANY" or "AFFILIATED COMPANIES" shall mean any corporation, company, partnership, joint venture or other entity that controls, is controlled by, or is under common control with SECOND SIGHT. For purposes of this Paragraph 1.5, control shall mean the direct or indirect ownership of at least fifty percent (50%).

1.6 "SUBLICENSEE(S)" of this License Agreement shall mean any company which is not an AFFILIATED COMPANY which is licensed by SECOND SIGHT to make, use, sell or lease LICENSED PRODUCTS. SUBLICENSEE(S) shall not include companies to whom SECOND SIGHT sells LICENSED PRODUCTS, (i) at fair market value, (ii) in an arms length transaction, and (iii) for the purpose of resale, use or consumption.

1.7 "EFFECTIVE DATE" of this Agreement shall mean the date that the last party hereto has executed this Agreement.

1.8 "FIELD" shall mean a visual prosthesis which stimulates viable neural tissue in the visual system of blind patients thereby producing the perception of a pixilated image.

1.10 "IMPROVEMENTS" shall mean inventions in the FIELD that are (i) made as a direct result of research funded by SECOND SIGHT in accordance with a sponsored research agreement entered into concurrently with execution of this Agreement; or (ii) made as a direct result of a documented collaboration between SECOND SIGHT and JHU in the laboratory of Drs. Eugene de Juan or Mark Humayun, provided that such inventions resulting from the collaboration are not encumbered by a third party. All IMPROVEMENTS shall be documented as being licensed hereunder by amending this Agreement to list such IMPROVEMENTS in Appendix A.

ARTICLE 2- LICENSE GRANT

2.1 Subject to the terms and conditions of this Agreement, DUKE hereby grants to SECOND SIGHT an EXCLUSIVE LICENSE to make, use, sell, and lease LICENSED PRODUCTS in the U.S. and worldwide under DUKE PATENT RIGHTS. JHU hereby grants to SECOND SIGHT an EXCLUSIVE LICENSE to make, use, sell, and lease LICENSED PRODUCTS in the U.S. and worldwide under JHU PATENT RIGHTS.

2.2 SECOND SIGHT is granted the right to sublicense third parties the rights, privileges, and licenses granted hereunder. Upon any termination of this Agreement, AFFILIATED COMPANIES' and SUBLICENSEES' rights shall also terminate, subject to the right to complete and sell all work in progress and inventory on hand. SECOND SIGHT shall forward to LICENSORS a copy of any and all sublicense agreements promptly upon execution by the parties. SECOND SIGHT agrees that it will only sell LICENSED PRODUCTS to its SUBLICENSEES for the purposes of re-sale; sales to a SUBLICENSEE for any other purpose shall be prohibited without the prior written consent of JHU.

2.3 SECOND SIGHT shall have the right to extend the rights granted under Paragraph 2.1 to its AFFILIATED COMPANIES; however, such AFFILIATED COMPANIES must agree in writing to be bound by the terms of this Agreement. A copy of any such agreement shall be promptly sent to LICENSORS. SECOND SIGHT agrees that it will only sell LICENSED PRODUCTS to its AFFILIATED COMPANIES for the purposes of re-sale; sales to AFFILIATED COMPANIES for any other purpose shall be prohibited without the prior written consent of JHU.

ARTICLE 3- PAYMENTS, ROYALTIES, AND TERMINATION

3.1 SECOND SIGHT will reimburse LICENSORS for the reasonable costs of preparing, filing, maintaining and prosecuting PATENT RIGHTS whether such costs were incurred before or after the EFFECTIVE DATE.- The total costs incurred by LICENSORS as of the EFFECTIVE DATE are Thirty Two Thousand Six Hundred Fifty Six dollars and Ninety-five cents ($32,656.95). SECOND SIGHT shall submit a check to JHU for such amount within thirty (30) days of the EFFECTIVE DATE of this Agreement. JHU shall be responsible for DUKE's share of such amount Furthermore, for future patent expenses reasonably incurred by LICENSORS for patents and patent applications in jurisdictions approved in advance by SECOND SIGHT, SECOND SIGHT shall reimburse LICENSORS for such future expenses within thirty (30) days of receipt of invoice from LICENSORS.

3.2 SECOND SIGHT shall pay to LICENSORS within thirty (30) days of the EFFECTIVE DATE of this Agreement, a nonrefundable processing fee of Twenty Thousand Dollars ($20,000). Such fee shall not be credited against future royalties or other fees.

3.3 SECOND SIGHT shall pay to LICENSORS a Five Thousand Dollar ($5,000) annual maintenance for the first seven (7) years following the EFFECTIVE DATE and a Ten Thousand Dollar ($10,000) annual maintenance fee each year thereafter for the remaining term of this Agreement. Such fees shall be due within thirty (30) days of each anniversary of the EFFECTIVE DATE of this Agreement. Such fee shall not be credited against future royalties or other fees.

3.4 SECOND SIGHT shall pay to LICENSORS, a running royalty, for LICENSED PRODUCT(S) sold or leased by SECOND SIGHT, AFFILIATED COMPANIES, and SUBLICENSEES for the term of this Agreement. Said royalty shall be calculated as a percentage of NET SALES as set forth below:

CUMULATIVE NET SALES	ROYALTY RATE
Up to $25,000,000	3.0%
$25,000,000 to $50,000,000	2.5%
Over $50,000,000	2.0%

Should SECOND SIGHT be required to pay royalties to a third party on any patent rights not licensed hereunder ("Other Royalties") in order to make, use, sell or lease a particular LICENSED PRODUCT, SECOND SIGHT shall be entitled to credit half (50%) of such Other Royalties against the running royalties due to LICENSORS pursuant to this Paragraph 3.4, provided that the running royalties shall not be reduced below a royalty rate of one and a half percent (1.5%) of NET SALES. In addition to the running royalty provisions above, SECOND SIGHT shall pay to LICENSORS twenty percent (20%) of all other revenue received by SECOND SIGHT in consideration for a sublicense. Such consideration shall include any up-front, annual, milestone or other payments and value above fair market value of any equity purchased by sublicensee. Consideration shall not include any research or development money paid to SECOND SIGHT to conduct research. In the event that any such consideration from a SUBLICENSEE is creditable against future running royalties due to SECOND SIGHT ("Creditable Fees"), then any portion of Creditable Fees paid to LICENSORS shall be creditable against future running royalties due to LICENSORS from the sales of LICENSED PRODUCTS by the SUBLICENSEE.

3.5 Upon obtaining a Pre-market Approval or 510(k) exemption from the FDA, or equivalent marketing approval, of a LICENSED PRODUCT, SECOND SIGHT shall pay LICENSORS a one-time milestone fee of One Hundred Fifty Thousand Dollars ($150,000), which is due within one-hundred eighty (180) days of such regulatory approval.

3.6 SECOND SIGHT shall provide, within forty-five (45) days of the end of each June and December after the first commercial sale of LICENSED PRODUCTS pursuant to this Agreement, a written report to LICENSORS of the amount of LICENSED PRODUCTS sold, the amount of reductions to sales as allowed by Paragraph 1.4 herein, the total NET SALES of such LICENSED PRODUCT(S), and the running royalties due to LICENSORS as a result of NET SALES by SECOND SIGHT, AFFILIATED COMPANIES and SUBLICENSEES. Payment of any such royalties due shall accompany such reports.

3.7 SECOND SIGHT shall make and retain, for a period of three (3) years following the period of each report required by Paragraph 3.6, true and accurate records, files and books of account containing all the data reasonably required for the full computation and verification of sales and other information required in Paragraph 3.6. Such books and records shall be in accordance with generally accepted accounting principles consistently applied. SECOND SIGHT shall permit the inspection and copying of such records, files and books of account by LICENSORS or their agents during regular business hours upon ten (10) business days' written notice to SECOND SIGHT. LICENSORS shall keep all information inspected confidential. Such inspection shall not be made more than once each calendar year. LICENSORS's failure to audit may not be viewed to be a waiver of objection. All costs of such inspection and copying shall be paid by LICENSORS, provided that if any such inspection shall reveal that a deficit error has been made in the amount equal to ten percent (10%) or more of such payment, such costs shall be borne by SECOND SIGHT. SECOND SIGHT shall include in any agreement with its AFFILIATED COMPANIES or SUBLICENSEES which permits such party to make, use, sell or lease the LICENSED PRODUCTS, a provision requiring such party to retain records of sales of LICENSED PRODUCTS and other information as required in Paragraph 3.6 and permit LICENSORS to inspect such records as required by this Paragraph 3.7. Each report made by SECOND SIGHT and all AFFILIATED COMPANIES and SUBLICENSEES shall be final, binding and uncontestable unless a claim is made or a suit is filed not more than three (3) years following the period of each report based on inspection and audit, a copy of which shall have been given to SECOND SIGHT.

3.8 In order to insure LICENSORS the full royalty payments contemplated hereunder, SECOND SIGHT agrees that in the event any LICENSED PRODUCTS shall be sold or leased to a corporation, firm or association with which SECOND SIGHT shall have any agreement, understanding or arrangement with respect to consideration (such as, among other things, an option to purchase stock or actual stock ownership, or an arrangement involving division of profits or special rebates or allowances), the royalties to be paid hereunder for such LICENSED PRODUCTS shall be based upon the greater of: 1) the net selling price or lease rate at which the purchaser or lessor of LICENSED PRODUCTS resells or leases such product to the end user; 2) the fair market value of the LICENSED PRODUCTS as determined by (i) the price of products similar to LICENSED PRODUCTS sold by a competitor of SECOND SIGHT in a similar market, (ii) the price of LICENSED PRODUCTS sold by SECOND SIGHT, an AFFILIATED COMPANY, or a SUBLICENSEE, to third parties at arms length, i.e. NET SALES, or (iii) as reasonably negotiated in good faith by the parties hereto; or 3) the net selling price or leasing rate of LICENSED PRODUCTS paid by the purchaser or lessor.

3.9 Until SECOND SIGHT, an AFFILIATED COMPANY or a SUBLICENSEE has achieved a first commercial sale of a LICENSED PRODUCT and received regulatory market approval, as appropriate, SECOND SIGHT shall provide JHU within sixty (60) days of each anniversary of the EFFECTIVE DATE, a full written report describing SECOND SIGHT'S efforts and progress toward achieving a first commercial sale. If LICENSORS have questions concerning the content of these reports, such questions will be provided to SECOND SIGHT in writing. SECOND SIGHT will respond in writing to LICENSOR's questions within forty-five (45) days from receipt by SECOND SIGHT.

3.10 Upon breach or default of any of the terms and conditions of this Agreement, the defaulting party shall be given written notice of such default and a period of sixty (60) days after receipt of such notice to correct the default or breach. If the default or breach is not corrected within said sixty (60) day period, the party not in default shall have the right to terminate all or part of the Agreement. Nothing herein shall limit any other rights or remedies at law or in equity for breach or default of any terms and conditions of this Agreement.

3.11 SECOND SIGHT may terminate this Agreement, in part or in whole, for any reason, upon giving LICENSORS sixty (60) days written notice, and upon payment of all amounts due to LICENSORS through the effective date of the termination.

3.12 Termination shall not affect LICENSOR'S right to recover unpaid royalties or fees or reimbursement for patent expenses incurred prior to termination.

3.13 All payments under this Agreement shall be made in U.S. Dollars. If any currency conversion shall be required in connection with the payment of royalties hereunder, such conversion shall be made by using the current exchange rate as reported in the Wall Street Journal on the last business day of the semi-annual reporting period to which such royalty payments relate.

3.14 If SECOND SIGHT fails to pay any amount due to LICENSORS in accordance with this Article 3, LICENSORS shall increase the amount due (in US Dollars) by one and one half percent (1.5%). Such increase(s) shall compound monthly until such time as SECOND SIGHT has met the full financial obligation due at the time of the next payment or invoice due date. SECOND SIGHT's payment of the fees in accordance with this Paragraph 3.14 shall not preclude LICENSORS from any remedy under Paragraph 3.10 with respect to SECOND SIGHT's failure to make required payments.

3.15 Unless earlier terminated pursuant to Paragraph 3.10 or 3.11 above, this Agreement shall remain in full force and effect in each country throughout the world until the expiration of the last to expire patent included in PATENT RIGHTS in that particular country.

ARTICLE 4 - DILIGENCE

4.1 SECOND SIGHT shall exercise commercially reasonable efforts to develop and commercialize the LICENSED PRODUCTS using good scientific and business judgment. SECOND SIGHT shall be deemed to have met this standard if it has satisfied the following milestones:

a. Develop a prototype LICENSED PRODUCT for clinical testing within five (5) years of the EFFECTIVE DATE of this Agreement.; and

b. Commence a Phase I clinical study of a LICENSED PRODUCT within six (6) years of the EFFECTIVE DATE of this Agreement.

Failure of SECOND SIGNT to meet any milestones set forth above in this subparagraph 4.1 shall be considered by LICENSORS a breach of this Agreement provided that SECOND SIGHT can remedy any failure to meet the milestones described in this Paragraph 4.1 by paying a fee to extend the milestone an additional year. Said fee shall be in the amounts listed below and shall be payable within thirty (30) days of the date at which the milestone should have been met:

Extension Term	Fee
1st Year	$ 10,000
2nd Year	$ 25,000
3rd and each subsequent Year	$ 50,000

ARTICLE 5 -PATENT PROSECUTION

5.1 LICENSORS shall diligently file, prosecute, and maintain all patents and patent applications specified under PATENT RIGHTS provided that SECOND SIGHT does not owe JHU any payments or fees under this agreement that are past due. SECOND SIGHT, and its retained patent counsel, shall be provided copies of all correspondence related to such patent applications or issued patents in a timely fashion. SECOND SIGHT shall have the right to select the jurisdictions in which patents are to be pursued and maintained and shall have reasonable opportunities to advise LICENSORS and shall cooperate with LICENSORS in such filing, prosecution, and maintenance.

ARTICLE 6 - CONFIDENTIALITY

6.1 If necessary, the parties will exchange information which they consider to be confidential. The recipient of such information agrees to accept the disclosure of said information which is marked as 'confidential' at the time it is sent to the recipient, and to employ all reasonable efforts to maintain the information secret and confidential, such efforts to be no less than the degree of care employed by the recipient to preserve and safeguard its own confidential information. The information shall not be disclosed or revealed to anyone except patent counsel when a patent is to be pursued under the terms of this Agreement and_employees of the recipient who have a need to know the information and who have entered into a secrecy agreement with the recipient under which such employees are required to maintain confidential the proprietary information of the recipient and such employees shall be advised by the recipient of the confidential nature of the information and that the information shall be treated accordingly. The recipient's obligations under this Paragraph 6.1 shall not extend to any part of the information:

a. that can be demonstrated to have been in the public domain or publicly known and readily available to the trade or the public prior to the date of the disclosure; or

b. that can be demonstrated, from written records to have been in the recipient's possession or readily available to the recipient from another source not under obligation of secrecy to the disclosing party prior to the disclosure; or

c. that becomes part of the public domain or publicly known by publication or otherwise, not due to any unauthorized act by the recipient; or

d. that is demonstrated from written records to have been developed by or for the receiving party without reference to confidential information disclosed by the disclosing party.

The obligations of this Paragraph 6.1 shall also apply to AFFILIATED COMPANIES and/or SUBLICENSEES provided such information by SECOND SIGHT. JHU's, DUKE's, SECOND SIGHT's, AFFILIATED COMPANIES', and SUBLICENSEES' obligations under this Paragraph 6.1 shall extend until three (3) years after the termination of this Agreement.

ARTICLE 7- PATENT INFRINGEMENT

7.1 Each party will notify the other promptly in writing when any infringement by another is uncovered or suspected.

7.2 SECOND SIGHT shall have the first right to enforce any patent within PATENT RIGHTS against any infringement or alleged infringement thereof, and shall at all times keep LICENSORS informed as to the status thereof. SECOND SIGHT may, in its sole judgment and at its own expense, take steps to enforce any patent within PATENT RIGHTS and control, settle, and defend such suit in a manner consistent with the terms and provisions hereof and recover, for its account, any damages, awards or settlements resulting therefrom. This right to sue for infringement shall not be used in an arbitrary or capricious manner. LICENSORS shall reasonably cooperate in any such litigation at SECOND SIGHT's expense.

7.3 If SECOND SIGHT elects not to enforce any patent within the PATENT RIGHTS, then it shall so notify LICENSORS in writing within six (6) months of receiving notice that an infringement exists, and LICENSORS may, in their sole judgment and at their own expense, take steps to enforce any patent and control, settle, and defend such suit in a manner consistent with the terms and provisions hereof, and recover, for its own account, any damages, awards or settlements resulting therefrom. This right to enforce any patent shall not be used in an arbitrary or capricious manner.

7.4 Any recovery by SECOND SIGHT under Paragraph 7.2 shall be deemed to reflect loss of commercial sales, and SECOND SIGHT shall pay to LICENSORS the following percentages of the recovery net of all reasonable costs and expenses associated with each suit or settlement:

(i) For any compensatory damages or recovery, such damages or recovery shall be considered 'Profit' for the purposes of this Paragraph 7.4 and such 'Profit' shall be multiplied by a factor of not less than one (1.0) to convert the 'Profit' to 'Calculated NET SALES'. Said factor shall be determined by dividing SECOND SIGHT's average NET SALES for LICENSED PRODUCTS over the period of infringing sales divided by SECOND SIGHT's average cost of goods sold for LICENSED PRODUCTS over the period of infringing sales; and SECOND SIGHT shall pay to JHU the royalty specified in Paragraph 3.4 as if the 'Calculated NET SALES' calculated pursuant to this Paragraph 7.4 were actual NET SALES of LICENSED PRODUCTS sold by SECOND SIGHT; and

(ii) For any other recovery, Fifteen percent (15%).

If the cost and expenses exceed the recovery, then one-half (l/2) of the excess shall be credited against royalties payable by SECOND SIGHT to LICENSORS hereunder in connection with sales in the country of such legal proceedings, provided, however, that any such credit under this Paragraph 7.4 shall not exceed fifty percent (50%) of the royalties otherwise payable to LICENSORS with regard to sales in the country of such action in any one calendar year, with any excess credit being carried forward to future calendar years.

ARTICLE 8 -EXPORT CONTROLS

8.1 SECOND SIGHT acknowledges that it may be subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes and other commodities (including the Arms Export Control Act, as amended and the United States Department of Commerce Export Administration Regulations). The transfer of such items may require a license from the cognizant agency of the United States Government and/or written assurances by SECOND SIGHT that SECOND SIGHT shall not export data or commodities to certain foreign countries without prior approval of such agency. LICENSORS neither represent that such a license shall not be required nor that, if required, it shall be issued.

ARTICLE 9 - CLINICAL TRIALS & RESEARCH OPTION

9.1 JHU has the first option to conduct Phase I clinical studies and participate in all future clinical studies. Terms of clinical study agreements shall be negotiated separate from this Agreement.

9.2 For a period of five (5) years following the EFFECTIVE DATE, SECOND SIGHT shall have the first option to fund research in the FIELD at JHU in the laboratories of Drs. de Juan or Humayun.

ARTICLE 10- MISCELLANEOUS

10.1 All notices pertaining to this Agreement shall be in writing and sent certified mail, return receipt requested, to the parties at the following addresses or such other address as such party shall have furnished in writing to the other party in accordance with this Paragraph 10.1:

FORJHU:
Director
Office of Technology Licensing
The Johns Hopkins University
School ofMedicine
111 Market Place, Suite 906
Baltimore, MD 21202

DUKE:
Attn: Agreements Administrator
Duke University
Office of Science & Technology
P.O. Box 90083
Durham, NC 27708

FOR SECOND SIGHT: Robert J. Greenberg, M.D., Ph.D.
President
Second Sight, LLC
28460 Avenue Stanford, #200
Valencia, California 91355

10.2 ·All written progress reports, royalty and other payments, and any other related correspondence shall be in writing and sent to the appropriate person specified in Paragraph 10.1 above or such other addressee which LICENSORS may designate in writing from time to time. Checks are to be made payable to "The Johns Hopkins University". JHU shall be responsible for accounting to DUKE.

10.3 This Agreement is binding upon and shall inure to the benefit of LICENSORS, their successors and assignees and shall not be assignable to another party without the written consent of LICENSORS, which consent shall not be unreasonably withheld, except that SECOND SIGHT shall have the right to assign this Agreement to another party without the consent of LICENSORS in the case of the sale or transfer by SECOND SIGHT of all, or substantially all, of its assets relating to the LICENSED PRODUCTS, to that party.

10.4 In the event that any one or more of the provisions of this Agreement should for any reason be held by any court or authority having jurisdiction over this Agreement, or over any of the parties hereto to be invalid, illegal or unenforceable, such provision or provisions shall be reformed to approximate as nearly as possible the intent of the parties, and if unreformable, shall be divisible and deleted in such jurisdictions; elsewhere, this Agreement shall not be affected.

10.5 SECOND SIGHT agrees that all packaging containing individual LICENSED PRODUCTS sold by SECOND SIGHT, AFFILIATED COMPANIES and SUBLICENSEES of SECOND SIGHT will be marked with the number of the applicable patent(s) licensed hereunder in accordance with each country's patent laws.

10.6 All disputes arising out of or related to this Agreement, or the execution, performance, enforcement, breach or termination hereof, and any remedies relating thereto, shall be construed, governed, interpreted, and applied in accordance with the laws of the State of Maryland, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent shall have been granted.

10.7 SECOND SIGHT shall not use the names or trademarks of DUKE UNIVERSITY or THE JOHNS HOPKINS UNIVERSITY or THE JOHNS HOPKINS HEALTH SYSTEM or any of their constituent parts, such as the Johns Hopkins Hospital or any contraction thereof or the name of inventors of PATENT RIGHTS in any advertising, promotional, sales literature or fundraising documents without prior written consent from an officer of JHU and DUKE. SECOND SIGHT shall allow at least seven (7) business days notice of any proposed public disclosure for DUKE's and JHU's review and comment or to provide written consent. LICENSORS shall not use any trademarks or service marks now or hereafter used or adopted by SECOND SIGHT whether or not in connection with LICENSED PRODUCTS without the prior written consent of an officer of SECOND SIGHT.

10.8 LICENSORS warrant that they have good and marketable title to their respective interestin the inventions claimed under PATENT RIGHTS with the exception of certain retained rights of the United States government as set forth in P.L. 96-517, as amended by P.L. 98-620, and as set forth in 37 CFR Part 401. JHU and DUKE do not warrant the validity of any patents or that practice under such patents shall be free of infringement. EXCEPT AS EXPRESSLY SET FORTH IN THIS PARAGRAPH 10.8, SECOND SIGHT, ITS AFFILIATED COMPAN1ES AND SUBLICENSEES AGREE THAT THE PATENT RIGHTS ARE PROVIDED "AS IS", AND THAT LICENSORS MAKE NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE PERFORMANCE OF LICENSED PRODUCTS INCLUDING THEIR SAFETY, EFFECTIVENESS, OR COMMERCIAL VIABILITY. LICENSORS DISCLAIM ALL WARRANTIES WITH REGARD TO PRODUCT(S) AND DEVICES LICENSED UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANT ABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, LICENSORS ADDITIONALLY DISCLAIM ALL OBLIGATIONS AND LIABILITIES ON THE PART OF LICENSORS, THEIR INVENTORS, FOR DAMAGES, INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT, SPECIAL, AND CONSEQUENTIAL DAMAGES, ATTORNEYS' AND EXPERTS' FEES, AND COURT COSTS (EVEN IF LICENSORS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FEES OR COSTS), ARISING OUT OF OR IN CONNECTION WITH THE MANUFACTURE, USE, OR SALE OF THE PRODUCT(S) AND INVENTION(S) LICENSED UNDER THIS AGREEMENT. SECOND SIGHT AND SUBLICENSEES ASSUME ALL RESPONSIBILITY AND LIABILITY FOR LOSS OR DAMAGE CAUSED BY A PRODUCT AND SERVICE MANUFACTURED, USED, OR SOLD BY SECOND SIGHT, ITS SUBLICENSEES AND AFFILIATED COMPANIES WIDCH IS A LICENSED PRODUCT AS DEFINED IN THIS AGREEMENT.

10.9 JHU, DUKE, and the inventors of PATENT RIGHTS will not, under the provisions of this Agreement or otherwise, have control over the manner in which SECOND SIGHT or its SUBLICENSEES or those operating for its account or third parties who purchase LICENSED PRODUCTS from any of the foregoing entities, practice the inventions of LICENSED PRODUCTS. SECOND SIGHT shall defend and hold DUKE, JHU, The Johns Hopkins Health Systems, officers, inventors of PATENT RIGHTS, agents, faculty, employees and students harmless as against any judgments, fees, expenses, or other costs arising from or incidental to any product liability or other lawsuit, claim, demand or other action brought as a consequence of the practice of said inventions by any of the foregoing entities, whether or not LICENSORS or said inventors, either jointly or severally, is named as a party defendant in any such lawsuit. Practice of the inventions covered by LICENSED PRODUCTS, by AFFILIATED COMPANIES or an agent or a SUBLICENSEES or a third party on behalf of or for the account of SECOND SIGHT or by a third party who purchases or leases LICENSED PRODUCTS from SECOND SIGHT, shall be considered SECOND SIGHT's practice of said inventions for purposes of this Paragraph 10.9. The obligation of SECOND SIGHT to defend and indemnify as set out in this Paragraph 10.9 shall survive the termination of this Agreement.

10.10 Prior to initial human testing or first commercial sale of any LICENSED PRODUCTS as the case may be in any particular country, SECOND SIGHT shall establish and maintain, in each country in which SECOND SIGHT, AFFILIATED COMPANIES, or SUBLICENSEES shall test or sell LICENSED PRODUCTS, product liability or other appropriate insurance coverage appropriate to the risks involved in marketing LICENSED PRODUCTS and will at the request of LICENSORS present evidence to LICENSORS that such coverage is being maintained. Upon LICENSORS's request, SECOND SIGHT will furnish LICENSORS with a Certificate of Insurance of each product liability insurance policy obtained. JHU and DUKE shall each be listed as additional insured parties in SECOND SIGHT's said insurance policies.

10.11 LICENSORS may publish manuscripts, abstracts or the like describing the PATENT RIGHTS and inventions contained therein provided SECOND SIGHT is given sixty (60) days written notice prior to submission for publication and provided confidential information of SECOND SIGHT as defined in Paragraph 6.i, is not included except with prior written permission from SECOND SIGHT.

10.12 This Agreement constitutes the entire understanding between the parties with respect to the obligations of the parties with respect to the subject matter hereof, and supersedes and replaces all prior agreements, understandings, writings, and discussions between the parties relating to said subject matter.

10.13 This Agreement may be amended and any of its terms or conditions may be waived only by a written instrument executed by the authorized officials of the parties or, in the case of a waiver, by the party waiving compliance. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by either party of any condition or term in any one or more instances shall be construed as a further or continuing waiver of such condition or term or of any other condition or term.

10.14 This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

10.15 Upon termination of this Agreement for any reason, Paragraphs 3.11, 3.12, 6.1, 10.7, 10.8, 10.9, and 10.10 shall survive termination of this Agreement.

INWITNESS WHEREOF the respective parties hereto have executed this Agreement by their duly authorized officers on the date appearing below their signatures.

THE JOHNS HOPKINS UNIVERSITY SCHOOL OF MEDICINE	**SECOND SIGHT, LLC**
By WJ.D. Tew, Ph.D. Executive Director, Licensing & Business Development	By /s/ Robert J. Greenberg Robert J. Greenberg, M.D, Ph.D. President
Date: October 24, 2000	Date: 9/5/00

DUKE UNIVERSITY

By
Robert L. Taber
Associate Vice Chancellor

Date: 00-00-00

I have read and agree to abide by the terms of this Agreement

____
Eugene de Juan, Jr., M.D.

By /s/ Mark S. Humayun
Mark S. Humayun, M.D., Ph.D.

By ______________________________
Howard Phillip&, M.D.

Appendix A

LIST OF IMPROVEMENTS

AMENDMENT

This is an amendment to the Exclusive License Agreement by and between Second Sight, LLC, Duke University and Johns Hopkins University dated October 24, 2000 (the "Agreement").

Whereas Drs. Mark Humayun and Eugene de Juan have left JHU along with most of the members of the "laboratory of Drs. Eugene de Juan or Mark Humayun" (the "Laboratory");

Dr. Gislin Dagnelie once part of the Laboratory remains at JHU and continues the research of the Laboratory;

Second Sight, LLC was merged into Second Sight Medical Products, Inc. which is its successor in interest; and

Parties have changed their addresses for notices;

Therefore the parties to the Agreement wish to amend the Agreement to reflect the aforesaid changes.

1. All defined terms in the Agreement shall apply to this Amendment.

2. Amend the prean1ble to replace "Second Sight, LLC" with "Second Sight Medical Products, Inc".

3. Amend paragraph 1.10 to replace "in the laboratory of Drs. Eugene de Juan or Mark Humayun" with "in the laboratory Drs. Eugene de Juan, Mark Humayun or Gislin Dagnelie".

4. Amend paragraph 10.1 to replace the addresses for notices with:

For JHLJ:	Director Office of Licensing and Technology Development 100 North Charles Street Suite 500 Baltimore, MD 21201
For Second Sight	Robert J. Greenberg, M.D. Ph.D. President Second Sight Medical Products, Inc. 12744 San Fernando Road Building 3 Sylmar CA 91342

In witness whereof the respective parties hereto have executed this Amendment by their duly authorized officers

Second Sight Medical Products, Inc.

/s/ Robert J. Greenberg
Robert J. Greenberg, M.D. Ph.D.
President

Date 10/29/04

Johns Hopkins University

/s/ R. Keith Baker
R. Keith Baker
Director
Office of Licensing and
Technology Development

Date 10/27/04

Duke University

/s/ Robert L. Taber
Robert L. Taber
Associate- Vice Chancellor

Date 00-00-00

Exhibit 10.12

COST REIMBURSEMENT CONSORTIUM RESEARCH AGREEMENT

This COST REIMBURSEMENT CONSORTIUM RESEARCH AGREEMENT (this **"Agreement")** is made by and between Doheny Eye Institute **("DEI"),** a California nonprofit public benefit corporation, located at 1450 San Pablo Street #3000, Los Angeles, CA 90033 and Second Sight Medical Products, Inc. **("SSMP"),** a California corporation, with its principal place of business at 12744 San Fernando Road, Building 3, Sylmar, CA, 91342, as of June 1, 2006 (the **"Effective Date").**

WHEREAS, scientists at DEI have been working in collaboration with SSMP and the University of Southern California **("USC")** scientists to test and support the development of microelectronic visual prosthetic implants and related external support systems (the **"Research Products");**

WHEREAS, DEI and SSMP previously entered into a Research Agreement dated April 9, 2002 (the **"Prior Agreement")** concerning certain prior work performed in pursuit of the foregoing collaboration; and

WHEREAS, DEI and SSMP believe that continuing the foregoing collaboration through the research programs contemplated by this Agreement is of mutual interest and benefit to the parties and will further the instructional and research objectives of DEI in a manner consistent with its status as a nonprofit, tax-exempt institution;

NOW, THEREFORE, the parties hereto agree as follows:

1. STATEMENTS OF WORK.

a . Current Research Projects. DEI agrees to use c01mnercially reasonable efforts to perform the research projects relating to the Research Products (each a **"Research Project")** set forth in each of the Statements of Work (each an **"SOW")** attached hereto. The parties acknowledge that the SOW for the first Research Project is set forth under Exhibit A-1 and that such Research Project is being funded by an NIH - Bioengineering Research Partnerships **("BRP")** grant number R01 EY012893-06A1, entitled "Research/Development of Artificial Retinas for the Blind," awarded to Principal Investigator Robert Greenberg of SSMP, as set forth in that certain Notice of Grant Award issued November 2, 2006.

b. Additional Research. The parties may agree to work on one or more additional Research Projects from time to time by preparing a separate SOW for each such additional Research Project signed by both parties that sets forth, at a minimum, the scope of such Research Project, the Period of Performm1ce (as defined in Section 3 below), the cost estimates, projected budget, or other consideration to be paid, timetable, reporting, and such other information as is set forth for the first SOW attached hereto as Exhibit A-1, to the extent applicable. Each new SOW shall be attached as a separate Exhibit A-"X" to this Agreement.

c. Revisions. The parties understand and acknowledge that, from time to time, the parties may desire to revise the scope, timetable, Period of Performance, reporting, or other requirements of any Research Project set forth in the applicable SOW. Any such revisions shall be made only by mutual written agreement signed by both parties amending the applicable SOW. In addition, the cost estimates and/or projected budget for any Research Project may be revised as provided in Section 5 below. SSMP shall promptly report any such revision to the NIH or other applicable agency funding any Research Project hereunder, or obtain the NIH's or such agency's consent to any such revision, in each case to the extent required by the rules governing the applicable grant, including without limitation any Special Conditions or the NIH Grants Policy Statement, as each such tem1 is defined in Section 8 below.

d. Materials. SSMP shall use reasonable commercial efforts to provide to DEI such devices and other materials as may be set forth in each SOW.

2. **PRINCIPAL INVESTIGATOR ("PI").**

Each Research Project will be supervised by a PI identified in the applicable SOW. The PI for the Research Project set forth in Exhibit A-1 initially shall be Mark Humayun, M.D., Ph.D. If for any reason no specified person is able to continue to serve as a PI for a particular Research Project and a successor PI acceptable to both DEI and SSMP is not available, either the affected SOW or, if all SOWs are affected, this Agreement, may be terminated by either party, as provided in Section 21.d. below. The parties may include in each SOW a list of the DEI Personnel (as defined below) the parties anticipate will work on the Research Project covered by that SOW as of the effective date of the SOW for informational purposes only; the parties acknowledge that not all DEI Personnel listed in an SOW may work on the applicable Research Project and that DEI Personnel who are not listed in an SOW may work on the applicable Research Project. For purposes of this Agreement, **"DEI Personnel"** means those persons who DEI treats as employees for state m1d federal tax reporting purposes, regardless of whether or not such persons receive additional compensation from other parties, including but not limited to USC. For avoidance of doubt, DEI Personnel includes, without limitation, the following people: Mark Humayun, James Weiland, Rajat Agrawal, Alan Horsager, Lucien Laude, Konstantin Kolev Brooke Bassinger, Adrian Rowley, Lindy Yow, Gerald Chader, Saloomeh Saati, Sonia Cisneros, Luiz Lima, Naoki Matsuoka and Hossein Ameri. Dilek Guven was a former employee of DEI (employed from 7/8/02- 6/23/04) Gilda Fujii, was a former employee of DEI (employed from 9/12/01- 6/30/04), Ricardo Freda was a former employee of DEI (employed from 12/1/03- 9/1/06), Eugene De Juan was a former employee of DEI (employed from 8/16/01- 10/10/05) and Ashish Ahuja was a fom1er USC graduate student (from 711/05 to 5/31107) all of whom shall be considered DEI Personnel for inventions made during their employment and student status, respectively.

3. **PERIOD OF PERFORMANCE.**

Each SOW shall set forth the period of performance for the Research Project to be conducted pursuant thereto (each a **"Period of Performance").** Each Period of Performance will be subject to renewal or extension only by mutual written agreement of both parties as provided in Section l.c.; DEI shall not be required to perform any Research Project beyond the applicable Period of Performance without its prior written agreement.

4. **REPORT OF WORK.**

Progress reports for each Research Project will be prepared by the applicable PIin accordance with the terms of the applicable SOW and shall be due to SSMP on the schedule set forth in the applicable SOW. SSMP shall provide DEI with written acceptance of each such report within thirty (30) days of receipt thereof, or provide specific grounds for non-acceptance. SSMP warrants that all reports submitted by DEI to SSMP will then be submitted to the NIH or other applicable agency to the extent required by the grant funding the Research Project to which the report pertains.

5. **REIMBURSEMENT OF COSTS.**

In consideration of the services to be performed by DEI in connection with each Research Project, SSMP will reimburse DEI for all direct and indirect costs incurred in the performance of such services, which costs for each Research Project shall not exceed the total estimated cost for such Research Project as may be set forth in the applicable SOW without written authorization from SSMP. In the event the direct and indirect costs incurred in the performance of any Research Project exceed the total estimated cost for such Research Project or any other change in the projected budget is required by DEI to complete the Research Project, and SSMP does not authorize additional reimbursement of DEI's costs or any such change, DEI shall have the option to immediately terminate the applicable SOW or, if all SOWs are affected, this Agreement, as provided in Section 21.e. below.

6. **COST PAYMENTS.**

a. Invoices. Payments made by SSMP under Section 5 will be made on receipt of monthly invoices from DEI itemized according to the budget detail shown in the applicable SOW. DEI shall submit invoices not more frequently than on a monthly basis for costs incurred to the date of the invoice. Each invoice must show the amounts expended in the current period, and cumulatively to date by line item budget categories. Invoices shall be supported by a written record indicating DEI Persom1el working on the applicable Research Project including hours worked by each DEI Personnel, and copies of invoices or receipts for all costs amounting to more than $1,000 in a given month. Due to this additional effort, SSMP agrees to reimburse DEI $30.00 per hour for generating said written records (not to exceed $3,600 per year). If additional information or documentation is required in connection with any invoice, it shall be specified elsewhere in this Agreement or in the applicable SOW. SSMP will pay all invoices within thirty (30) days of the date of an invoice, provided invoices are for work performed not more than 60 days prior to the invoice date. SSMP shall have additional time to review invoices equal to the period any invoice is delayed beyond 60 days after the date work is preformed. A sample invoice will be attached to each SOW. All payments under this Agreement shall be made in U.S. dollars. Invoices should be submitted to:

Kathy London
Director, Finance & Administration
Second Sight Medical Products, Inc.
12744 San Fernando Road, Bldg 3
Sylmar, California 91342

b. Foreign Currency. If any currency conversion shall be required in connection with the reimbursement of any costs or payment of any royalties or other an1ounts hereunder, such conversion shall be made by using the current exchange rate reported in the *Wall Street Journal* on the last business day of the reporting period to which such reimbursement or payments relate.

c . Late Payments. If SSMP fails to pay the full amount of any invoice submitted hereunder, the unpaid amounts will accrue a late fee daily equivalent to one percent (1%) per month (or, if lower, the maximum rate permitted by applicable law) from the date initially due until the date actually paid. Said late fees are to be paid by SSMP with non-NIH funds and are in addition to the contract ceiling.

d . Disputes. SSMP acknowledges that DEI is subject to OMB Circulars A-110 and A-133. If there is a dispute regarding any invoice and the total amounts invoiced do not exceed the total authorized, SSMP shall pay the invoice and the parties will work diligently to resolve the dispute. The parties agree to submit any unresolved dispute to binding arbitration in accordance with Section 24.b. below. After agreement is reached or arbitration completed, DEI will return to SSMP any funds that were agreed or found to be improperly charged within thirty (30) days. If DEI is found by the arbitrator to have invoiced SSMP in bad faith, the refunded amounts will be subject to the late payment provisions of Section 6.c. above. If the parties are unable to resolve a dispute, either party shall have the right to bring any billing or other disputes arising hereunder to the attention of the NIH or other applicable agency funding a Research Project hereunder, provided that the other party is already on notice of such dispute.

7. **COST RECORDS AND AUDITS.**

All costs incurred in DEI's performance of this Agreement will be subject to audit in accordance with this Section 7 and OMB Circulars A-110 and A-133 to the extent applicable. SSMP agrees to cooperate with DEI in all respects to enable compliru1ce with such OMB Circulars. SSMP may, upon no less than thirty (30) days prior written notice to DEI and not more than once per calendar year during the term of this Agreement, cause a mutually agreed upon independent Certified Public Accountant to inspect the records of DEI during normal business hours reasonably related to the calculation of the reported costs. The fees and expenses charged by such Certified Public Accountant in connection with such inspection shall be paid by SSMP. Both parties shall be entitled to receive copies of the reports of the auditors. Should any such audit result in disallowances, SSMP shall determine whether or not the disallowances will be accepted or appealed. In the event that the disallowances are sustained, DEI will return to SSMP any funds which are disallowed and which have already been paid. Nothing in this Section, however, shall prevent a party from pursuing any and all administrative and judicial remedies that may be available and permitted by this Agreement. SSMP agrees to maintain the confidentiality of any and all audit proceedings, findings, reports, and corrective actions.

8. **CONDITIONS OF GRANTS.**

a. NIH Grants Policy Statement & Special Conditions. To the extent any Research Project is funded by a grant from the NIH, the parties agree to comply with the public policy requirements included in the NIH Grants Policy Statement as amended as of the Effective Date (the **"NIH Grants Policy Statement")** to the extent applicable to such Research Project, including without limitation with respect to: (1) debarment and suspension; (2) drug-free workplace; (3) lobbying; (4) financial conflict of interest (including without limitation 42 *C.P.R.* Part 50, Subpart F, "Responsibility of Applicants for Promoting Objectivity in Research for Which PHS Funding is Sought"); (5) research misconduct and instruction in the responsible conduct of research; (6) delinquent federal debt; (7) human pluripotent stem cell research; (8) human subjects; (9) research on transplantation of fetal tissue; (10) ve1iebrate animals; (11) inclusion of women, children, and minorities in clinical research; (12) age discrimination; (13) civil rights; (14) sex discrimination; and (15) handicapped individuals; in each case to the extent applicable to each Research Project. In addition, the parties agree to comply with any "Special Conditions of the Prime Award" **("Special Conditions")** that may be applicable to the NIH grant funding any such Research Project (if ally). Except as may be expressly stated in this Agreement or any applicable SOW, the administrative policies of DEI shall govern the administration of each Research Project hereunder, in accordance with the NIH Grants Policy Statement (if applicable) and any applicable Special Conditions. Without limiting the generality of the foregoing, the parties agree that DEI's financial conflict of interest requirements shall apply to all of the PI's who are DEI personnel hereunder.

b. Carry Forward. SSMP agrees to carry forward unexpended funds to the subsequent budget period.

c . Other Grants. If any Research Project is funded by a grant from a governmental or other agency other than the NIH, the parties agree to comply with the terms of any such grant.

d. Conflicts. In the event of any conflict between this Agreement, on the one hand, and any mandatory provisions of the Special Conditions, the NIH Grants Policy Statement, and/or any other applicable grant, on the other, such mandatory provisions of the Special Conditions, the NIH Grants Policy Statement, and/or such grant shall take precedence, with the Special Conditions taking precedence over the NIH Grants Policy Statement in the event of any conflict between them.

9. **ROYALTIES.**

a. Royalty Rate. In consideration of the rights granted to SSMP in Section 15.g below, SSMP shall pay DEI a cash royalty on all Net Sales of Licensed Products (as defined in Section 9.b. below), payable on a monthly basis in an amount equal to 0.5% of Net Sales. The foregoing royalty shall be in lieu of, rather than in addition to, any royalty under the Prior Agreement, such that the total royalty owed DEI by SSMP shall not exceed 0.5% of Net Sales.

b. Definitions. For purposes of this Agreement, the following terms, when used herein with initial capitalization, shall have the following meanings:

(1) **"Net Sales"** shall mean all monetary amounts and other things of value received by any of the SSMP Parties (as defined below) from the manufacture, use, sale, lease, or license of Licensed Products (as defined below), including without limitation advances, fees, royalties, milestone payments, and gross sales revenues, less only reasonable trade discounts, broker and agent fees, refunds, retums and recalls, taxes (U.S. sales tax, foreign taxes incident to sale, but excluding income taxes) and reasonable freight and transportation charges, in each case only to the extent such amounts are actually allowed or paid by any of the SSMP Parties and otherwise would be includable in Net Sales hereunder. In the event that the applicable product sold is a system comprising a combination of one or more Licensed Products and other components, Net Sales for purposes of Section 9.a. above shall be calculated by multiplying the Net Sales of the system by the fraction A/B, where 'A' is the fully burdened standard manufacturing cost of the Licensed Products, and 'B' is the fully burdened manufacturing cost of the entire system. Net Sales shall exclude sales of Licensed Products by any SSMP Parties to each other. SSMP will provide with each monthly payment, a written report to DEI of the amount of Licensed Products manufactured, sold, used, leased or licensed by any of the SSMP Parties, the expenses and charges relevant to calculating Net Sales, and all other information relevant in calculating the royalties due to DEI as a result of Net Sales by any of the SSMP Parties.

(2) **"Affiliate"** means, with respect to a party, any person or entity that Controls, is Controlled by, or is under common Control with, such party. For purposes of the previous sentence, **"Control"** means: (i) with respect to an entity, the direct or indirect ownership of more than fifty percent (50%) of the voting securities, general partnership interests, profits interests, membership interests, or other equivalent ownership interests of or in such entity, or the power to direct or cause the direction of the management or policies of such entity, whether by ownership of voting securities, by contract, or otherwise; and (ii) with respect to a person, the power to control the affairs of such person, whether through an employment relationship or other contractual relationship.

(3) **"SSMP Parties"** means SSMP and its Affiliates and sublicensees, or any of their respective permitted assigns or successors in interest.

(4) **"Licensed Products"** shall mean any Research Products, materials therefor, or components thereof, the manufacture, use, importation, distribution, sale or other exploitation of which would constitute infringement or misappropriation of any DEI IP, and/or Joint IP (as each such term is defined below) but for the license, whether exclusive or non-exclusive, to SSMP of any DEI IP or Joint IP pursuant to Section 15.g. below or for SSMP's ownership interest in any Joint IP pursuant to Section 15.b. below. For the avoidance of doubt, Licensed Products do not include, and the license granted to SSMP in Section 15.g below does not extend to, any products, materials, or components not constituting microelectronic visual prosthetic implants, related external support systems, materials therefor, or components thereof.

10. **ROYALTY RECORDS AND AUDITS.**

SSMP shall make and retain, for a period of three years following the period of each report required by Section 9 above, true, accurate, and complete records, files, and books of account containing all the data reasonably required for the full computation and verification of sales of Licensed Products and other information required by Section 9, as well as of compliance with this Agreement. Such books and records shall be in accordance with generally accepted accounting principles consistently applied. SSMP shall permit the inspection and copying of such records, files and books of account by DEI or its agents during regular business hours upon ten (10) business days' written notice to SSMP. DEI shall keep all information inspected confidential as Confidential Information under Section 12 of this Agreement. Such inspection shall not be made more than once each calendar year. SSMP shall pay any unpaid or underreported royalties or other amounts identified in such inspection promptly upon request. All costs of such inspection and copying shall be paid by DEI, unless the amounts actually paid by SSMP are determined to be less than ninety-five percent (95%) of the amount payable under this Agreement in any consecutive twelve (12) month period, in which case SSMP shall immediately pay the reasonable fees and expenses for such inspection, along with the an1ount of such underpayment plus interest at an annual rate of eleven percent (11%). SSMP shall include in any agreement with any other SSMP Parties which permits such party to make, use, sell, license, or lease the Licensed Products, a provision requiring such party to retain records of sales of Licensed Products and other information as required by Section 9 and as required to verify compliance with such agreement, and to permit DEI to inspect such records as required by this Section.

11. **TITLE TO EQUIPMENT.**

Title to equipment purchased by DEI pursuant to the terms of this Agreement or any SOW shall vest in DEI upon acquisition, except that, with respect to any equipment purchased with funds from a grant provided by the NIH, the NIH may have the right to require transfer of title to the equipment with an acquisition cost of $5,000 or more to the U.S. Government or to an eligible third party named by the NIH awarding office under the conditions specified in 45 C.P.R. 74.34(h). If the NIH has such a right, the NIH may exercise such right within one hundred twenty (120) days of the completion or termination of the applicable grant or within one hundred twenty (120) days of receipt of an inventory, as provided in 45 C.P.R. 74.34(h)(2), whichever is later.

12. **CONFIDENTIAL INFORMATION.**

a . Disclosure. Either party (in that capacity, the **"Discloser")** may disclose information to the other party (in that capacity, the **"Recipient")** about the Discloser's business, finances, technology, persom1el, collaborators, clients, suppliers, licensors, or licensees that derives independent economic value from not being generally known or is otherwise of a proprietary and confidential nature and that: (i) if disclosed other than orally or by inspection, is clearly marked as "confidential" or "proprietary"; (ii) if disclosed orally or by inspection, is identified by the Discloser as being "confidential" or "proprietary" at the time of initial discloser to the Recipient and, within thirty (30) days of disclosure, confirmed in writing as such (with sufficient specificity to reasonably identify such information); or (iii) otherwise, by the nature of the circumstances surrounding the disclosure, ought to be understood by the Recipient in good faith to be treated as confidential (collectively, **"Confidential Information").**

b. <u>Obligations.</u> The Recipient agrees to accept the disclosure of Confidential Information and to employ all reasonable efforts to maintain the Confidential Information secret and confidential, such efforts to be no less than the degree of care employed by the Recipient to preserve and safeguard its own Confidential Information of a similar nature. The Recipient shall not use or copy any Confidential Information of the Discloser except to the extent necessary to perform its obligations and exercise its rights under this Agreement. The Recipient shall not disclose or otherwise reveal the Confidential Information to any third party except: (i) as required as part of a patent application or patent when a patent is to be pursued under the terms of this Agreement; (ii) on a "need to know" basis under an obligation of confidentiality to its legal counsel, accountants, banks and other financing sources and their advisors; (iii) to other participants in a grant funding any Research Project hereunder, who are identified in an SOW as such (each a **"Grant Participant")** to the extent it is necessary for a party to disclose information in furtherance of the Research Project under such grant and provided that such Grant Participant has signed a confidentiality agreement with the Recipient at least as protective of the Discloser's Confidential Information as this Section and has been advised by the Recipient of the confidential nature of the Confidential Information and that the information shall be treated accordingly; (iv) pursuant to any applicable DEI compliance programs; and (v) to employees and independent contractors of the Recipient and its Affiliates who have a need to know the information, provided that such employees and independent contractors have entered into a confidentiality agreement with the Recipient at least as protective of the Discloser's Confidential Information as this Section and have been advised by the Recipient of the confidential nature of the Confidential Information and that the information shall be treated accordingly.

c. Exceptions. The Recipient's obligations under this Section shall not extend to any part of the Confidential Information that:

(1) can be demonstrated to have been in the public domain or publicly known and readily available to the trade or the public prior to the date of the disclosure;

(2) can be demonstrated from *bona fide* written, dated records to have been, prior to initial disclosure by the Discloser, in the Recipient's possession free of any confidentiality obligation or readily available to the Recipient from another source not under any confidentiality obligation;

(3) becomes part of the public domain or otherwise publicly known by publication or other means, not due to any unauthorized act by the Recipient nor any act of another third party which Recipient should have known was unauthorized, but only from and after such time as such Confidential Information becomes publicly known; or

(4) is the same as information that can be demonstrated from *bonafide* written, dated records to have been developed by or for the Recipient without access or reference to Discloser's Confidential Information.

d. Required Disclosures. This Agreement shall not prohibit the Recipient from disclosing any Confidential Information of the Discloser to the extent required by a court, administrative agency, or other tribunal of competent jurisdiction, or otherwise to the extent required by applicable law, provided however that in such case the Recipient shall promptly inform the Discloser of any such obligation so that the Discloser may seek a protective order or other legal remedy, cooperate with the Discloser in pursuing any such remedy, and disclose only that portion of the Confidential Information that, in the opinion of its legal cmmsel, is required to be disclosed.

e. Survival. The obligations of this Section shall extend five (5) years after the expiration or termination of this Agreement, unless such obligations are terminated earlier pursuant to Section 12.c. above.

13. **DATA AND PUBLICATIONS.**

The parties shall jointly own and shall be free to reproduce, publish, and use for any lawful purpose, any data produced by the Research Projects, subject to the publication requirements set forth in this Section 13. Each party will be free to publish the results of any and all Research Projects under this Agreement after providing a copy of each proposed publication to the other party at least thirty (30) days prior to the submission for publication for the other party to review the publication alld provide any comments. If a party reasonably believes that a disclosure of patentable material is contained in the proposed publication, the parties will work together to protect to the extent reasonably practicable any potentially patentable subject matter prior to such publication in a manner consistent with Section 15 below. The parties shall delay such publication to the extent reasonably necessary to protect such potentially patentable subject matter, such delay not to exceed thirty (30) days in the case of subject matter the patent prosecution of which is not under DEI's control hereunder. Further, each party shall have the right to redact from any publication its Confidential Information to the extent the publishing party has all obligation to keep it confidential pursuant to Section 12 above. Any publication resulting from work performed under this Agreement shall acknowledge the contributions of DEI and the support of the NIH or other grant awarding agency (if applicable) and SSMP. For the avoidal1ce of doubt, any and all publications related to the Research Products shall be subject to review and approval under this paragraph.

14. **USE OF NAMES.**

The parties agree that neither party will use the name, trademark, or other proprietary designation of the other party, or any abbreviation thereof, or the nan1e of the persom1el of the other party (it being acknowledged that the PIs are DEI Personnel as of the Effective Date) in any news release, publicity release, advertisement, or other public disclosure in any manner expressing or implying any endorsement by, or affiliation with, the other party or its personnel without the prior written approval of the other party. This Section 14 shall not be construed to prohibit: (a) either party from publicly disclosing the parties' relationship hereunder as reasonably necessary for obtaining patent or other IP Rights (as defined below) or regulatory or other governmental approvals in any country; (b) DEI from disclosing that SSMP or any applicable grant is the source of funding for any Research Projects to the extent reasonably necessary for DEI to comply with any reporting or compliance policies; or (c) either party from making any other disclosure to the extent required by any applicable statute, regulation, order, rule, or other law.

15. **INTELLECTUAL PROPERTY.**

a. DEI IP.

(1) As between the parties, DEI shall exclusively own all right, title, and interest throughout the world in and to the DEI IP (as defined herein). As used herein, **"DEI IP"** means: (i) any inventions (including without limitation any "subject invention" as that term is defined in 37 C.F.R. 401.14), discoveries, biological material, works of authorship, trade secrets, know- how, trademarks, and other technology and innovations (collectively, **"Innovations")** relating to the Research Products, which Im1ovations are Developed (where, to **"Develop"** means to conceive, reduce to practice, write, create, or otherwise develop) during the period commencing on the Effective Date of this Agreement and ending on the Termination Date of this Agreement (as defined in Section 21 below) solely by DEI Personnel who are identified on a DEI invoice as having worked on a Research Project, who are identified in Section 2 of this Agreement, or who have obtained Confidential Information of SSMP concerning the Research Products, the Pre- existing SSMP IP, other DEI IP, and/or the Joint IP, whether Developed by DEI alone or jointly with third parties, and any resulting patent, copyright, trademark, mask work, industrial design, or other intellectual property or proprietary rights **("IP Rights")** associated therewith; and (ii) any Innovations Developed prior to the Effective Date of this Agreement solely by DEI Personnel and any resulting IP Rights associated therewith, solely to the extent such Innovations and IP Rights constitute "DEI IP" as defined in the Prior Agreement (the **"Prior DEI IP").**

(2) DEI shall promptly report the Development of any DEI IP or any other Im1ovations relating to the Research Products Developed by the DEI Personnel described above to SSMP in writing during the term of this Agreement and for one hundred eighty (180) days (the "Follow-On Period") following the Termination Date. DEI IP licensed in 15g. shall include inventions made during the Follow-On Period directly resulting from SSMP Confidential Information or SSMP funded research. DEI shall have the burden of proof to demonstrate that inventions Developed during the Follow-On Period are not DEI IP. For the avoidance of doubt, except for the Prior IP, the DEI IP shall not include Innovations developed by DEI Personnel who have not been identified on a DEI invoice or SOW as having worked on a Research Project, who are identified in Section 2 of this Agreement, or who have not obtained any Confidential Information of SSMP concerning the Research Products, the Pre-existing SSMP IP, and/or the Joint IP, which Innovations the parties acknowledge are not governed by this Agreement or the Prior Agreement.

(3) If DEI jointly Develops (or reasonably anticipates jointly Developing) any DEI IP together with one or more third parties (including without limitation Premitec, Inc.), then DEI will use commercially reasonable efforts to agree with such third parties that such DEI IP will be jointly owned by all contributing parties on terms consistent with this Section 15, including but not limited to, the license granted to SSMP in Section 15.g. If, despite such conm1ercially reasonable efforts, DEI is unable to agree with any such third party on terms consistent with this Section 15, then this Section 15 (including but not limited to the license granted to SSMP in Section 15.g.) shall apply only to the portion of such DEI IP developed by DEI Personnel and therefore, actually owned or controlled by DEI and only to the extent of such ownership or control, provided however that DEI may not, without SSMP's prior written consent, assign or exclusively license its portion of any such DEI IP for commercial purposes to any third party who does not agree to be bound by the license granted to SSMP in Section 15.g. below with respect to such DEI IP.

(4) The parties hereby acknowledge that DEI has jointly Developed with Johns Hopkins University("JHU"), and jointly owns with JHU, certain Im1ovations relating to the Research Products and described in U.S. Patent Application No. 11/540,899, filed September 29, 2006 and entitled *"Microelectrode System for Neuro-Stimulation and Neuro-sensing and Microchip Packaging."* DEI has not obtained JHU's agreement to terms consistent with this Section 15. Accordingly, this Section 15 shall apply only to DEI's portion of such Innovations and the IP Rights associated therewith.

b. Joint IP.

(1) As between the parties, all Joint IP (as defined herein) shall be owned jointly by DEI and SSMP subject to the terms hereof The parties shall not use, license or otherwise exploit any Joint IP, unrelated to the Research Products, without first giving notice to the other and negotiating in good faith to exploit such IP in a mutually advantageous manner. As used herein, **"Joint IP"** means: (i) Innovations Developed during the period commencing on the Effective Date of this Agreement and ending on the Termination Date of this Agreement jointly by SSMP personnel and DEI Personnel who are identified on a DEI invoice as having worked on a Research Project, who are identified in Section 2 of this Agreement, or who have obtained Confidential Information of SSMP concerning the Research Products, the Pre-existing SSMP IP, the DEI IP, and/or the Joint IP and all resulting IP Rights associated therewith; and (ii) any Innovations Developed prior to the Effective Date of this Agreement jointly by SSMP personnel and DEI Persom1el, and any resulting IP Rights associated therewith, solely to the extent such Innovations and IP Rights constitute "Joint IP" as defined in the Prior Agreement (the **"Prior Joint** IP").

(2) If SSMP and DEI jointly Develop (or reasonably anticipate jointly Developing) any such Joint IP together with one or more third parties (including without limitation Premitec, Inc.), then SSMP and DEI will work together, using commercially reasonable efforts, to agree with each such third party that such Joint IP will be jointly owned by all contributing parties on terms consistent with this Section 15, including but not limited to, the license granted to SSMP in Section 15.g. If, despite such commercially reasonable efforts, the parties are unable to agree with any such third party on terms consistent with this Section 15, then this Section 15 (including but not limited to the license granted to SSMP in Section 15.g.) shall apply only to the portion of such Joint IP developed by DEI Personnel and SSMP, and, therefore, owned or controlled by DEI and SSMP, and only to the extent of such ownership or control.

(3) In the case of any such third party who is a Grant Participant, SSMP shall use reasonable commercial efforts to enter into a written agreement with each such Grant Participant consistent with the terms of this Section 15. Such agreement also shall provide that, in the event DEI and such Grant Participant jointly Develop any Innovations in the course of the Project without contribution from SSMP, DEI and such Grant Participant shall own such Innovations and associated IP Rights on terms consistent with the terms of this Section 15. If, despite such commercially reasonable efforts, SSMP is unable to enter into an agreement consistent with the terms of Section 15, then this Section 15 (including but not limited to the license granted to SSMP in Section 15.g. below) shall apply only to that portion of any such Innovations and associated IP Rights that is actually owned and controlled by DEI under such agreement and only to the extent of such ownership and control. SSMP shall furnish to DEI promptly upon request the relevant excerpts from any such consortium agreement so that DEI may confirm SSMP's compliance with this Section 15 except to the extent SSMP is unable to obtain permission from such Grant Participant to do so after using commercially reasonable efforts to obtain it.

c. Protection.

(1) DEI agrees to cause patent applications to be filed and prosecuted, and patents maintained, in its name, and at SSMP's sole expense, on any DEI IP that, in DEI's reasonable judgment, is patentable. DEI shall use patent counsel reasonably acceptable to SSMP for such purposes. DEI shall promptly notify SSMP of its intent to file a patent application on any such DEI IP and shall provide SSMP a copy of any such patent application. If, after notification of DEI's intent to file a patent application on DEI IP, SSMP declines to support said filing, or if SSMP declines to support any prosecution or maintenance costs associated with any such application or patent issued thereon, DEI may file, prosecute, or maintain (as applicable) such patent application or patent (as applicable) at its own expense and SSMP shall have no further license or other rights in such patent application or patent or in the DEI IP covered by such patent application or patent. If rights in any DEI IP reasonably may be jeopardized by any anticipated failure or delay by DEI in prosecuting any patent applications it has filed, then SSMP may instruct DEI to correct such failure or delay, or, if DEI is unable or unwilling to do so, DEI will give SSMP the right to instruct DEI's prosecution counsel to do so. The parties shall cooperate in determining whether and how DEI will protect any non-patentable DEI IP (e.g., copyrights, trademarks), provided that all such protection shall be at SSMP's sole expense and that if SSMP declines to support any particular intellectual property protection strategy proposed by DEI, DEI may pursue such strategy at its own expense and SSMP shall have no license or other tights in any DEI IP covered by such strategy. DEI shall keep SSMP reasonably informed of any developments relating to the filing, prosecution, or maintenance of any patent applications, patents, or other forms of protection of IP Rights in any DEI IP to which SSMP has any rights hereunder. For the avoidance of doubt, this paragraph shall not apply to any DEI IP or portion thereof not developed by DEI Personnel and, therefore, is not owned and controlled by DEI as provided in Section 15.a. above and is subject to the rights of any third parties owning and controlling such DEI IP or portion thereof as contemplated therein.

(2) SSMP shall keep DEI reasonably informed of any developments relating to the filing, prosecution, or maintenance of any patent applications, patents, or other forms of protection of IP Rights in any Joint IP or any other Innovations relating to any Research Products, whether such Innovations are Developed by SSMP alone or jointly with third parties. Such information shall be provided to DEI when both SSMP and DEI reasonably believe that DEI Personnel may be co-inventors, including, but not limited to, surgical techniques. SSMP agrees to cause patent applications to be filed and prosecuted, and any patents maintained, in both parties' names, and at SSMP's sole expense, on any patentable Joint IP. SSMP shall use patent counsel reasonably acceptable to DEI for such purposes. SSMP shall promptly notify DEI of its intent to file a patent application on any Joint IP and shall provide DEI a copy of any such patent application, if possible, at least thirty (30) days before such application is filed for DEI's review and comment. If SSMP declines to file or prosecute a patent application, or to maintain any patent issued thereon, for any Joint IP, DEI may file, prosecute, or maintain (as applicable) at its own expense, and SSMP shall have only a non-exclusive license in, such patent application or patent (as applicable) or the Joint IP covered by such patent application or patent. All of SSMP's ownership rights in such Joint IP shall be assigned to DEI automatically upon such decline. The parties shall cooperate in determining whether and how SSMP will protect any non-patentable Joint IP (e.g., copyrights, trademarks), provided that all such protection shall be at SSMP's sole expense and that if SSMP declines to suppm1 any particular intellectual property protection strategy proposed by DEI, DEI may pursue such strategy at its own expense and SSMP shall have only a non-exclusive license in any DEI IP covered by such strategy. All of SSMP's ownership rights in such Joint IP shall be assigned to DEI automatically upon such decline.

d. Enforcement.

Each party will notify the other promptly in writing when any infringement by another is uncovered or suspected regarding any DEI IP or Joint IP in which SSMP has any rights hereunder. As long as the license granted in Section 15.g. below remains exclusive, SSMP shall have the sole right to enforce any patent included within the DEI IP or Joint IP covered by such license against any alleged infringement thereof and shall at all times keep DEI informed as to the status thereof. If SSMP chooses to enforce such patents, it may, in its reasonable judgment and at its own expense, take steps to control, settle, and defend such suits in a manner consistent with the terms and provisions hereof (and that does not jeopardize the validity of the patent at issue without the written consent of DEI) and recover for the parties' account any damages, awards, or settlements resulting therefrom. The right to sue for infringement shall not be used by SSMP in an arbitrary and capricious manner, and DEI may not be named a party in any litigation to enforce or defend any DEI IP or Joint IP or as a party to any settlement without its prior written consent. DEI shall reasonably cooperate in any such litigation, and may retain outside counsel in connection therewith, at SSMP's sole expense. Any royalties, license fees, or other amounts recovered by SSMP shall be deemed to be Net Sales hereunder, and SSMP shall pay royalties to DEI on such Net Sales as provided in this Agreement. Notwithstanding anything to the contrary herein, if SSMP does not analyze and notify any alleged infringers within one year of notification of any infringement, or if SSMP does not file suit against any alleged infringers or fails to resolve any infringement by license or otherwise within two years of any such notification, DEI may enforce such patents and be entitled to any recovery. SSMP shall reasonably cooperate in any such enforcement effort. For the avoidance of doubt, this paragraph shall not apply to any DEI IP, Joint IP, or portion thereof not developed by DEI Personnel or SSMP and, therefore, is not owned and controlled by DEI and/or SSMP as provided in Sections 15.a. and 15.b. above and is subject to the rights of any third parties owning and controlling such DEI IP, Joint IP, or portion thereof as contemplated therein.

e. Pre-existing SSMP Intellectual Property. Each party retains all IP Rights that it may have as of the Effective Date, subject to the license granted to DEI in Section 15.f. below, and the licenses granted to SSMP under 15.g. below. Without limiting the generality of the foregoing, the parties acknowledge that SSMP is the exclusive licensee of U.S. Patent 5,109,844, entitled *Retinal Microstimulation,* U.S. Patent 5,935,155, entitled *Visual Prosthesis and Method of Using Same,* and U.S. Patent 5,944,747 entitled *A Method for Preferential Outer Retinal Stimulation* (collectively, the **"Pre-existing SSMP IP").** SSMP believes that rights under the Pre-existing SSMP IP are necessary to complete one or more of the Research Projects.

f License to DEI. Subject to the terms of this Agreement, SSMP grants to DEI and its Affiliates, a fully paid-up, royalty-free, worldwide, non-exclusive, non-revocable license, without the right to sublicense without SSMP's prior written consent, under the Pre-existing SSMP IP and Joint IP to conduct the Research Projects and to make, have made, use and provide materials for DEI's and its Affiliates' nonprofit clinical and internal research and educational purposes, but not to sell, distribute, or otherwise make any such materials commercially available. The license grant under Pre-existing SSMP IP is subject to rights retained by the United States Government in accordance with P.L. 96-517, as amended by P.L. 98-620, and as set forth in 37 C.F.R. Part 401.

g. License to SSMP. Subject to the terms of this Agreement, DEI grants to SSMP a worldwide, exclusive, royalty-bearing license, with right to sublicense, under the DEI IP and the Joint IP to make, have made, use, lease, import, and sell any Licensed Products. This license (and any associated royalty obligations set forth herein) shall expire upon the termination of the last of the IP Rights in the DEI IP and the Joint IP if not earlier terminated in accordance with this Agreement. This license grant is subject to a retained right in DEI to make, have made, use and provide materials for DEI's and its Affiliates' nonprofit clinical and internal research and educational purposes, but not to sell, distribute or otherwise make any such materials commercially available. This license grant is further subject to a retained right of the United States Government in accordal1ce with P.L. 96-517, as amended by P.L. 98-620, and as set forth in 37 C.F.R. Part 401 and any other rights retained by the government. SSMP shall not use, license, or otherwise exploit any DEI IP other than pursuant to this Section 15.g. For the avoidance of doubt, the license granted in this Section 15.g. shall not apply to any DEI IP, Joint IP, or portion thereof not Developed by DEI Personnel or SSMP and, therefore, is not owned and controlled by DEI and/or SSMP as provided in Sections 15.a. and 15.b. above and is subject to the rights of any third parties owning and controlling any such DEI IP, Joint IP, or portion thereof as contemplated therein.

h. Cooperation. The parties agree to cooperate reasonably with each other and to execute all documents reasonably necessary to vest in each party the ownership, prosecution, enforcement, and other rights in and to the DEI IP and Joint IP set forth in this Section 15 and to record and otherwise perfect such rights. Except as otherwise disclosed or provided in this Agreement, neither party believes it has entered into any agreement with any third party in conflict with this Section 15, and each party agrees that it will not enter into any agreement that such party believes to be in conflict with this Section 15 without the consent of the other party.

i . Prior Agreement. The parties acknowledge and agree that, except as expressly set forth in this Agreement, this Agreement (and not the Prior Agreement) shall govern the parties rights and obligations with respect to the Prior DEI IP and the Prior Joint IP in all respects and the Prior Agreement shall be of no further force or effect with respect to such matters.

16. **COMMERCIALIZATION EFFORTS.**

a . Best Efforts. SSMP warrants that it will use its best efforts to develop, make, market, sell, obtain all applicable legal and regulatory approvals, and otherwise commercialize (collectively, **"Commercialize")** the Licensed Products and that the Commercialization of such Licensed Products shall be in compliance with all applicable laws and regulations, including but not limited to all product liability, medical device, export, and IP Rights-related laws. Upon the request of DEI, but not more frequently than annually, SSMP shall submit to DEI a report detailing its research, regulatory approval, marketing, and product development objectives in the coming year, as well as SSMP's progress on such activities in the prior year. Such reports shall identify specific future milestones (e.g., regulatory approvals and product development goals) and information demonstrating that SSMP is providing sufficient financial and manpower resources to evidence its use of best efforts. In the event that SSMP fails to use its best efforts to Commercialize any Licensed Products in any jurisdiction, or in spite of its best efforts fails to Commercialize any Licensed Products within such jurisdiction within a commercially reasonable time, then the license set forth in Section 15.g. to SSMP from DEI shall become non-exclusive in such jurisdiction upon notice from DEI.

b. Marking. SSMP agrees to ensure that all Licensed Products and all product literature, advertising, labels, packages, and other materials for all Licensed Products will be marked with the number of the applicable patent(s) or other IP Rights included within the DEI IP and Joint IP to which SSMP has any rights hereunder in accordance with each jurisdiction's laws regarding such IP Rights. SSMP will provide DEI with copies of any labels for such Licensed Products and of any other such materials promptly upon request.

c . Manufacture. SSMP agrees that any and all Licensed Products sold, licensed, leased, or used within the United States of America shall be manufactured substantially in the United States of America, unless a written waiver is obtained in advance from the relevant United States federal agency.

d . Export. SSMP acknowledges that DEI is subject to United States statutes, regulations, and other laws controlling the export of technical data, computer software, laboratory prototypes, and other technology, and that its obligations hereunder are contingent on compliance with all such laws. SSMP shall, at its own expense, obtain and or pay all import and export licenses and permits, customs charges and duty fees, if any, and shall take all other actions, if any, required to accomplish the export and import of any information provided by DEI hereunder or of any Licensed Products. To the extent required by applicable law, SSMP shall not knowingly disclose any of DEI's Confidential Information or transfer any Licensed Products or other materials: (i) to (or to a national or resident of) Cuba, Iran, Sudan, Syria, or any other country that the U.S. has embargoed, so long as an embargo exists; (ii) to anyone on the Bureau of Industry and Security's denied persons or entities lists, the U.S. Treasury Departments' specially designated nationals list, the U.S. State Department's debarred list, or any similar list of any persons, entities, or countries; or (iii) in any other manner that would violate any applicable statutes, orders, regulations, rules, treaties, or other laws.

17. USC

SSMP acknowledges that: (i) the PIs and other DEI Personnel also may be employees of USC; (ii) USC shall be deemed to be an Affiliate of DEI for all purposes of this Agreement; and (iii) USC may have an interest in any DEI IP or Joint IP in which DEI has any interest, and, under some circumstances, USC may have the sole interest in any DEI IP or Joint IP developed by certain DEI Personnel, in each case in accordance with agreements and arrangements between DEI and USC, which have not been disclosed to SSMP. This Agreement does not affect any such agreements or arrangements. DEI hereby warrants that it has obtained approvals from USC sufficient to grant the license herein (including with respect to the Prior DEI IP and the Prior Joint IP and including approval to grant the license in Section 15.g. above).

18. **INDEMNITY; INSURANCE.**

a . Indemnity. SSMP shall indemnify, defend, and hold harmless DEI and its Affiliates and the respective trustees, officers, directors, employees, and agents of each, from and against any and all third party claims, demands, causes of action, actions, suits, or proceedings, and from and against any and all losses, damages, judgments, settlements, liabilities, costs, and expenses, including without limitation legal expenses and attorneys' and experts' fees and costs, arising out of or relating to: (i) performance of the Research Projects; (ii) any negligence or intentional misconduct of SSMP or any breach of this Agreement by SSMP; (iii) any materials or information provided by SSMP, including, without limitation, any claim that any material or information provided by SSMP infringes upon or misappropriates any IP Rights of a third party; (iv) the death of, or injury to, any person or persons, or any damage to property, resulting from, or arising out of, the manufacture, use, handling, testing, sale, disposal, or other exploitation of any products created by any SSMP Parties; or (v) any efforts by any SSMP Parties to Commercialize or otherwise exploit any Licensed Product, DEI IP, Joint IP, or other technology or IP Rights created or licensed hereunder.

b . Insurance. SSMP shall obtain and maintain, at its own expense, standard product liability insurance coverage, comprehensive general liability coverage and other insurance that is commonly utilized in the industry for comparable transactions naming DEI and the other indemnities set forth in subsection (a) above as additional named insured. Such policies shall: (i) be maintained with a carrier having a rating from AM Best of at least "A"; and (ii) provide protection against any claims, demands and causes of action set forth in subsection (a) above and claims, demands, and causes of action arising out of any manufacture, sale, export, license, lease or other use or Commercialization of any Licensed Product, and any product or service based on or related to any IP Rights or technology created hereunder. The amount of such coverage shall be a minimum of $1,000,000, or such greater amount as may be commercially reasonable under the circumstances, with no deductible amount, for each single occurrence for bodily injury or property damage. The policies shall provide for notice to DEI from the insurer by registered or certified mail in the event of any modification or termination of insurance and SSMP may only tem1inate or modify such policies if it replaces such policies with policies equally protective of DEI and the indemnities in subsection (a) above without interruption of time. SSMP shall furnish DEI certificates from its product liability and other insurance carriers evidencing insurance coverage in favor of DEI and the indemnities in subsection (a) above, and in no event shall SSMP distribute, perform or otherwise Commercialize any Licensed Product, or any product or service based on or related to any IP Rights or technology developed hereunder before receipt by DEI of current evidence of insurance. The provisions of this Section shall survive expiration or termination of this Agreement as long as there is any manufacture, sale, export, use, or other Commercialization of any Licensed Product, or any product or service based on or relating to any IP Rights or technology created hereunder.

19. **WARRANTY DISCLAIMER.**

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES, AND EACH PARTY SPECIFICALLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT, AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR PERFORMANCE ARISING OUT OF OR RELATED TO THIS AGREEMENT, AS WELL AS ANY EQUITABLE INDEMNITIES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, DEI SPECIFICALLY DISCLAIMS ANY WARRANTIES RELATING TO THE DEI IP, THE JOINT IP, OR ANY WORK PERFORMED HEREUNDER.

20. **LIMITATION OF LIABILITY.**

EXCEPT FOR THE INDEMNITY OBLIGATIONS SET FORTH IN SECTION 18 ABOVE OR IN THE CASE OF ANY WILLFUL MISCONDUCT OR FRAUD, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, AND WHETHER OR NOT THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. EXCEPT FOR THE INDEMNITY OBLIGATIONS SET FORTH IN SECTION 18 ABOVE OR IN THE CASE OF ANY WILLFUL MISCONDUCT OR FRAUD, IN NO EVENT SHALL THE AGGREGATE LIABILITY OF EITHER PARTY ARISING HEREUNDER, WITH RESPECT TO OR IN CONNECTION WITH THIS AGREEMENT EXCEED THE TOTAL MONIES PAID OR PAYABLE BY SSMP TO DEI UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE ON WHICH SUCH LIABILITY ARISES.

21. **TERM AND TERMINATION.**

a. Term. Each SOW shall commence on the effective date stated therein and expire upon the termination of the Period of Performance set forth therein, unless earlier terminated in accordance herewith. This Agreement shall commence on the Effective Date and shall expire upon the expiration or termination of all SOWs hereunder (the **"Termination Date"),** provided however that the parties may extend this Agreement by mutual written agreement to facilitate the formation of additional then-contemplated SOWs should they desire to do so.

b. Convenience. Either party may terminate any SOW (and the Research Project described therein) upon thirty (30) days prior written notice to the other party for any reason or no reason.

c . Breach. Either party may terminate any affected SOW (and the Research Project described therein) or this Agreement upon written notice to the other party if the latter party breaches any material term, obligation, representation, or warranty in tills Agreement or the applicable SOW and fails to cure such breach within thirty (30) days after receiving notice thereof, provided that if DEI fails to cure such breach, such failure is not the direct or indirect result of any failure by SSMP to provide DEI with any information, materials, or assistance contemplated by tills Agreement or the applicable SOW or to reimburse DEI in accordance with tills Agreement and the applicable SOW.

d. PI. Either party may immediately terminate any SOW (and the Research Project described therein) upon written notice if no specified person is able to continue to serve as PI for the affected Research Project(s) specified in the applicable SOW(s) and the parties are unable to agree upon an available successor PI within ten (10) days, as referenced in Section 2 above.

e . Costs. DEI may immediately terminate any SOW (and the Research Project described therein) upon written notice if SSMP does not authorize additional reimbursement of DEI's costs for the affected Research Project(s) specified in the applicable SOW(s) within ten
(10) days of DEI's request, as referenced in Section 5 above.

f. Assignment; Insolvency. Either party may immediately terminate any SOW or this Agreement upon written notice if the other party has: (i) attempted to assign this Agreement in violation of Section 23 below; or (ii) availed itself of, or been subjected by a third party to, a proceeding in bankruptcy, an assignment for the benefit of creditors, the appointment of a receiver or other proceeding involving insolvency or protection from creditors or similar proceedings under applicable law.

g. Effects of Termination on Services. Upon expiration or termination of any SOW or the Agreement for any reason, SSMP will pay for costs incurred through the date of expiration or termination, and DEI will furnish all necessary reports of services performed for each affected Research Project, whether such services are completed or in progress, through the date of expiration or termination, provided that DEI has received full reimbursement from SSMP of the costs associated with such services. Said costs may include, without limitation, all non- cancelable obligations, as well as all other costs to the extent qualifying as allowable termination costs pursuant to OMB Circulars A-110 or A-122, to the extent such OMB Circulars are applicable hereto. All previously invoiced amounts shall immediately become due and payable.

h . Effects of Termination on Licensed Rights. In the event of termination of this Agreement by DEI pursuant to Sections 2l.c. or 2l.f. (but not an expiration or termination of tills Agreement pursuant to Section 2l.a., 2l.b, 2l.d., or 2l.e. above), all rights licensed to SSMP pursuant to Section 15.g. above shall immediately terminate. Within twenty (20) days after such termination, SSMP shall provide DEI with a written inventory of all Licensed Products that are either completed or works in process in its possession as of the date of termination (the **"Inventory").** SSMP shall have the right to complete and sell all Licensed Products specified in the Inventory subject to all of SSMP's royalty payment and other obligations set forth herein, provided that the amounts set forth in the Inventory are reasonable and consistent with prevailing industry standards for products of the same type as the Licensed Products. DEI shall have the right to take a physical inventory of the Licensed Products that are either completed or works in process in SSMP's possession and to access SSMP's databases sufficient to confirm the Inventory. Refusal by SSMP to permit a physical inventory or access to the databases by DEI shall forfeit SSMP's right to sell or otherwise dispose of any Licensed Products after termination.

i . Return of Materials. Upon expiration or termination of this Agreement for any reason, or upon request by either party, each party (or the non-requesting party, as applicable) shall deliver to the other party or destroy, at the option of the delivering or destroying party all tangible copies of, or tangible materials containing or embodying any, Confidential Information of the other party then subject to the obligations in Section 12 above and in possession or control of such party and shall erase all electronic files in its possession or under its control containing any such Confidential Information; provided, however, that the delivering or destroying party may retain a copy of such Confidential Information in its legal files to maintain a legal record of the Confidential Information provided under this Agreement and to ensure compliance with the obligations of this Agreement, and provided further that copies of files containing any such Confidential Information may remain on such party's standard computer back-up devices (which copies such party agrees not to access thereafter except as permitted herein).

j . Survival. All definitions, and the parties' rights and obligations set forth in Sections 7, 8, 9 through 15 (except as set forth in Section 21.h.), and 18 through 28, shall survive the expiration or earlier termination of this Agreement for any reason, in each case to the extent consistent with the terms thereof.

k . Remedies. Expiration or termination of an SOW or this Agreement shall not terminate either party's rights or obligations with respect to matters arising out of events occurring prior to the effective date of such expiration or termination. Each party's rights of termination under this Section 21 are in addition to, rather than in lieu of, any other rights of, or remedies available to, such party.

22. **NOTICES.**

Any notices required or permitted to be given under this Agreement shall be in writing, delivered by hand, prepaid certified or registered mail (rettm1 receipt requested), nationally recognized overnight courier that provides confirmation of delivery (such as Federal Express), or facsimile, directed to the parties as follows:

For DEI:

Marissa Goldberg, V.P., Administration
Doheny Eye Institute
1450 San Pablo Street #3025
Los Angeles, CA 90033
Telephone: (323) 442-7123
Facsimile: (323) 442-7127

For SECOND SIGHT:

Robert J. Greenberg, M.D., Ph.D. President
Second Sight Medical Products, Inc.
12744 San Fernando Road, Bldg 3
Sylmar, California 91342
Telephone: (818) 833-5050
Facsimile: (818) 833-5067

All notices, statements, and payments required or permitted under this Agreement shall be deemed to be given when delivered in person, five (5) business days after being sent by prepaid are sent by certified or registered mail, on the first business day on or after the date on which delivery is confirmed by courier, or on the first business day on or after the date on which facsimile delivery is confirmed by the sending machine. Either party may change its contact information for notices by giving notice to the other party as provided herein.

23. **ASSIGNMENT.**

Neither party may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other party; any such consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, either party may assign this Agreement to the successor to all or substantially all of the business or assets to which this Agreement relates without the consent of the other party, provided that prompt notice of such assignment is given to the other party. Any assignment in violation of this provision shall be null and void. This Agreement shall be binding on and inure to the benefit of all permitted successors and assigns.

24. **DISPUTE RESOLUTION.**

a . Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to any conflicts of laws principles.

b . Arbitration. Except as set forth in Section 24.c. below, all disputes arising under or relating to this Agreement shall be submitted by either party to private m1d confidential arbitration by a single neutral arbitrator. Subject to the terms of this Section 24, the comprehensive Commercial Arbitration Rules of the American Arbitration Association (AAA) shall govern the arbitration proceedings m1d the provisions of California Code of Civil Procedure Section 1283.05 will apply. The arbitrator shall be appointed by agreement of the parties hereto or, if no agreement can be reached, by the AAA pursuant to its applicable rules from a list of three arbitrators submitted by each party. The arbitration shall take place in Los Angeles, California. The arbitrator shall have no authority to vary from or ignore the terms of this Agreement and shall be bound by the controlling law as provided above. The decision of the arbitrator shall be final and binding on both parties and may be entered as final judgment in any court having competent jurisdiction. The costs of the arbitrator and of the fees of the AAA shall be divided equally among the parties; otherwise, the prevailing party shall be entitled to an award of its fees and costs, including without limitation its attorneys' and experts' fees and costs. This arbitration procedure is intended to be the sole and exclusive method of resolving any claim arising out of or relating to this Agreement, except as noted above.

c . Courts. Either party may seek provisional relief, including without limitation restraining orders, injunctions, and attachments, and may enter judgment on any arbitration award, in any court of competent jurisdiction. For such purposes, the parties hereby submit themselves to the non-exclusive jurisdiction of the state and federal courts located in Los Angeles, California and waive any objection thereto on the basis of personal jurisdiction, venue, and convenience of the forum, or on any other basis.

25. **ENTIRE AGREEMENT.**

Unless otherwise specified, this Agreement, including all of the SOWs attached hereto, embodies the entire understanding between DEI and SSMP with respect to the Research Projects, the DEI IP, and the Joint IP, and any prior or contemporaneous representations or agreements, whether in oral, written, electronic, or other form (including without limitation the Prior Agreement), are hereby superseded. This Agreement shall not be deemed or construed to be modified, amended, or otherwise varied, in whole or in party, including without limitation through changes in any SOW, except by written amendment signed by authorized representatives of both parties or as otherwise expressly set forth herein. The body of this Agreement and any SOW attached hereto shall be construed to the extent possible so as to be consistent with one another; in the event of any conflict between any provision in the body of this Agreement and any provision in any SOW, the provision in the SOW shall control.

26. **RELATIONSHIP.**

The parties to this Agreement are independent contractors and nothing herein shall be construed as creating an employment, agency, franchise, joint venture, or partnership relationship between the parties. Except as set forth herein, neither party shall have any right, power, or authority to enter into any agreement for or on behalf of, or incur any obligation or liability, or to otherwise bind, the other party.

27. **WAIVER; SEVERABILITY.**

In the event that any provision of this Agreement is in conflict with any statute, regulation, order, rule, or other law or is otherwise unenforceable under applicable law, such provision shall be deemed stricken from this Agreement and the remaining provisions of this Agreement shall continue in full force and effect, but only if consistent with the economic intent of the parties as evidenced by this Agreement as a whole. No failure by either party to take action or assert any right hereunder shall be deemed to be a waiver of such right in the event of the continuation or repetition of the circumstances giving rise to such right or a waiver of any other right.

28. **COUNTERPARTS.**

This Agreement and each SOW may be executed in original or facsimile counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by duly authorized persons as of the Effective Date.

DOHENY EYE INSTITUTE		**SECOND SIGHT MEDICAL PRODUCTS, INC.**	
By:		By:	
Name:	Marisa Goldberg	Name:	Robert J. Greenberg, M.D., Ph.D
Title:	V.P., Administration	Title:	President

Exhibit 10.13

Dated as of __________, 2014

MDB Capital Group, LLC
401 Wilshire Boulevard
Santa Monica, California 90401

Re: Second Sight Medical Products, Inc.—Lock-up Agreement

Ladies and Gentlemen:

This agreement is being delivered to you in connection with the proposed Underwriting Agreement (the "Underwriting Agreement") between Second Sight Medical Products, Inc., a California corporation (the "Company"), and MDB Capital Group, LLC ("MDB") relating to a proposed underwritten public offering of shares (the 'Shares") of the Company's Common Stock (the "Common Stock").

In order to induce MDB to enter into the Underwriting Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees that, during the period beginning on and including the date of the Underwriting Agreement through and including the [ ] months anniversary of the date of the Underwriting Agreement (the "Lock-Up Period"), the undersigned, or any affiliated party of the undersigned, will not, without the prior written consent of MDB, directly or indirectly:

(i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or

(ii) enter into any swap or other agreement, arrangement or transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequence of ownership of any Common Stock or any securities convertible into or exercisable or exchangeable for any Common Stock,

whether any transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock, other securities, in cash or otherwise. Moreover, if:

(1) during the last 17 days of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or

(2) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the Lock-Up Period,

the Lock-Up Period shall be extended and the restrictions imposed by this agreement shall continue to apply until the expiration of the 18-day period beginning on the date of issuance of the earnings release or the occurrence of the material news or material event, as the case may be, unless MDB waives, in writing, such extension.

Notwithstanding the provisions set forth in the immediately preceding paragraph, the undersigned may, without the prior written consent of MDB, (1) transfer any Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock as a bona fide gift or gifts, or by will or intestacy, to any member of the immediate family (as defined below) of the undersigned or to a trust the beneficiaries of which are exclusively the undersigned or members of the undersigned's immediate family or to a charity or educational institution; provided, however, that it shall be a condition to the transfer that (A) the transferee executes and delivers to MDB not later than one business day prior to such transfer, a written agreement, in substantially the form of this agreement and otherwise satisfactory in form and substance to MDB, and (B) if the undersigned is required to file a report under Section 16(a) of the Securities Exchange Act of 1934, as amended, reporting a reduction in beneficial ownership of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock by the undersigned during the Lock-Up Period (as the same may be extended as described above), the undersigned shall include a statement in such report to the effect that such transfer or distribution is not a transfer for value and that such transfer is being made as a gift or by will or intestacy, as the case may be or (2) exercise or convert currently outstanding warrants, options and convertible debentures, as applicable, and exercise options under an acceptable stock option plan, so long as the undersigned agrees that the shares of Common Stock received from any such exercise or conversion will be subject to this agreement. For purposes of this paragraph, "immediate family" shall mean a spouse, child, grandchild or other lineal descendant (including by adoption), father, mother, brother or sister of the undersigned.

The undersigned further agrees that (i) it will not, during the Lock-Up Period (as the same may be extended as described above), make any demand for or exercise any right with respect to the registration under the Securities Act of 1933, as amended (the "1933 Act"), of any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, and (ii) the Company may, with respect to any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock owned or held (of record or beneficially) by the undersigned, cause the transfer agent or other registrar to enter stop transfer instructions and implement stop transfer procedures with respect to such securities during the Lock-Up Period (as the same may be extended as described above).

In addition, the undersigned hereby waives any and all notice requirements and rights with respect to the registration of any securities pursuant to any agreement, instrument, understanding or otherwise, including any registration rights agreement or similar agreement, to which the undersigned is a party or under which the undersigned is entitled to any right or benefit and any tag-along rights or other similar rights to have any securities (debt or equity) included in the offering contemplated by the Underwriting Agreement or sold in connection with the sale of Common Stock pursuant to the Underwriting Agreement, provided that such waiver shall apply only to the public offering of Common Stock pursuant to the Underwriting Agreement and each registration statement filed under the 1933 Act in connection therewith.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this agreement and that this agreement has been duly executed and delivered by the undersigned and is a valid and binding agreement of the undersigned. This agreement and all authority herein conferred are irrevocable and shall survive the death or incapacity of the undersigned and shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

IN WITNESS WHEREOF, the undersigned has executed and delivered this agreement as of the date first set forth above.

Yours very truly,

____

Print Name: __________________________

EXECUTION COPY

SECOND SIGHT MEDICAL PRODUCTS, INC.

SHAREHOLDERS AGREEMENT

September 5, 2003

TABLE OF CONTENTS

SECOND SIGHT MEDICAL PRODUCTS, INC.

SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (this "Agreement") is made as of September 5, 2003, among Second Sight Medical Products, Inc., a California corporation (the "Company"), and the shareholders listed on Schedule A hereto (the "Holders," and each individually a "Holder").

RECITALS

WHEREAS, the Holders have purchased or otherwise acquired shares of the Company's Common Stock, and the Company and the Holders desire to enter into this Agreement to provide registration and subscription rights to the Holders, and to provide certain voting and share transfer requirements regarding the Holders' shares.

NOW, THEREFORE, for good consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Registration Rights.

1.1 Demand Registration.

(a) If the Company receives at any time six (6) months or more after the effective date of a registration statement for an initial public offering of the Company's Common Stock (an "IPO"), a written request from the Holders of a majority of shares of Common Stock held by the Holders, including Common Stock issued or issuable upon the conversion or exercise of any warrant, right or other security that is issued as a dividend or other distribution with respect to, or in exchange for or in replacement of the shares of Common Stock held by the Holders (collectively, "Registrable Securities"), that the Company file a registration statement under the Securities Act of 1933, as amended, or any successor statute (the "Securities Act") covering the registration of at least a majority of the Registrable Securities then outstanding (or a lesser percent if the anticipated aggregate offering price would exceed $5,000,000); then the Company will: ·

(i) within ten (10) days of receipt of the notice, give written notice of the registration request to all Holders; and

(ii) as soon as practicable and in any event within sixty (60) days of the receipt of such request, file with the Securities and Exchange Commission or any successor organization (the "SEC") a registration statement under the Securities Act covering all Registrable Securities that the Holders request be registered.

(b) If the Holders that make the registration request (the "Initiating Hplders") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they will so advise the Company as a part of their request and the Company will include that information in the written notice to the other Holders. The underwriter or underwriters will be selected by the Company with the consent of the holders of a majority of the Registrable Securities (which consent shall not be unreasonably withheld).

(c) Notwithstanding the foregoing, if the Company gives the Holders who wish to register their shares a certificate signed by the Chief Executive Officer or President of the Company stating that in the good faith judgment of the Board of Directors of the Company it would be seriously detrimental to the Company and its shareholders for the registration statement to be filed and it is essential to defer the filing, the Company may defer the filing for a period of not more than one hundred twenty days (120) after receipt of the request of the Initiating Holders; provided, the Company may not exercise this right more than once in any twelve-month period.

(d) The Company will not be obligated to effect a registration:

(i) After the Company has effected one registration pursuant to this Section and the registration has been declared effective; or

(ii) If the Company intends to file a registration statement that would trigger the Holders' piggyback registration rights under Section 1.2, then from thirty (30) days prior to the Company's estimate of the filing of the registration statement until one hundred eighty (180) days after the effective date of the registration statement, the Company will not be required to effect a demand registration as long as the Company is using its best efforts to cause the registration statement to become effective.

1.2 Piggyback Registration Rights. If the Company proposes to register any of its securities or those of Company shareholders in a public offering (other than a registration statement for an employee benefit plan or to register stock to be issued as consideration in an acquisition), the Company will promptly give each Holder written notice of the intended registration. Upon the written request of each Holder given within ten (10) days after receipt of the written notice by the Company, the Company will cause to be registered all of the Registrable Securities that each such Holder has requested be registered. If a Holder decides not to include all of its Registrable Securities in the registration statement filed by the Company, the Holder will nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or statements that may be filed by the Company.

1.3 Underwriting Requirements. In connection with any offering involving an underwriting, the Company will not be required to include any of the Holders' securities in such underwriting unless the Holders enter into an underwriting agreement, in reasonable and customary form, agreed upon between the Company, the underwriters and the holders of a majority of the Registrable Securities to be registered. If the amount of securities the Holders want to include in the offering exceeds the amount the underwriters reasonably believe is compatible with the success of the offering, then the Company will be required to include only those Registrable Securities the underwriters believe will not jeopardize the success of the offering. In no event will the amount of securities of the Holders included in the offering be reduced below twenty percent (20%) of the total amount of securities included in such offering, unless such offering is an IPO in which case the Holders' shares may be excluded if the underwriters make the determination described above and no other shareholder's securities are included. If Holders' shares are excluded from the offering, they will be excluded pro rata among the Holders based on their holdings relative to all Holders and as may otherwise be required by the underwriters based on the underwriters' assessment of market conditions. Any Holder of Registrable Securities that is a partnership, limited liability company or corporation, the partners, retired partners, members and shareholders of such Holder, or the estates and family members of any such persons will be deemed a single "selling shareholder," and any pro rata reduction will be based upon the amount of Registrable Securities owned by all entities and individuals included in such "selling shareholder."

1.4 Obligations of the Company. Whenever required to register any Registrable Securities, the Company will as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement for the Registrable Securities and use its best efforts to cause the registration statement to become effective, and keep the registration statement effective for one hundred eighty (180) days or until the distribution contemplated in the registration statement has been completed, if a shorter period (the "Effectiveness Period"); provided that (i) the Effectiveness Period will be extended for a period of time equal to the period the Holder refrains from selling any securities at the request of an underwriter; and (ii) in the case of any registration on Form S-3, the Effectiveness Period will be extended until all Registrable Securities covered by the registration statement are sold. In the event that, in the judgment of the Company, it is advisable to suspend use of the prospectus relating to the registration statement due to material corporate events that have not been publicly disclosed and as to which the Company believes public disclosure will be prejudicial, the Company may suspend the use of the prospectus for up to thirty days (30) by written notice to each Holder of Registrable Securities covered by the registration statement, to the effect of the foregoing and the Holders will not sell Registrable Securities covered by the registration during the suspension, other than in transactions exempt from registration.

(b) Prepare and file with the SEC amendments and supplements to the registration statement and the related prospectus as may be necessary to comply with the Securities Act.

(c) Furnish to the Holders as many copies of the prospectus, including a preliminary prospectus, any amendment or supplement and the registration statement, as they may request to facilitate the sale of the Registrable Securities.

(d) Use its best efforts to register and qualify the securities covered by the registration statement under the state securities laws requested by the Holders.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement.

(f) Notify each Holder of Registrable Securities covered by the registration statement of any event which causes the prospectus to have an untrue statement of a material fact or omit to state a material fact required to be stated therein to make the statements therein not misleading, and prepare and furnish to each Holder as many copies as the Holder reasonably requests of a supplement or an amendment to the prospectus so that the prospectus does not include an untrue statement of a material fact or omit to state a material fact.

(g) Cause all Registrable Securities registered to be listed on each exchange or quotation system on which securities issued by the Company are listed.

(h) Use its best efforts to furnish, at the request of any Holder, and prior to the sale of the securities, (i) an opinion of the counsel representing the Company in the registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and the Holders, and (ii) a letter from the independent accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters, addressed to the underwriters, if any, and to the Holders requesting registration ofRegistrable Securities.

(i) Permit a single law firm designated as selling shareholders' counsel by the holders of a majority of the Registrable Securities to review the registration statement and all amendments and supplements thereto a reasonable period of time prior to their filing with the SEC, and not file any document to which such counsel reasonably objects.

(j) Cause the Company's officers, directors and independent accountants to supply all information reasonably requested by a representative of any Holder of Registrable Securities, and any attorney or accountant for such Holder, in connection with the registration.

(k) Otherwise use its best efforts to comply with all applicable SEC rules.

1.5 Expenses of Registration. All registration expenses (including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel and accountants for the Company, reasonable fees and disbursements of a single special counsel for the Holders, blue sky fees and expenses and the expense of any special audits required by any such registration) will be borne by the Company. All underwriting discounts and selling commissions applicable to the sale of the Holders' securities will be borne by the Holders of the securities registered, pro rata on the basis of the number of shares registered.

1.6 Indemnification. In the event Registrable Securities are included in a registration statement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder of such Registrable Securities, the officers, directors, partners, members, controlling person and legal counsel of each such Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter·within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended, or any successor statute (the "Exchange Act"), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, or the Exchange Act or other federal or state securities laws, insofar as such losses, claims, damages, or liabilities arise out of or are based upon any of the following statements, omissions or violations (collectively, a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in the registration statement, including any preliminary prospectus or final prospectus or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated, or necessary to make the statements not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation under the Securities Act, or the Exchange Act or any state securities law; and the Company will reimburse, as incurred, each Holder, officer, director, partner, member, legal counsel, underwriter or controlling person, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that notwithstanding anything to the contrary contained herein, the indemnification: (i) will not apply to a claim by a Holder, officer, director, partner, member, legal counsel, underwriter or controlling person arising out of or based upon a Violation which occurs in reliance on information furnished in writing to the Company by such person expressly for use in connection with the registration statement; and (ii) will not be available to the extent a claim is based on a failure of such person to deliver the prospectus made available by the Company, including a corrected prospectus, if such prospectus or corrected prospectus was timely made available by the Company.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter, any other Holder selling securities in such registration statement and any officer, director or controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities Goint or several) to which any of the foregoing persons may become subject, under the Securities Act, or the Exchange Act or other federal or state securities laws insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case only to the extent that such Violation occurs in reliance upon written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse, as incurred any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this Section, in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this Section will not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent will not be unreasonably withheld, delayed or conditioned; provided further, that, in no event will any indemnity under this Section exceed the aggregate proceeds (net of commissions) from the sale of the Registrable Securities received by such Holder from the shares sold by such Holder in the offering in question.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action (including any governmental action), the indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party will have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) will have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between the indemnified party and any other party represented by such counsel in the proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, will relieve such indemnifying party of any liability to the indemnified party under this Section to the extent the indemnifying party was actually damaged or suffered any loss or incurred any additional expense as a result thereof, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section. An indemnifying party will not, without the prior written consent of the indemnified parties, settle, compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder by such indemnified parties (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes a release of such indemnified party reasonably acceptable to such indemnified party from all liability arising out of such claim, action, suit or proceeding or unless the indemnifying party will confirm in a written agreement reasonably acceptable to such indemnified party, that notwithstanding any federal, state or common law, such settlement, compromise or consent will not adversely affect the right of any indemnified party to indemnification.

(d) If the indemnification provided for in this Section is held by a court to be unavailable to an indemnified party, then the indemnifying party will contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability; claim, damage, or expense as well as any other relevant equitaqle considerations. The relative fault of the indemnifying party and of the indemnified party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. Notwithstanding the foregoing, the liability of each Holder under this Section will be limited to an amount equal to the aggregate proceeds (net of commissions) from the sale of the Registrable Securities received by such Holder from the shares sold by such Holder in the offering in question, except in the case of fraud by such Holder.

(e) To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing, the provisions in the underwriting agreement will control.

(f) The obligations of the Company and Holders under this Section will survive the completion of any offering of Registrable Securities and any termination of this Agreement.

1.7 Reports Under Exchange Act. To make available the benefits ofRule 144 under the Securities Act and permit a Holder to sell securities of the Company to the public without registration, the Company agrees to:

(a) make and keep public information available at all times after ninety (90) days after the effective date of the first registration statement filed by the Company;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to any Holder upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, if such reports or documents are not publicly available, and (iii) such other information as may be reasonably requested.

1 . 8 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, except as permitted by Section 10.7 or 10.12, the Company will not, without the prior written consent of the Holders of sixty-six and two-thirds percent (66 %) of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to (a) include securities in any registration unless the inclusion will not reduce the Registrable Securities of the Holders included in the registration or (b) demand registration which could result in a registration statement being declared effective prior to one requested by the Holders.

1.9 Agreements to Furnish Information. Each Holder will furnish the Company information regarding itself, the Registrable Securities held by it, and the intended method of disposition of the securities as required to register the Holder's Registrable Securities.

1.10 Termination of Registration Rights. The right of any Holder to request registration or inclusion in any registration pursuant to Section 1.1 or 1.2 hereof shall terminate on the earlier of (i) on such date two years or more after the closing of the Company's IPO as all shares of Registrable Securities held by such Holder may immediately be sold under Rule 144 during any ninety (90) day period, (ii) at such time as a Holder owns less than two percent (2%) of the outstanding stock of the Company (unless in combination with other Holders seeking registration of their shares under this Agreement, the total shares requested by such Holders to be registered is two percent (2%) or more of the outstanding stock of the Company), (iii) the expiration of five (5) years after the Company's IPO, or (iv) the closing of an acquisition of the Registrable Securities in exchange for publicly traded stock of another entity.

2. Right of First Offer. The Company hereby grants to each Accredited Holder (as defined below) a right of first offer with respect to sales by the Company of its Equity Securities (as defined below). An "Accredited Holder" is any Holder who, at the time the Company offers Equity Securities, (a) holds 10,000 or more shares of the Company's Common Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) and (b) is an "accredited investor" as defined in the Securities Act or regulations thereunder, which the Company may verify to its satisfaction through a questionnaire or similar means. "Equity Securities" means any shares of, or securities convertible into or exercisable for any shares of, any class of Company capital stock. Each time the Company proposes to offer EquitY Securities, the Company will first offer such securities to each Accredited Holder in accordance with the following provisions:

(a) The Company will deliver a written notice to the Accredited Holders stating (i) the Company's intention to offer Equity Securities, (ii) the number of Equity Securities to be offered, and (iii) the price and terms upon which the Company proposes to offer the Equity Securities.

(b) Within twenty (20) days after receipt of the notice, each Accredited Holder may elect in writing to purchase, at the price and on the terms specified in the notice, Equity Securities equal to the proportion that the number of Registrable Securities held by such Accredited Holder bears to the total number of Registrable Securities held by all Accredited Holders. The Company will promptly inform in writing each Accredited Holder that elects to purchase all the shares available to it (a "Fully-Exercising Holder") of any other Accredited Holder's failure to do likewise. D!:!!ip_gjhten-_<19:y_ _p Ijod commencing after r ceipt of such information, each Fully-Exercising Holder will be entitled to elect in writing to purchase that portion of the Equity Securities the Accredited Holders were entitled to purchase but did not elect fo purchase iqual to the proportion that the number ·ofRegistrable Securities held by such Fulfy ExerCising Holder. bears to the total number of Registrable Securities held by- all Fully-Exercising Hold rs who wish to purchase unsubscribed shares.

(c) Ifthe Accredited Holders do not timely elect to purchase all of the offered Equity Securities, the Company may, during the one hu,ndred twenty (120) day period following the expiration of the subscription period in· Section 2(b), offer the unsubscribed Equity Securities to any person or persons at a price not less than _and on terms no more favorable to the offeree than those specified in the original'offering notice given to the Accredited Holders. If the Company does not enter into an agreement for the sale of the Equity Securities within the one hundred twenty (120) day period, or if the agreement is not consummated within sixty (60) days of its execution, the right of first offer will be revived and the Equity Securities will not be offered unless first reoffered to the Accredited Holders in accordance with Section 2(b).

(d) The right of first offer does not apply to:

(i) up to 960,000 shares of Common Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued or issuable to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary, pursuant to stock purchase or stock option plans or other compensatory arrangements that are approved by the Board of Directors;

(ii) up to 823,530 shares of Common Stock that may be sold to other investors after the investment in the Company by Versant Venture Capital II, L.P., a Delaware limited partnership, Versant Affiliates Fund II-A, L.P., a Delaware limited partnership, Versant Side Fund II, L.P., a Delaware limited partnership or funds managed by the foregoing entities (collectively, "Versant"), as permitted by the Common Stock Purchase Agreement between the Company and Versant (and only such number of the 823,530 shares as are sold within the 90 days permitted by the Versant Common Stock Purchase Agreement);

(iii) shares of Common Stock issued in connection with any stock split, stock dividend or recapitalization by the Company;

(iv) any Equity Securities issued to a lender as an adjunct to an equipment loan or leasing arrangement, real property leasing arrangement, or debt financing from a bank or similar financial institution and approved by the Board of Directors; and

(v) any Equity Securities that are issued by the Company pursuant to a registration statement filed under the Securities Act.

3. Election of Directors.

3.1 Election of Directors. The Holders agree, at all times prior to an IPO, to vote all securities of the Company that they legally or beneficially own at any time so that the Company's Board of Directors will consist of five (5) directors, with one director selected by Versant (which director will initially be William Link), and four directors elected by a general vote of the Company's shareholders, excluding Versant (which four directors will initially be Robert Greenberg, Alfred Mann, Aaron Mendelsohn and Samuel Williams). If, after the date hereof, a party or group of affiliated parties (which for purposes ofthis Agreement means entities under common management or control) invests $7 million or more in newly issued equity purchased from the Company, such party or group of affiliated parties will, with the consent of the Board, be entitled to select a director to serve on the Board of Directors, and the size of the Board will be increased to six (6). Such party or parties will not be entitled to elect any directors other than their one designee, unless agreed to by Versant and the holders of a majority of shares covered by this Agreement other than Versant.

3.2 Removal of Directors and Vacancies. Any party who under Section3.1 has the right to select a director, will also have the right to remove such director and replace him or her with another candidate of the party's choice, or to replace him or her with a candidate of the party's choice in the event the director previously chosen by such party resigns or is unable to serve as a director. All Holders agree to vote to effect the choice of the party who has the right to remove and replace a director. Each Holder agrees that it will be subject to court order to specifically perform the voting obligations under this Agreement as required by this Section 3.

3.3 Successors to Voting Rights. Any party or group of affiliated parties to whom 80% or more ofVersant's initial holdings are transferred, will assume Versant's rights to appoint a director, unless such party or parties are in a related business to the Company's in which case the transferee or transferees will not assume Versant's right to appoint a director unless approved by a majority of the Board of Directors (excluding the Versant director). In the event au insufficient number of shares are transferred to give the transferee the right to select a director, or in the event the transferee is in a related business to the Company's and the Board does not approve allowing the transferee to appoint a director, the Board of Directors will remain at the same number of directors, but the spot previously reserved for Versant will be filled as permitted by law by the general vote of all shareholders.

4. Rights of First Refusal and Rights of Co-Sale.

4.1 General. Each Holder agrees not to make any sale, transfer or other disposition of all or any portion of the Equity Securities unless (a) the disposition will not require registration under the Securities Act (in which case the Company may require an opinion of counsel to the

Bolder to that effect), and (b) the Holder complies with the requirements of this Section 4. Notwithstanding the foregoing, a Holder does not need to comply with (b) in the case of Cii a partnership transferring shares to. its partners or former partners in accordance with partnership interests, (ii) a corporation transferring shares to a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of the Holder, (iii) a limited liability company transferring shares to its members or former members in accordance with their interest in the limited liability company, (iv) an individual transferring shares to the Holder's family member or trust for the benefit of an individual Holder or the Holder's family, (v) a Holder transferring shares to an affiliate, (vi) a pledge of shares in a loan transaction that creates a mere security. interest, (vii) a gift of shares to a non-profit for charitable purposes, (viii) the sale or transfer of less than $?0,000 of a Holder's shares per year (calculated based on a per share stock value which shall be the higher of (1) the fair market value of the Company's Common Stock on the date of sale or transfer or (2) the price per share of the Common Stock paid in the sale transaction, provided, sales or transfers pursuant to (i) through (vii) above shall excluded from this subsection (viii)), (ix) the sale of shares to the Company by an employee, consultant, director or other service provider at the lower of the original purchase price or the then fair market value in connection with the obligation to sell back unvested shares upon such person's cessation of service or (ix) Sight Enterprises, LLC transferring all or any portion of its shares to Steinmauer Plus Corporation BVI, a British Virgin Islands corporation, pursuant to an obligation to do so under an option agreement outstanding as of the date hereof. In the event of any sale, transfer or "t other disposition of a Holders' shares to a party other than the Company, the transferee must agree in writing to be bound by this Agreement to the same extent as if the transferee were an original Holder.

4.2 Rights of First Refusal.

(a) If at any time a Holder (the "Selling Holder") proposes to sell or otherwise transfer any Equity Securities now owned or subsequently acquired to one or more third parties, the Selling Holder will give the Company written notice thereof. The notice must include (i) a description of the securities to be transferred ("Offered Shares"), (ii) the prospective transferees, and (iii) the price and other terms of the transfer. The notice must also include a copy of any written proposal or agreement relating to the transfer.

(b) Company's Option. The Company will have an option for a period of five (5) days from receipt of the notice to elect to purchase the Offered ·shares at the same price and terms in the notice. The Company may elect to purchase all (or a portion of) the Offered Shares by notifying the Holder in writing before expiration of the five (5) days. If the Company gives the Holder notice that it will purchase the shares, payment for the shares will be by check or wire transfer against delivery of the shares no later than forty-five (45) days after the Company's receipt of the notice. If the Company does not elect to purchase all of the Offered Shares within the five (5) day period, the Offered Shares the Company does not elect to purchase will be subject to the Accredited Holders' purchase option below.

(c) Accredited Holders' Option. If the Company does not timely elect to purchase all of the Offered Shares, the Selling Holder will give each Accredited Holder (other than the Selling Holder) written notice identifying the Offered Shares which the Company declined to purchase and containing the other information the Selling Holder was required to provide in its notice to the Company under Section 3.1(a). ,The Accredited Holders will have ten (10) days from receipt of the notice to elect to purchase their respective pro rata shares of the remaining Offered Shares at the same price and terms in the notice. Each Accredited Holder may exercise the option and purchase all or any portion of its pro rata share by notifying the seller and the Company in writing before expiration of the ten (10) day period as to the number of such shares it wishes to purchase. Each Accredited Holder's pro rata share of the remaining Offered Shares will be a fraction of the remaining Offered Shares, of which the number of shares of the Company's Common Stock owned by such Holder will be the numerator and the total number of shares of the Company's Common Stock owned by all Accredited Holders (other than the Selling Holder) will be the denominator. Each Accredited Holder will have a right *of* reallotment such that, if any other Accredited Holder fails to exercise the right to purchase its full pro rata share of the remaining Offered Shares, the Company will promptly so notify the other participating Accredited Holders and they may exercise in writing by notifying the Company and the Selling Holder within five (5) days of receiving the reallotment notice an additional right to purchase, on a pro rata basis, the remaining shares the other Accredited Holders did not timely elect to purchase. If an Accredited Holder timely gives notice that it desires to purchase Offered Shares, payment to the Selling Holder will be by check or wire transfer against delivery of the shares no later than forty-five (45) days after the Accredited Holder's receipt of the notice original notice from the Selling Holder.

(d) Valuation ofProperty. If the proposed sale price of the Offered Shares is payable in property other than cash, the Company (or the Accredited Holders) will have the right to pay the purchase price in cash equal to the value of the property. If the Selling Holder and the Company (or the Accredited Holders) cannot agree on the cash value, the valuation will be made by an appraiser of recognized standing selected by the Selling Holder and the Company (or the Accredited Holders) or, if they cannot agree on an appraiser, each will select an appraiser and the two appraisers will designate a third appraiser, whose appraisal will be determinative. The cost of such appraisal will be shared equally by the Selling Holder and the Company (or the Accredited Holders). Any cost to the Accredited Holders will be borne pro rata by each based on the number of shares each Holder is interested in purchasing.

4.3 Non-Exercise of Rights. To the extent the Company and the Accredited Holders have not timely exercised their rights to purchase the Offered Shares, the Selling Holder will have a period of sixty Q}jays from the expiration of such rights in which to sell the Offered Shares to the proposed purchaser at a purchase price and on other terms no more favorable than those specified in the original sale notice sent by the Selling Holder. If the Selling Holder does not complete the sale within the sixty (60) day period, the Company's and the Accredited Holders' purchase rights will be revived and the Selling Holder will have to go through the notice procedures again if it proposes to sell shares. The exercise or non-exercise of the rights of the Company and the Accredited Holders with respect to a proposed sale by a Selling Holder will not adversely affect their rights to make subsequent purchases from a Selling Holder.

4.4 Prohibited Transfers. Any attempt by a Holder to sell or otherwise transfer Equity Securities in violation of this Section 4 will be void and the Company agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such securities without the written consent of the Holders of a majority of the Company's capital stock.

5. Assignments and Transfers; No Third-Party Beneficiaries. This· Agreement and the rights and obligations of the parties hereunder will inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives. The rights of the Holders hereunder will only be assigned to a transferee of the Holder's shares if the Holder complies wjth the transfer restrictions and procedures hereunder, and the transferee agrees in writing to be bound by this Agreement by signing a counterpart signature page hereto or a separate document agreeing to be bound.

6. Legend.

(a) Each existing or replacement certificate representing shares of stock held by the Holders or their transferees will be stamped or otherwise imprinted with legends substantially similar to the following:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE SECURITIES ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.
>
> THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN SHAREHOLDERS AGREEMENT AMONG THE COMPANY AND ITS SHAREHOLDERS WHICH PLACES CERTAIN RESTRICTIONS ON THE VOTING AND TRANSFER OF THE SHARES REPRESENTED HEREBY. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(b) The Company will be obligated to reissue promptly unlegended certificates at the request of any Holder thereof if the Company has completed its IPO and the Holder has presented evidence satisfactory to the Company of compliance with Rule 144 or the Holder will have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification and legend.

(c) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities will be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

7. Protective Provisions. The Company will not, without first obtaining the approval (whether by vote or written consent) of the holders of at least sixty-six and two-thirds percent (66 %) of the Company's capital stock then held by the Holders, take any action that:

(a) effects a sale of all or substantially all of the Company's assets or a merger, sale of outstanding capital stock or other corporate transaction or series of related transactions where the shareholders of the Company before such transaction or series of related transactions hold less than fifty percent (50%) of the shares of the surviving entity;

(b) creates (by amendment to the articles of incorporation, merger, reclassification, recapitalization or otherwise) any new class or series of shares or any other securities convertible into equity securities of the Company having rights, preferences or privileges semor m any respect to the Common Stock;

(c) increases or decreases (whether by amendment to the articles of incorporation, merger, reclassification, recapitalization or otherwise) the total number of authorized shares of Common Stock;

(d) results in the redemption, retirement, or purchase of the Company of any shares of Common Stock or other securities of the Company (other than from consultants, advisors, employees or directors pursuant to agreements under which the Company has the option to repurchase unvested shares of Common Stock from them at the lower of the purchase price paid or the then current fair market value); or

(e) permits a subsidiary of the Company to sell securities to a third party.

8 . Termination. Except with respect to Section 1 hereof, which shall terminate pursuant to Section 1.10 hereof, this Agreement will continue in full force and effect from the date hereof through the earliest of the following dates, on which date it will terminate in its entirety:

(a) the date of the closing of an IPO;

(b) ten (10) years from the date ofthis Agreement;

(c) the date of the closing of a sale of all or substantially all of the Company's assets or a merger, reorganization or consolidation whereby shareholders of the Company prior to the merger, reorganization or consolidation do not own fifty percent (50%) of the voting securities after the merger, reorganization or consolidation (other than a merger for the sole purpose of which is to change the state of incorporation or the sale of the Company's securities for cash in an equity financing ofthe Company); or

(d) the date as of which the parties hereto terminate this Agreement by written consent of the Holders of sixty-six and two-thirds percent (66%) of the Company's Common Stock (which must in any event include Versant).

9 . Effect of Change in Company's Capital Structure. Appropriate adjustments will be made in the number and class of shares in the event of a stock dividend, stock split, reverse stock split, combination, reclassification or like change in the capital structure of the Company.

10. Miscellaneous.

10.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and assigns of the parties (including permitted transferees of any shares). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.2 Governing Law. This Agreement will be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

10.3 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. This Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other parties.

10.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

10.5 Notices. All notices required or permitted hereunder will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail, telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one **(1)** day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the Company and to their Holders at their respective addresses as set forth herein or at such other address or electronic mail address as the Company or Holder may designate by ten (10) days advance written notice to the other parties hereto.

10.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

10.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of sixty-six and two-thirds percent (66 %) of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this Section will be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, the Holders, and the Company.

10.8 Effect of Amendment or Waiver. Each Holder acknowledges that by the operation of Section 10.7 hereof, the holders of more than sixty-six and two-thirds percent (66 %) of the Registrable Securities will have the right and power to diminish or eliminate all rights of such Holder under this Agreement.

10.9 Severability. If any provision or set of provisions of this Agreement (or any portion thereof) is held by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision will be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision and such modified provision will be reduced to a writing and signed by the parties hereto; (b) the validity, legality and enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement will be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable.

10.10 Aggregation of Stock. For the purposes of determining the availability of any rights under this Agreement, the holdings of affiliates of a Holder, transferees and assignees of a partnership or limited liability company who are partners or retired partners of such partnership or members of such limited liability company (including spouses and ancestors, lineal descendants and siblings of such partners or members or spouses who acquire Registrable Securities by gift, will or intestate succession) will be aggregated together and with the partnership or limited liability company, as the case may be.

10.11 Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the matters covered herein and supersedes all prior agreements and understandings, written or oral, between the parties relating to the subject matter hereof.

10.12 Subsequent Closings. In the event that the Company completes subsequent sales of up to 823,530 shares of Common Stock as permitted by the terms of the Common Stock Purchase Agreement pursuant to which Versant purchased shares of the Company's Common Stock, any holder of such shares of Common Stock will be deemed a Holder with all of the rights of a Holder under this Agreement; provided, that as a condition thereto such Holder signs a counterpart signature page to this Agreement. Schedule A will be amended and dated to reflect the admission of any such party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SECOND SIGHT MEDICAL PRODUCTS, INC.

By ______________________________________

Address

Facsimile
E-mail

HOLDERS:

VERSANT VENTURE CAPITAL II, L.P.

By: ________________________________

By: ________________________________

May 21, 2014

Mr. Thomas Miller
24909 Paseo del Rancho
Calabasas, CA 91302

Dear Tom:

It gives me great pleasure to present you with this formal offer of employment with Second Sight Medical Products, Inc. (Second Sight), for the position of Chief Financial Officer, reporting directly to Robert Greenberg, M.D., Ph.D., President and CEO. Your annual salary will be $225,000.00 which equates to $9,375.00 on a semi-monthly basis.

Second Sight Medical Products, Inc. offers the following benefit package*:

- Two weeks paid vacation annually, which is based on an accrual basis
- Paid sick time
- Ten paid holidays per calendar year
- Paid life insurance
- Short and long-term disability insurance
- 401K tax-sheltered Savings Plan
- Group health, dental and vision insurance for you and your eligible dependents paid with employer and employee contributions
- Tuition reimbursement, should you be interested in furthering your education along certain professional related lines
- A flexible spending account – you may choose to participate in one or more of the options offered: before tax insurance premiums, health spending account and/or dependent or elder care spending account
- A bonus of up to 20.0% prorated, or a portion thereof, depending on whether team and Company goals are met at December 31, 2014 per Second Sight's bonus plan
- Upon Board approval, you will also be issued an option to purchase 150,000 units of Second Sight Medical Products, Inc. according to Second Sight's Stock Option Plan

*All benefits subject to change on annual basis.

Additionally, this offer is subject to the following conditions. First, employment with Second Sight Medical Products, Inc. is not for a specific term and is at the mutual consent of yourself and Second Sight. Accordingly, either party can terminate the employment relationship, at will, with or without cause, at any time. Second, employment disputes will be subject to a mutual Arbitration Agreement that provides for any and all disputes arising out of employment with the company; that the parties are entitled to reasonable discovery; and that Second Sight will bear the costs for the arbitration proceedings.

This offer is contingent upon a successful completion of a background screening and post-employment drug screen, along with your ability to meet the requirements of the Immigration Reform and Control Act (1996). In order to comply with this legal obligation, you must provide proof of your eligibility to legally work in the United States of America and complete an Employment Eligibility Verification form (I-9) within three days of hire.

This agreement and any additions or amendments thereto shall be governed in accordance with the laws of the State of California. The terms and conditions set forth in this offer letter, if accepted by you, will be the entire agreement between the Company and you with regard to your employment and will supersede any other agreements, whether written or oral, with regard to the subject of employment.

Your expected start date is Monday, May 19, 2014 or earlier if available. This offer is contingent upon our receipt of your written or telegraphic acceptance no later than the close of normal business Wednesday, May 21, 2014. If you do not provide notification of your acceptance by the date previously mentioned, we will assume that you decline the offer. Should you have any questions regarding the details of this offer, please contact Janella Quintero at (818) 833-5043.

Sincerely,

Robert J. Greenberg, M.D., Ph.D.
Second Sight Medical Products, Inc.
President and CEO

I ACKNOWLEDGE THAT I HAVE READ, UNDERSTAND, ACCEPT AND AGREE TO THE TERMS OF EMPLOYMENT:

Signature	Date

LOAN AGREEMENT

This Loan Agreement, dated as of September 30, 2014 (this “Agreement”), is among **MANN GROUP, LLC**, a Delaware limited liability company (“Lender”) and **SECOND SIGHT MEDICAL PRODUCTS, INC.**, a California corporation (“Borrower”).

1. CREDIT AMOUNT AND TERMS

1.1 Credit Amount. During the availability period described below, the Lender will make certain loans to Borrower subject to the terms and conditions of this Agreement. The aggregate amount of all loans under this Agreement (the "Commitment") is Three Million Dollars ($3,000,000). This is not a revolving line of credit. If during the availability period Borrower repays any principal amounts, Borrower may not reborrow such amounts. Each loan by Lender to Borrower will be evidenced by, and subject to the terms and conditions of, the Promissory Note in the form of **EXHIBIT A** (the “Note”).

1.2 Availability Period. Subject to the terms and conditions of this Agreement, Borrower may make borrowings under this Agreement between the date hereof and sixty (60) days after the date of this Agreement, or such earlier date as the availability may terminate as provided in this Agreement (the “Expiration Date”).

1.3 Repayment Terms. Subject to earlier repayment as may be provided for in the Agreement, Borrower will repay in full all accrued interest and principal for a borrowing under this Agreement on that day that is sixty (60) days after the date of any such loan to Borrower. The Borrower may prepay the loan in full or in part at any time.

1.4 Interest Rate. The interest rate is shall accrue at a rate per annum equal to one and one-half percent (1.5%) on the unpaid principal amount of any borrowings. Upon the occurrence and continuation of any default under this Agreement, upon written notice to Borrower by Lender, all amounts (principal and accrued interest) due under to Lender under any Note shall accrue interest at a rate per annum equal to twelve percent (12%).

2. CONDITIONS

2.1 Documentation. Before Lender is required to make any loan to Borrower under this Agreement, it must receive any documents and other items it may reasonably require, in form and content acceptable to Lender.

2.2 Conditions to Each Loan. It shall be a condition to Lender’s obligation to make any loan under this Agreement, that:

(a) all representations and warranties of Borrower under this Agreement shall be true and correct on and as of the date of such proposed extension of credit, with the exception of such representations and warranties that were made as of a specific date, in which event, such representations and warranties were true and correct on the date made;

(b) no event has occurred or is continuing or would result from such proposed extension of credit, that would constitute an Event of Default under this Agreement or any other agreement or document entered into in connection with this Agreement, or an event, act or condition which, with the passage of time or notice, or both, would constitute an Event of Default under this Agreement or such other document or agreement; and

(c) if requested by Lender, Borrower has delivered to the Lender a notice of borrowing in form and content acceptable to Lender (a “Notice of Borrowing”), signed by the Borrower, setting forth certifications as to representations, warranties and Events of Default, and any other relevant information the Lender may reasonably request.

3. REPRESENTATIONS AND WARRANTIES

When Borrower signs this Agreement, and until Lender is repaid in full, Borrower makes the following representations and warranties. Each request for a loan (and any execution of a Note) constitutes a renewal of these representations and warranties as of the date of the request (or execution, as applicable):

3.1 Formation. Borrower it is duly formed and existing under the laws of the state or other jurisdiction where organized.

3.2 Authorization. This Agreement, and any instrument or agreement required hereunder (including any Note), are within Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

3.3 Enforceable Agreement. This Agreement and each of the Notes executed by Borrower pursuant to the terms of this Agreement, is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable.

3.4 Good Standing. In each state in which Borrower does business, it is properly licensed, in good standing, except to the extent not material to Borrower.

3.5 No Conflicts. This Agreement does not conflict with any law, agreement, or obligation by which the Borrower is bound.

3.6 Financial Information. The consolidated balance sheets, the consolidated statements of income and of consolidated cash flows of Borrower (both for full fiscal years and all interim statements since the last full fiscal year) are complete and correct and present fairly the consolidated financial condition of Borrower as at such dates, and the consolidated results of operations and consolidated cash flows for the periods (fiscal years and interim quarters) then ended. Since December 31, 2013, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of Borrower. Borrower has no knowledge of any pending assessments or adjustments of its income tax for any year and all taxes due have been paid.

3.7 Lawsuits. There is no lawsuit, tax claim or other dispute pending or, to Borrower’s knowledge, threatened against Borrower which, if lost, would impair Borrower’s financial condition or ability to repay any loans from Lender.

3.8 Permits, Licenses. Borrower possesses all permits, contracts and licenses required and all trademark rights, trade name rights, patent rights, copyrights, and fictitious name rights reasonably necessary to enable it to conduct the business in which it is now engaged.

3.9 Other Obligations. Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as may have been disclosed in writing to and accepted by Lender.

3.10 No Event of Default. There is no event which is, or with notice or lapse of time or both would be, an Event of Default under this Agreement, any Note or any other document or agreement entered into in connection with this Agreement.

3.11 Insurance. Borrower has obtained, and maintained in effect, the insurance coverage required in the “Covenants” section of this Agreement.

3 . 1 2 Compliance with Laws. Borrower is in compliance with all applicable laws, rules, regulations and orders of all government bodies with authority over Borrower, except to the extent that the failure to comply could not in the aggregate have a material adverse effect on Borrower.

4. COVENANTS

Borrower agrees, so long as any loan by Lender to Borrower is outstanding:

4.1 Use of Proceeds. To use the proceeds of this facility only for working capital needs that are non-purpose investments.

4.2 Financial Information. To provide any financial information and any financial statements (in form and content reasonably acceptable to Lender) as may be reasonably requested by Lender from time to time, within ten (10) days following any such request , and such additional information as requested by Lender from time to time. Lender reserves the right, upon written notice to the Borrower, to require the Borrower to deliver financial information and statements to Lender more frequently than otherwise provided below, and to use such additional information and statements to measure any applicable financial covenants in this Agreement.

4.3 Notices to Lender. To promptly notify the Lender in writing of:

(a) Any lawsuit over One Million Dollars ($1,000,000.00) against Borrower.

(b) Any substantial dispute between any governmental authority and Borrower.

(c) Any Event of Default under this Agreement or any document or agreement entered into in connection with this Agreement, or any event which, with notice or lapse of time or both, would constitute an Event of Default hereunder or thereunder.

(d) Any material adverse change in Borrower’s business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

4 . 4 Additional Negative Covenants. Not to, without the Lender's written consent, (a) liquidate or dissolve Borrower's business or (b) voluntarily suspend the business of Borrower for any period of time.

4.5 Insurance. To maintain insurance reasonably satisfactory to Lender as to amount, nature and carrier covering property damage, general liability and any other insurance which is usual for the Borrower's business (and upon the request of Lender, to deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force).

4.6 Compliance with Laws. To comply with the laws, rules and regulations, and orders of any government body with authority over the Borrower.

4.7 Books and Records. To maintain adequate books and records.

4 . 8 Audits. To allow Lender and its agents to inspect Borrower's properties and examine, audit, and make copies of books and records at any reasonable time. If any of Borrower's properties, books or records are in the possession of a third party, Borrower authorizes that third party to permit Lender or its agents to have access to perform inspections or audits and to respond to Lender's requests for information concerning such properties, books and records.

4.9 Cooperation. To take any action reasonably requested by Lender to carry out the intent of this Agreement.

5. DEFAULT AND REMEDIES

If any of the following events (each an “Event of Default”) occurs, Lender may do one or more of the following: declare the Borrower in default, stop making any additional loans available to the Borrower, and require Borrower to repay its entire debt (principal and accrued interest) immediately and without prior notice. If an event which, with notice or the passage of time, will constitute an Event of Default has occurred and is continuing, the Lender has no obligation to make any additional loans under this Agreement. In addition, if any Event of Default occurs, Lender shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with this Agreement, including, without limitation, any Notes, as well as all rights and remedies available at law or in equity. If an Event of Default occurs under the paragraph entitled "Bankruptcy," below, with respect to Borrower, then the entire debt outstanding under this Agreement will automatically be due immediately.

5.1 Failure to Pay. Borrower fails to make a payment under this Agreement when due.

5.2 Cross-default. Any default occurs under any agreement in connection with any credit Borrower or any of Borrower's related entities has obtained from anyone else or which Borrower or any of the Borrower's related entities or has guaranteed.

5.3 False Information. Borrower has given Lender false or misleading information or representations.

5.4 Bankruptcy. (Borrower makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating Borrower bankrupt or insolvent; or any order for relief with respect to Borrower is entered under the Federal Bankruptcy Code; or Borrower petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of Borrower, or of any substantial part of the assets of Borrower, or commences any proceeding relating to Borrower under any bankruptcy reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against Borrower and either (a) Borrower by any act indicates its approval thereof, consent thereto or acquiescence therein or (b) such petition, application or proceeding is not dismissed within sixty (60) day (provided, however, that such dismissal / cure opportunity will be terminated upon the entry of an order for relief in any bankruptcy case arising from such a petition).

5.5 Receivers. A receiver or similar official is appointed for a substantial portion of Borrower's business, or the business is terminated, or Borrower is liquidated or dissolved.

5.6 Revocation or Termination. If Borrower or all or a substantial part of Borrower's assets are distributed or otherwise disposed of.

5.7 Judgments. Any judgments or arbitration awards are entered against Borrower and within thirty (30) calendar days after the entry of judgment or award has not been discharged or stayed pending appeal or, if any such judgment or award is affirmed on appeal, has not been discharged within thirty (30) calendar days after the entry of the final order of affirmance on appeal, or Borrower enters into any settlement agreements with respect to any litigation or arbitration, in an aggregate amount of Two Hundred Fifty Thousand Dollars ($250,000) or more in excess of any insurance coverage.

5.8 Material Adverse Change. A material adverse change occurs, or is reasonably likely to occur, in Borrower's business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

5.9 Government Action. Any government authority takes action that Lender believes materially adversely affects Borrower's financial condition or ability to repay.

5.10 Note Default. Any default occurs under any Note.

5.11 Other Breach Under Agreement. A default occurs under any other term or condition of this Agreement not specifically referred to in this Article. This includes any failure or anticipated failure by Borrower to comply with any covenants set forth in this Agreement.

6. MISCELLANEOUS

6.1 Governing Law. Except to the extent that any law of the United States may apply, this Agreement shall be governed and interpreted according to the laws of the State of California (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of the Lender under federal law.

6.2 Venue and Jurisdiction; Jury Waiver. Borrower agrees that any action or suit against Lender arising out of or relating to this Agreement shall be filed in federal court or state court located in the Governing Law State. Borrower agrees that Lender shall not be deemed to have waived its rights to enforce this section by filing an action or suit against the Borrower in a venue outside of the Governing Law State. If Lender does commence an action or suit arising out of or relating to this Agreement, Borrower agrees that the case may be filed in federal court or state court in the Governing Law State. Lender reserves the right to commence an action or suit in any other jurisdiction where Borrower has any presence or is located. Borrower consents to personal jurisdiction and venue in such forum selected by Lender and waives any right to contest jurisdiction and venue and the convenience of any such forum. The provisions of this section are material inducements to Lender's acceptance of this Agreement. **BORROWER HEREBY IRREVOCABLY AND VOLUNTARILY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.**

6.3 Successors and Assigns. This Agreement is binding on Borrower's and Lender's successors and assignees. Borrower agrees that it may not assign this Agreement without the Lender's prior consent (and any attempted assignment shall be void and of no force or effect). Lender may sell participations in or assign any loan made pursuant to this Agreement, and may exchange information about Borrower with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against Borrower.

6.4 Attorneys' Fees. Borrower shall reimburse Lender for any costs (including reasonable attorneys' fees and expenses) incurred by Lender in connection with the enforcement or preservation of any rights or remedies under this Agreement. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs (including reasonable attorneys' fees and expenses) incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In the event that any case is commenced by or against Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, Lender is entitled to recover costs and reasonable attorneys' fees and expenses incurred by Lender related to the preservation, protection, or enforcement of any rights of Lender in such a case.

6.5 Indemnification. Borrower will indemnify and hold Lender harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (a) this Agreement or any document required hereunder (including any Note), (b) any loan or credit extended or committed by Lender to Borrower hereunder and (c) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit. This indemnity includes but is not limited to attorneys' fees (including the allocated cost of in-house counsel). This indemnity extends to Lender, its parent, subsidiaries, affiliates and all of their directors, officers, employees, agents, successors, attorneys, and assigns. This indemnity will survive repayment of the Borrower's obligations to Lender. All sums due to Lender hereunder shall be obligations of the Borrower, due and payable immediately without demand.

6.6 Notices. Unless otherwise provided in this Agreement or in another agreement between the Lender and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as Lender and Borrower may specify from time to time in writing. Notices and other communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

6.7 Counterparts. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement (or of any agreement or document required by this Agreement and any amendment to this Agreement) by telecopy or other electronic imaging means shall be as effective as delivery of a manually executed counterpart of this Agreement.

6.8 Severability; Waivers. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. Lender retains all rights, even if it makes a loan after default. If Lender waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

6.9 Headings. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

This Agreement is executed as of the date stated at the top of the first page.

MANN GROUP, LLC

By: ______________________________
Name: Anoosheh Bostani
Title: Chief Financial Officer

Address:

12744 San Fernando Road
Sylmar, CA 91342

SECOND SIGHT MEDICAL PRODUCTS, INC.

By: ______________________________
Name: Robert Greenberg
Title: President and Chief Executive Officer

Address:

12744 San Fernando Road, Building 3
Sylmar, CA 91342

EXHIBIT A

Form of Promissory Note

PROMISSORY NOTE

October 1, 2014 $2,000,000.00

FOR VALUE RECEIVED, **SECOND SIGHT MEDICAL PRODUCTS, INC.,** a California corporation ("Borrower"), hereby promises to pay to the order of **MANN GROUP, LLC**, a Delaware limited liability company ("Lender") the principal amount of TWO MILLION DOLLARS ($2,000,000.00), together with interest thereon calculated from the date hereof in accordance with the provisions of this Promissory Note (as amended, restated, supplemented or otherwise modified, this "Note"). This Promissory Note is issued pursuant to that certain Loan Agreement dated as of September 30, 2014 by and between Borrower of Lender (the "Loan Agreement").

1. Interest. Interest shall accrue at a rate per annum equal to ONE AND ONE-HALF PERCENT (1.5%) on the unpaid principal amount of this Note outstanding from time to time. Interest shall be payable at maturity and calculated on the basis of a 360 day year and based on the actual number of days elapsed.

2. Payment of Principal on Note.

(a) Optional Prepayments. Borrower may, at any time and from time to time, prepay (without penalty or charge) all or any portion of the outstanding principal amount of this Note.

(b) Maturity. The entire outstanding principal balance on this Note and accrued but unpaid interest shall be due and payable in full on the sixtieth (60^{th}) day following the date of this Note.

3. Events of Default.

(a) Definition. An "Event of Default" shall be deemed to have occurred under this Note if:

(i) Borrower fails to pay when due the full amount of the accrued interest and the outstanding principal balance on this Note;

(ii) Borrower makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating Borrower bankrupt or insolvent; or any order for relief with respect to Borrower is entered under the Federal Bankruptcy Code; or Borrower petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of Borrower, or of any substantial part of the assets of Borrower, or commences any proceeding relating to Borrower under any bankruptcy reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against Borrower and either (A) Borrower by any act indicates its approval thereof, consent thereto or acquiescence therein or (B) such petition, application or proceeding is not dismissed within sixty (60) days; or

(iii) A default occurs under the Loan Agreement.

The foregoing shall constitute Events of Default whatever the reason or cause for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

(b) Consequences of an Event of Default.

(i) If an Event of Default has occurred, upon written notice to Borrower by Lender, all amounts due under to Lender under this Note (principal and accrued interest) shall accrue interest at a rate per annum equal to TWELVE PERCENT (12%) (to the extent permitted by law). Any increase of the interest rate resulting from the operation of this subparagraph shall terminate as of the close of business on the date on which no Events of Default exist.

(ii) If an Event of Default (other than an Event of Default of the type described in Section 3(a)(ii)) has occurred, Lender may declare the outstanding principal amount of this Note (together with all accrued but unpaid interest thereon and all other amounts due in connection therewith) due and payable and demand immediate payment thereof.

(iii) If an Event of Default of the type described in Section 3(a)(ii) has occurred, the aggregate principal amount of this Note (together with all accrued interest hereon and all other amounts due and payable with respect hereto) shall become immediately due and payable without any action on the part of Lender, and Borrower shall immediately pay to Lender all amounts due and payable with respect to this Note.

(iv) Lender shall also have any other rights which Lender may have been afforded pursuant to applicable law.

4 . Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Note may be amended and Borrower may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if Borrower has obtained the written consent of Lender.

5 . Cancellation. After all principal and accrued interest and fees and costs, if any, at any time owed on this Note has been paid in full, this Note shall be surrendered to Borrower for cancellation and shall not be reissued.

6. Payments. All payments to be made to Lender shall be made in the lawful money of the United States of America in immediately available funds.

7 . Place of Payment. Payments of principal and interest shall be delivered to Lender at such address as is specified by prior written notice by Lender to Borrower.

8 . Collection. Borrower shall reimburse Lender for any costs (including reasonable attorneys' fees and expenses) incurred by Lender in connection with the enforcement or preservation of any rights or remedies under this Agreement. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs (including reasonable attorneys' fees and expenses) incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In the event that any case is commenced by or against Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, Lender is entitled to recover costs and reasonable attorneys' fees and expenses incurred by Lender related to the preservation, protection, or enforcement of any rights of Lender in such a case.

9. Governing Law; Jurisdiction; Venue. All questions concerning the construction, validity, enforcement and interpretation of this Note will be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California. Borrower hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Note or any agreements or transactions contemplated hereby or thereby may be brought in the jurisdiction of the United States District Court for the Central District of California and of all California state courts sitting in Los Angeles County and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. It is further agreed that venue for any such action shall lie exclusively with such courts unless Lender agrees to the contrary in writing. BORROWER HEREBY IRREVOCABLY AND VOLUNTARILY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION ARISING UNDER OR IN CONNECTION WITH THIS NOTE. Borrower party hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid (to Second Sight Medical Products, Inc., 12744 San Fernando Road, Building 3, Sylmar, CA 91342), such service to become effective ten (10) days after such mailing.

10. Waiver of Presentment, Demand and Dishonor. Borrower hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Note, and waives and renounces all rights to the benefits of any statute of limitations or any moratorium, appraisement, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the Federal Bankruptcy Code, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals, and modifications hereof.

11. Business Days. If any payment is due, or any time period for giving notice or taking action expires, on a day which is a Saturday, Sunday or legal holiday in the State of California, the payment shall be due and payable on, and the time period shall automatically be extended to, the next business day immediately following such Saturday, Sunday or legal holiday, and interest shall continue to accrue at the required rate hereunder until any such payment is made.

12. Replacement. Upon receipt of evidence reasonably satisfactory to Borrower of the mutilation, destruction, loss or theft of this Note and the ownership thereof, and, in the case of any such mutilation, upon surrender and cancellation of this Note, Borrower shall, upon the written request of Lender, execute and deliver in replacement thereof a new Note in the same form, in the same original principal amount and dated the same date as this Note so mutilated, destroyed, lost or stolen, and such Note so mutilated, destroyed, lost or stolen shall then be deemed no longer outstanding hereunder.

13. Remedies. No remedy herein conferred upon Lender is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

14. Usury Laws. It is the intention of Borrower and Lender to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Note shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. If the maturity of this Note is accelerated by reason of a voluntary prepayment by Borrower or otherwise, then earned interest may never include more than the maximum amount permitted by law, computed from the date hereof until payment, and any interest in excess of the maximum amount permitted by law shall be canceled automatically and, if theretofore paid, shall at the option of Lender either be rebated to Borrower or credited on the principal amount of this Note, or if this Note has been paid, then the excess shall be rebated to Borrower. The aggregate of all interest (whether designated as interest, service charges, points or otherwise) contracted for, chargeable, or receivable under this Note shall under no circumstances exceed the maximum legal rate upon the unpaid principal balance of this Note remaining unpaid from time to time. If such interest does exceed the maximum legal rate, it shall be deemed a mistake and such excess shall be canceled automatically and, if theretofore paid, rebated to Borrower or credited on the principal amount of this Note, or if this Note has been repaid, then such excess shall be rebated to Borrower.

15. Security. This Note is unsecured.

16. Assignments. Lender may assign this Note without the prior written consent of Borrower.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the date first above written.

SECOND SIGHT MEDICAL PRODUCTS, INC.

By: ______________________________
Robert Greenberg, President

By: ______________________________
Tom Miller, Secretary

JOINT RESEARCH AND DEVELOPMENT AGREEMENT
Between
THE JOHNS HOPKINS UNIVERSITY APPLIED
PHYSICS LABORATORY AND
SECOND SIGHT MEDICAL PRODUCTS, INC.

This Joint Research and Development Agreement ("Agreement") is made and entered into by and between The Johns Hopkins University Applied Physics Laboratory LLC ("JHU/APL"), and Second Sight Medical Products, Inc. ("Company") hereinafter collectively referred to as the Parties.

Article 1 STATEMENT OF WORK

1.1 The Statement of Work (SOW) sets forth the nature and scope of the cooperative work to be performed under this Agreement, including any tasks, material, equipment or other support and any associated reporting requirements. The Statement of Work is attached as Appendix A to this Agreement.

1.2 The parties recognize that the Statement of Work describes the collaborative work they will undertake and that its goals are good faith guidelines. Periodic reviews can be held between the Parties for the purpose of assessing progress. It is understood that the nature of the collaborative work is such that completion within the period of performance specified cannot be guaranteed.

Article 2 DISCLOSURE AND PUBLICATION

2.1 "Proprietary Information" means information that is privileged or confidential, provided that such information: is not known or available from other sources without obligations concerning its confidentiality; has not been made available by the owners to others without obligations concerning its confidentiality; is not already available without obligations concerning its confidentiality; and has not been developed independently by persons who have had no access to the information.

2.2 The Parties agree to confer and consult with each other prior to publication or other public disclosure of the results of the collaborative work to ensure that no Proprietary Information, or other confidential information is released. Prior to submitting a manuscript for publication or before any other public disclosure, each Party will offer the other Party at least thirty (30) days to review the proposed publication or disclosure, submit objections, and file applications for patents, as applicable, in a timely manner.

2.3 If necessary, the Parties will exchange information which they consider to be Proprietary Information. The recipient of such information agrees to accept the disclosure of said information which is marked as confidential or proprietary or other similar marking, at the time it is sent to the recipient, and to employ all reasonable efforts to maintain the information secret and confidential, such efforts to be no less than the degree of care employed by the recipient to preserve and safeguard its own Proprietary Information. The information shall not be disclosed or revealed to anyone except employees of the recipient who have a need to know the information and who are under a secrecy obligation with the recipient under which such employees are required to maintain confidential the Proprietary Information of the recipient and such employees shall be advised by the recipient of the confidential nature of the Proprietary Information and that the information shall be treated accordingly.

2.4 Exceptions. The recipient's obligations shall not extend to any part of the information:

(a) that can be demonstrated to have been in the public domain or publicly known and readily available to the trade or the public prior to the date of the disclosure;

(b) that can be demonstrated, from written records to have been in the recipient's possession or readily available to the recipient from another source not under obligation of secrecy to the disclosing Party prior to the disclosure;

(c) that becomes part of the public domain or publicly known by publication or otherwise, not due to any unauthorized act by the recipient;

(d) that is demonstrated from written records to have been developed by or for the recipient without reference to confidential information disclosed by the disclosing Party; or

(e) that is required to be disclosed by law, government regulation or court order.

Article 3 FUNDING

3.1 JHU/APL's obligations under this agreement and the SOW (Appendix A) are subject to the availability and disbursement of funds from The Mann Fund. No legal liability on the part of JHU/APL for any payment may arise until funds are made available to JHU/APL from The Mann Fund.

3.2 JHU/APL will provide approximately four million (i.e., $ 4.075 million) dollars of the Mann Fund to Company, within 30 days of receiving funds from the Mann Fund, for research and development as stated in the SOW. JHU/APL will use funds from the Mann Fund to conduct research as stated in the SOW, said research being within JHU/APL's non-profit research, development and educational purposes. If funding is not received by JHU/APL within three (3) months of execution of this Agreement, all rights and obligations of both parties will terminate.

Article 4 INTELLECTUAL PROPERTY

4.1 Background Intellectual Property

"Background Intellectual Property" (also referred to as "Background IP") means property and the legal rights therein of either or both Parties developed before and independent of this Agreement including inventions, patent applications, patents, copyrights, trademarks, mask works, trade secrets and any information embodying proprietary data such as technical data and computer software, or any other legally protectable information. This Agreement shall not be construed as implying that either Party hereto shall have the right to use Background IP of the other in connection with this Agreement except as otherwise provided hereunder. Background IP of either Party may be used non-exclusively and without compensation by either Party in connection with the performance of work under this Agreement, and limited to the term of this Agreement.

4.2 Subject Intellectual Property

1. "Subject Intellectual Property" (also referred to as "Subject IP") means property and the legal rights therein relating to inventions which may be patentable or otherwise protectable, test data and reports, patent applications, patents, copyrights, trademarks, mask works, trade secrets and any other legally protectable information, including technical data and computer software, first made or generated during the performance of work under this Agreement.

2. Ownership of Subject IP shall vest in the Party whose employee(s), consultants, or agents make or generate Subject IP, and such Party may perfect legal protection therein in its own name and at its own expense. Jointly made or generated Subject IP shall be jointly owned by the Parties.

3. Each Party agrees to disclose to the other Party in writing and in reasonable detail any jointly made or generated Subject IP. Such disclosure shall be made promptly and no later than thirty (30) days before any patent application directed to such invention is filed, or no later than thirty (30) days after receipt of disclosure by the patent department of the disclosing Party of the Subject IP. Any decision to file a patent application directed to jointly made or generated Subject IP and associated costs shall be negotiated between the Parties. Procedures for seeking and maintaining statutory protection such as patent protection, for jointly made or generated Subject IP shall be agreed in good faith by the Parties, provided that neither Party shall unreasonably withhold its agreement to seeking such statutory protection.

4. Each Party hereto may use, import, copy, modify, prepare derivative works, distribute, publicly display and perform jointly made or generated Subject IP of the other nonexclusively and without compensation solely in connection with the performance of work as directed by the SOW under this Agreement.

5. The nonexclusive license granted in sub-paragraph 4 above is non-assignable and cannot be sub-licensed, unless either Party obtains written permission from the other Party.

6. Upon the execution of this Agreement, Company shall issue to JHU/APL 1,000 shares of common stock (SHARES). Company shall deliver to JHU/APL a stock certificate, duly signed by appropriate officers of Company and issued to The Johns Hopkins University, representing all of the SHARES. Issuance of SHARES is subject to Company' s Board approval, If Company's Board does not grant approval, which will not be unreasonably withheld, an equivalent dollar amount of the shares will be paid to JHU/APL based on the public market price. If there is no public market within three months of the effective date of this agreement, and the Company has not issued the SHARES to JHU/APL, Company shall pay JHU/APL $14,000.00.

7. Company agrees to execute a license with JHU/APL upon incorporation of documented JHU/APL Subject IP, documented either internally or consistent with paragraph three above, into Company's product(s) with the license terms as follows:

    a) **Patent Costs**: COMPANY shall be required to reimburse JHU/APL for all patent costs for IP developed during performance of the DEVELOPMENT AGREEMENT. The parties agree to work together to obtain cost effective representation. COMPANY must approve prosecuting counsel, which approval will not be unreasonably withheld. To the extent COMPANY is obligated to reimburse prosecuting counsel COMPANY may direct that effort.

    b) **Running Royalty Rate**: COMPANY shall pay to JHU/APL a royalty of .25% on Net Sales generated by the individual components that include JHU/APL Subject IP or jointly made Subject IP. The system is currently divided into three components, the implant, the video processing unit and the glasses.

    c) **The Licensed Field of Use**: restricted to neurally integrated visual prosthetics.

    d) **Terms for Negotiation**: Company shall outline for JHU/APL Company's capability and/or plans to introduce Company's products into public use. Once due diligence milestone and capabilities are established in a manner reasonably satisfactory to both parties, JHU/APL and Company agree to negotiate in good faith to establish additional terms of a license agreement granting Company rights to make, have made, use, sell, offer to sell and import JHU/APL Subject IP . In addition to the terms outlined in 7a-c, the license agreement shall include at least the following additional provisions: a commitment by Company to exert their best efforts to introduce products and services incorporating JHU/APL Subject IP into public use as rapidly as practicable, and the right of JHU/APL to terminate the license should Company not meet specified, and mutually agreed due diligence milestones. At the sole discretion of JHU/APL, such license agreement may include provisions for an option to additional fields of use.

8. The Parties make NO EXPRESS OR IMPLIED WARRANTY AS TO ANY MATTER WHATSOEVER, including the conditions of the research or any invention or other intellectual property, or product, whether tangible or intangible, provided, made or generated under this Agreement, or the merchantability, or fitness for a particular purpose of the research or JHU/APL Subject IP. The Parties further make no warranty that the use of any intellectual property made, or generated under this Agreement will not infringe any other United States or foreign patent or other intellectual property right.

ARTICLE 5 EFFECTIVE DATE AND DURATION

The effective date of this Agreement is the date of last signature by the Parties. This agreement will terminate thirty-six (36) months from the effective date, unless terminated earlier per Article 6, or due to lack of funding per Article 3.

ARTICLE 6 TERMINATION

6.1 Termination By Either Party. This Agreement may be terminated by either Party, in the event that the other Party

1. Files or has filed against it a petition under the Bankruptcy Act, makes an assignment for the benefit of creditors, has a receiver appointed for it or a substantial part of its assets, or otherwise takes advantage of any statute or law designed for relief of debtors, or

2. Fails to perform or otherwise breaches any of its obligations hereunder, if, following the giving of notice by the terminating Party of its intent to terminate and stating the grounds therefor, the Party receiving such notice shall not have cured the failure or breach within thirty (30) days. In no event, however, shall such notice or intention to terminate be deemed to waive any rights to damages or any other remedy which the Party giving notice of breach may have as a consequence of such failure or breach. Either Party may terminate this Agreement and the license granted herein, for any reason, upon giving the other Party sixty (60) days written notice.

6.2 Obligations and Duties upon Termination If this Agreement is terminated or expires, both Parties shall be released from all obligations and duties imposed or assumed hereunder to the extent so terminated, except as expressly provided to the contrary in this Agreement. Upon expiration or termination, both Parties shall cease any further use of the Proprietary Information disclosed to the recipient by the disclosing Party.

ARTICLE 7 GENERAL PROVISIONS

7.1 This Agreement constitutes the entire agreement between the Parties concerning the Collaborative Work and supersedes any prior understanding either written or oral. Additionally, nothing in this Agreement is intended to prevent either Party from performing similar or related work under other existing or future agreements and such work shall not be included within the scope of this Agreement.

7.2 The relationship of the Parties is that of independent parties and not as agents of each other, partners, or participants in a joint venture. Each Party shall maintain sole and exclusive control over its personnel and operations.

7.3 Neither Party shall use the name of the other Party on any product or service that is directly or indirectly related to either this Agreement or any patent license or assignment associated with this Agreement without the prior approval of the other Party.

7.4 IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

7.5 Neither Party will be in breach of this Agreement for any failure of performance caused by any event beyond its reasonable control and not caused by the fault or negligence of that Party. In the event such a force majeure event occurs, the Party unable to perform must promptly notify the other Party and in good faith maintain such part performance as is reasonably possible and resume full performance as soon as is reasonably possible

7.6 This Agreement shall not be construed as an agreement between the Parties to have any future business dealings.

7.7 This Agreement shall be governed by the laws of the State of Maryland. No consideration shall be given to Maryland's conflict of laws rules.

7.8 COMPANY understands and agrees that JHU/APL has a technical direction agent relationship with the United States Government which requires that JHU/APL avoid any work under any contract or agreement that would jeopardize its or its employees' ability to act for the United States Government as an impartial or neutral evaluator. Therefore, JHU/APL shall at all times under this Agreement retain the right to refuse to accept any subcontract or other agreement to perform any work under any such subcontract or other agreement between JHU/APL and COMPANY which in JHU/APL's sole discretion would create an actual or perceived organizational or individual conflict of interest.

7.9 This Agreement may be amended and any of its terms or conditions may be waived only by a written instrument executed by the authorized officials of the parties or, in the case of a waiver, by the party waiving compliance. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by either party of any condition or term in any one or more instances shall be construed as a further or continuing waiver of such condition or term or of any other condition or term.

Article 8 SURVIVING PROVISIONS

8.1. The provisions covering Liability, Funding, General Provisions, and Surviving Provisions shall survive the completion, termination, or expiration of this Agreement.

8.2 The export regulations of the United States Government may prohibit, except under a special validated license, the exportation from the United States of certain commodities and/or related technical data. In order to facilitate the exchange of technical information under this Agreement, COMPANY hereby gives its assurance to JHU/APL that COMPANY will not knowingly, unless prior authorization is obtained from the appropriate United States Government agency or agencies, export any apparatus or technical data received from JHU/APL under this Agreement or LICENSED PRODUCT(S) to any restricted country specified in such regulations. JHU/APL neither represents that a license is not required nor that, if required, it will be issued by the United States Government.

Second Sight Medical Products, Inc.	The Johns Hopkins University Applied Physics Laboratory
______________________________	______________________________
______________________________	______________________________
Date	Date

GUMBINER SAVETT INC.
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS
Santa Monica, California

CONSENT OF INDEPENDENT REGISTRERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Second Sight Medical Products, Inc. and Subsidiary

We hereby consent to the use in the Prospectus constituting a part of this pre-effective amendment number 1 to Form S-1 Registration Statement (registration number 333-198073) of our report dated August 11, 2014, relating to the consolidated financial statements of Second Sight Medical Products, Inc. and Subsidiary (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficiency), and cash flows for each of the years in the two-year period ended December 31, 2013, which is contained in the Prospectus. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ Gumbiner Savett Inc.
September 30, 2014
Santa Monica, California

Second Sight Medical Products, Inc.
12744 San Fernando Road, Building 3
Sylmar, California 91342

October 2, 2014

Amanda Ravitz
Assistant Director
United States Securities and Exchange Commission
Washington, D.C. 20549

Re: Second Sight Medical Products, Inc.
Registration Statement on Form S-1
Filed August 12, 2014
File No. 333-198073

Dear Ms. Ravitz:

By this letter we are responding to your letter dated September 8, 2014 addressed to Robert Greenberg, President and Chief Executive Officer of Second Sight Medical Products, Inc. (the "Company"). For convenience of staff, we have provided below full text of each comment in the order given to us followed by our response.

Registration Fee Table

1. **Please revise the fee table to include the "long-term investment rights" or provide a detailed legal analysis explaining why registration of these rights is not required.**

   The column of the fee table entitled "Proposed Maximum Aggregate Offering Price" takes into account the maximum number of shares, namely 4,025,000 shares (the "Total IPO Shares"), that will be issued in the offering at $9.00 per share after giving effect to full exercise of the underwriter's over-allotment option, and further includes the maximum number of shares, 4,025,000 shares (the "Total LTIR Shares"), that may be issued in connection with non-transferrable long term investor rights ("LTIR"). Please see footnote 2 to the fee table on the front cover of our registration statement filed August 12, 2014. To the extent that these rights may be triggered and shares issued, investors in the IPO will not pay and the company will not obtain any additional consideration therefor above the IPO share price. Although the Total LTIR Shares are being currently registered in this offering are a mechanism to encourage long term holding of our shares with shares issuable under the LTIR being analogous to a special stock dividend for which no amount would be payable. As a consequence to the extent that the registration fee is based on maximum aggregate amount of proceeds that are generated by this offering, we believe that the table is accurate as stated and as presented, with no separate line item needed. These contingent additional shares issuable issued under the LTIR are not embodied in any agreements or instruments other than as set forth or described in the registration statement and are personal to buyers of the IPO shares. These rights do not trade and will not trade at any time. We believe that no further registration fee is required under these conditions, and respectfully submit that there is no benefit to having a separate line item to present the potential of these additional shares. Please see also our response below to staff comment 33. Nevertheless in respectful deference to the comment, we have revised the fee table to add (i) a line item specifically for maximum number of shares that may be issued under the LTIR along with (ii) a new footnote (3).

2. **Given the current structure of this transaction, including the two-year holding period required for purchasers of IPO Shares, please confirm that you intend to maintain an effective registration statement for the eventual acquisition of IPO Supplemental Shares, or provide an analysis as to why you do not believe you would be required to do so.**

   The Total LTIR shares are being registered as part of this offering. At closing of this IPO, the Company will become contractually obligated to issue the shares underlying the LTIR solely to purchasers of the IPO shares pursuant to pre-determined formulas and, subject to conditions outside of its control. In addition, the investors who acquire these long-term investor rights at the closing of the IPO will have paid full consideration for those rights as part of the IPO price per share.

We believe given the current structure of the long term investor right, that the Commission ought to allow tacking to the holding period of the underlying shares of common stock, in the event that the LTIR is permitted to ripen and be triggered. The LTIR is acquired on initial purchase in this registered offering, involves no payment by the holder or additional consideration to us, but is in fact a non-transferrable right personal to the holder whose sole decision post IPO will be whether or not to continue holding the shares acquired in this offering in his name for the requisite 24 months period as is disclosed within the registration statement. Since shares issuable under LTIR are being currently registered, since purchasers are making their investment decision at the time of the IPO and since full consideration is being paid now, we believe that under this circumstances no further registration of shares contingently issuable for the LTIR is required. Please also see our response to comment 1 above and our response to comment 33 below.

Prospectus Cover Page

3. Please ensure that your registration statement cover page fits on one page. See Item 501(b) of Regulation S-K.

Consistent with Item 501(b) we are ensuring that prospectus cover page fits on one page.

Graphics, page 4

4. We note the extensive use of text in your graphics here and on the inside back cover of the prospectus. Text in this context should be used only to the extent necessary to explain briefly the visuals in the presentation. The text should not be excessive or overwhelm the visual presentation. Please revise your graphics accordingly.

We have revised our graphics substantially to eliminate extensive use of text on the graphics found on the inside cover of the prospectus but respectfully submit that the text found on the inside back cover is limited to the brief explanation of the visuals presented and that they are a naterial aide to the reader in understanding our Argus II product..

Overview, page 6

5. **Your summary should be a balanced discussion of your business. In this regard, please balance your prominent discussion of the benefits of your Argus II product in the first paragraph of this section as well as the features described in the bullet points on page 7 with a discussion of the product's risks or disadvantages. Also, where you discuss the length of time that "several users" of your system have employed your system, please also disclose the average length of time your product is used and the total number of patients who have been implanted with your device. Finally, describe your limited revenues to date, your history of losses, your accumulated deficit and the fact that your auditor has included a paragraph in its opinion that there exists substantial doubt as to your ability to continue as a going concern.**

We have updated the Overview to add risks associated with the Argus II and the possibility that a patient may not benefit from the Argus II.

We have also updated this section to include the number of patients implanted with the Argus I and Argus II devices and the average length of implant for each device.

We have further updated the section to describe our limited revenues to date, our history of losses, our accumulated deficit and the fact that our auditor has included a paragraph in its opinion that raises doubt about our ability to continue as a going concern.

We have added substantially the following language to the end of the Overview on page 8:

"To date, we have not generated sufficient revenues from product sales to achieve positive earnings and operating cash flows to enable us to finance our operations internally. We have significant convertible debt and have incurred recurring operating losses and negative operating cash flows since inception, and we expect to continue to incur operating losses and negative operating cash flows for at least the next few years. For the year ended December 31, 2013 and the six months ended June 30, 2014 we had revenue of $1,564,933 and $1,268,203 respectively, and incurred net loss of $22,968,925 and $13,979,828 respectively. As of December 31, 2013 and June 30, 2014, our accumulated deficit was $117,462,721 and $131,442,549 respectively. As a result, our independent registered public accounting firm, in its report on the Company's 2013 and 2012 consolidated financial statements, raised substantial doubt about our ability to continue as a going concern without this offering which will raise operating capital and convert our debt to equity."

6. **Please revise to explain briefly the nature and significance of the "reimbursement milestones" cited in the first three bullet points on page 7. Also revise to balance your current disclosure concerning reimbursement with equally prominent disclosure regarding the limited number of payers (numerically and geographically) and nature of reimbursement, as disclosed on pages 48-49.**

We have added discussion to explain these milestones and balance coverage versus non-coverage on page 7, as well as on pages 48-50

7. Please revise to clarify the nature of the "support" you have from the entities cited in the second full paragraph on page 7. Also describe the entities cited and explain their role in your industry.

The American Academy of Ophthalmology (AAO) is the world's largest association of eye physicians and surgeons with more than 22,000 members. Although we appreciate the support of AAO, we have been advised that AAO prefers not to be mentioned in a field registration statement and have accordingly deleted any reference to AAO in our document.

We have added the following paragraphs as footnotes that describe FFB and Retina International and their support for our company.

"The Foundation Fighting Blindness (FFB) is the world's leading non-governmental organization driving research to identify preventions, treatments and cures for people affected by the spectrum of inherited retinal degenerative diseases. FFB has supported coding and payment applications submitted by Second Sight (in the form of letters of support and by attending and speaking at meetings with CMS). The FFB has also submitted letters of support and reconsideration requests to help establish coverage for the Argus II."

"Retina International is a voluntary charitable umbrella association of 33 national societies each of which is created and run by people with Retinitis Pigmentosa (RP) and other allied retinal dystrophies, their families and friends. Retinal International promotes the search for a treatment for RP and other allied dystrophies. Retina International has supported Second Sight in educating and informing the organizations about Second Sight's treatment."

8. **Given that you have not yet conducted a clinical study to demonstrate the safety and efficacy of the Argus II system to treat age-related macular degeneration, please tell us why you believe it is appropriate to include in your Summary the market size of this potential addressable market in the first paragraph on page 8 and in the penultimate paragraph on page 9. Provide similar information with respect to the potential addressable market described in the second paragraph on page 8 and last paragraph on page 9, given that you have not completed the design and development of the Orion I product. Alternatively, revise to remove these statistics.**

AMD

We believe it is appropriate to discuss the market size for AMD as it is reasonable to expect that we will be successful in extending the indication for use of the Argus II System from RP also to include AMD. There are many similarities for use of the Argus II System in both RP and AMD. First, both diseases are forms of outer retinal degeneration, a condition in which the photoreceptors (the rods and cones of the retina) degrade over time and stop functioning. In RP, this degradation begins in the periphery of the visual field and expands inward to cause tunnel vision. In AMD, this degradation begins in the central vision and expands outward over time. We expect that we will be able to use the Argus II implant and other system components, substantially without modification in AMD patients. In addition, we anticipate that the procedure to surgically implant the device in AMD patients will be unchanged, and the principles of operation of the system will be unchanged.

We further anticipate that the safety profile in AMD patients will be similar to that observed in RP patients as they are both forms of outer retinal degeneration and the implant and surgical implantation procedure are the same. Since the principles of operation of the system are the same in RP and AMD, we anticipate that the system will produce useful light percepts in a similar fashion in AMD. We believe that the principal questions in the trial from an efficacy perspective will be how well AMD patients can integrate the vision from the Argus II System with their residual vision and whether this added vision provides an overall benefit to them. Our analysis of the data and our experience with the Argus II lead us to believe that we will be able to answer these questions in the affirmative.

Medicines and Healthcare Products Regulatory Agency (MHRA), the UK competent authority, recently approved our conducting to the feasibility study in AMD patients, and consequently this uncertainty relating to receipt of approval to conduct the study has been reduced if not eliminated since our initial filing of the registration statement.

Since a portion of the proceeds from the offering will be used to fund the clinical trials for AMD, and since we view it as probable that we can demonstrate benefit to AMD patients, we believe it is important to include a discussion of the potential market size for the Argus II system should our clinical activities AMD lead to an acceptable market approval.

Orion I

The Overview section indicates that our Orion I product will need to be developed and that our anticipated initial milestone is to begin human clinical trials in late 2016. As currently planned, the Orion I implant borrows very significantly from the current Argus II implant. We expect to use the electronics package, coil molding and attachment method, array technology and array attachment method as is from the Argus II. We also intend to modify the coil shape (round rather than oval) and array shape for cortical stimulation. We further anticipate that we will develop a new mounting method for attaching the coil and electronics package. Since a portion of the proceeds from this offering will be used to fund the pre-clinical research and development of Orion I, we believe it is material for investors to have an estimate of the potential market size for this future product. The Overview discloses that approval is not assured (i.e., "If the [product] is approved for marketing…") and also indicates that the actual market would be a subset of patients who are profoundly blind due to causes other than preventable conditions or AMD. Consequently, we believe the potential market size numbers should be presented and are adequately qualified for the investor and that the failure to do may also constitute a material omission of disclosure.

9. **Refer to the awards mentioned in the bullet points on page 8. With a view toward clarified disclosure, please tell us what the criteria were to determine the recipient of each award, whether others also received the awards, and whether you provided any consideration to apply for or receive the awards. Also, where you have abbreviated the award name or entity granting the award, please revise your disclosure to identify the full name of the award and the person or entity who granted the award.**

With the regard to your comment we respectfully advise as follows:

Second Sight Awards

TIME: Best Inventions of 2013

- **Criteria:** Categorized as World-Changing
- **Others received the award:** One of 25 inventions chosen in 2013. Full list here: http://techland.time.com/2013/11/14/the-25-best-inventions-of-the-year-2013/slide/all/
- **Applied or unsolicited:** Unsolicited

CNN: The CNN 10: Inventions of 2013

- **Criteria:** Gadgets or prototypes with big, game-changing potential
- **Others received the award:** Designated number 1 of 10 inventions chosen in 2013. Others include: Atlas humanoid robot, Automatic, Bounce Imaging Explorer, MakerBot Digitizer, Google Glass, GravityLight, Oculus Rift, Soccket energy ball, Tooth 'Tattoo' sensor
- **Applied or unsolicited:** Unsolicited

Medical Device & Diagnostics Industry (MD+DI): 2013 Medical Device Manufacturer of the Year

- **Criteria:** Medical device companies that have risen above the crowd to advance medical device manufacturing

- **Others received the award:** Chosen as the winner out of ten finalists. 2012 winners included: Sotera Wireless, AirStrip Technologies, Proteus Digital Health
- **Applied or unsolicited:** Unsolicited

Popular Science: 2013 Innovation of the Year

- **Criteria:** N/A
- **Others received the award:** One of ten in the Health innovations category in 2013. Chosen as the Grand Innovation of the Year out of all the other innovations in each of the 12 categories
- **Applied or unsolicited:** Unsolicited

Inc.: The 25 Most Audacious Companies 2013

- **Criteria:** Inc.'s website states this: What's an "audacious" company? It's a superlative we chose very carefully. On the one hand, such companies are defined as bold, courageous, even heroic. Yet, on the other, they are defiant, presumptuous, irreverent, and even cocky. They see a better way to do something and work to make it happen, fearlessly committed to not only making their vision a reality but also spreading that vision.
- **Others received the award:** In "Device" section of award: Square, Lit Motors, Soma, AeroDesigns
- **Applied or unsolicited:** Unsolicited

Foundation Fighting Blindness (FFB): Visionary Award – Dr. Robert Greenberg

- **Criteria:** N/A
- **Others received the award:** One of two chosen in 2013
- **Applied or unsolicited:** Unsolicited

Ophthalmology Innovation Summit (OIS): Eye on Innovation Award

- **Criteria:** innovative technology in the ophthalmology space
- **Others received the award:** No
- **Applied or unsolicited:** Unsolicited

Cleveland Clinic: Top Medical Innovation of 2014

- **Criteria:** Significant clinical impact, high user-related functionality that improves health care delivery, high profitability, in or exiting clinical trials, on the market in the coming year, significant human interest in its application or benefits
- **Others received the award:** 1 of 10 companies chosen for 2014. Other winners include: Genome- guided solid tumor diagnostics, Responsive Neurostimulator for Intractable Epilepsy, Direct-acting Antiviral Oral Hepatitis C Drugs, Perioperative Decision Support System, Fecal Microbiota Transplantation, Relaxin for Acute Heart Failure, Computer-Assisted Personalized Sedation System, TMAO: A Novel Biomarker for Heart Attack, Stroke Risk, B-Cell Receptor Pathway to Treat Blood Cancers,
- **Applied or unsolicited:** Unsolicited

World Economic Forum: Technology Pioneer 2014

- **Criteria:** Innovation, potential impact, growth & sustainability, proof of concept, market leader and demonstrate visionary leadership
- **Others received the award:** One of 36 companies chosen for 2014-Adtelligence, Advantix Systems, Agios Pharmaceuticals, Airbnb, Alphabet Energy, AppNexus, BIND Therapeutics, bluebird bio, Bug Agentes Biologicos, Codecademy, Coursera, Cyberdyne, Data4, Dnevnik.ru, D-Rev: Design Revolution, EcoNation, Foundation Medicine, GitHub, Jana, Kaggle, Kebony, Koemei, Lenddo, LiveU, Natera, Nest Labs, Oasys Water, OMC Power, Rethink Robotics, Selecta Biosciences, SunPartner, SynTouch, TruTag Technologies, Viki and Witricity Corporation.
- **Applied or unsolicited:** Invited to apply

Edison Awards: 2014 Gold Winner – Science/Medical Category

- **Criteria:** Concept, value, delivery, and impact
- **Others received the award:** Only Gold winner in the Assistive Devices - Science/Medical category. 2013 winner: ARTAS® Robotic System by Restoration Robotics, Inc.
- **Applied or unsolicited:** Applied

MIT Technology Review: The 50 Smartest Companies for 2014

- **Criteria:** A company that had made strides in the past year that will define its field
- **Others received the award:** One of 50 companies chosen in 2014. Full list here: http://www2.technologyreview.com/tr50/2014/
- **Applied or unsolicited:** Unsolicited

Except for a $600 application fee made in connection with the Edison Award referenced above, we provided no other fee to apply for or to receive these awards. Where we have abbreviated names, we have revised our disclosure to identify the full name or names as requested. Other than as set forth we view the foregoing response to staff's comment as being in a nature of supportive information and we believe that no further disclosure is warranted.

Emerging Growth Company, page 11

10. Please supplementally provide us with copies of all written communications, as defined in Rule 405 under the Securities Act, that you, or anyone authorized to do so on your behalf, present to potential investors in reliance on Section 5(d) of the Securities Act, whether or not they retain copies of the communications. Similarly, please supplementally provide us with any research reports about you that are published or distributed in reliance upon Section 2(a)(3) of the Securities Act of 1933 added by Section 105(a) of the Jumpstart Our Business Startups Act by any broker or dealer that is participating or will participate in your offering.

To our knowledge no such written communications have been presented to potential investors and similarly there have been no research reports about us of which we are aware that have been published in reliance upon Section 2(a)(3) of the Securities Act by any broker or dealer that is participating or to our knowledge will participate in our offering.

11. Since you appear to qualify as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, please state your election under Section 107(b) of the JOBS Act:

- **If you have elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b), include a statement that the election is irrevocable; or**
- **If you have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1), provide a risk factor explaining that this election allows you to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. Please state in your risk factor that, as a result of this election, your financial statements may not be comparable to companies that comply with public company effective dates. Include a similar statement in your critical accounting policy disclosures.**

We have elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b), and have accordingly included the following language on page 11:

"Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act) are required to comply with the new or revised financial accounting standard. The JOBS Act also provides that a company can elect to opt out of the extended transition period provided by Section 102(b)(1) of the JOBS Act and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have irrevocably elected to opt out of this extended transition period provided by Section 102(b)(1) of the JOBS Act. Even though we have elected to opt out of the extended transition period, we may still take advantage of all of the other provisions of the JOBS Act, which include, but are not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved."

Moreover, under the risk factor on page 28 by which we again identify ourselves as an “emerging growth company” we have added the following second paragraph:

“In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards. However, we chose to "opt out" of this extended transition period, and as a result, we intend to comply with new or revised accounting standards on the relevant dates that adoption of those standards may be required for non-emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.”

Long-Term Investor Rights, page 12

12. Briefly describe the reasons why you are granting long-term investment rights and the purposes they are intended to accomplish, including the purposes of the 90-day direct registration feature, inability to transfer IPO shares without forfeiture and two-year holding period. Please also add an illustrative example of how the formula works to determine the amount of common stock to be issued on a long-term investment right. Please also explain what the formula is intended to achieve. Finally, we note that issuance of these rights relates to a “contractual obligation” of the Company. Please file that contract, or any other instrument defining the rights of LTIR holders, as an exhibit.

As noted in the registration statement the company was formed in 1998 with the mission of treating blindness. Today we market the only FDA approved retinal prosthetic, the Argus II, that treats blindness caused by retinitis pigmentosa. Over 90 patients have so far been implanted with our Argus II device in Europe, United States and Saudi Arabia. We believe that our technology will also treat blindness caused by age-related macular degeneration and we intend to commence a five person clinical study in the United Kingdom before the end of 2014 to prove safety and efficacy of our technology and device for AMD. Ultimately, we believe that our technology will be further developed over the next five to seven years into an approved commercially available product, the Orion I, that will be able to treat almost all blindness. These objectives are capital intensive and have to date resulted in continuing significant negative cash flows. The registration statement notes that an investment in our shares is speculative, that proceeds from the underwriting may only prove adequate for approximately up to 24 months in the absence of significant revenue and that there is no assurance of generating adequate revenue or other funding to support the continued regulatory, developmental, marketing and other costs which may be required to achieve the company’s objectives. As a means for IPO investors to consider whether they might wish to hold their IPO shares for the long term in whole or in part we concluded that it would be beneficial to encourage and reward long term investors by also allowing them a possibility of additional shares under LTIR. In this fashion, they may be rewarded for their patience to the extent that the shares do not trade at 200% of the IPO price (namely, $18 per share based on current anticipated $9 per share offering price) as of the Measurement Date. In the alternative, they may be able to neutralize or reduce a potential loss to the extent that the shares trade at or below the IPO price. In accord with your request we have added the illustrative example of how the formula works, taken from the example provided on page 88 of the original filing. The company and the underwriter believe that 90 days following the closing date of the offering is a reasonable period in which all IPO purchasers will be able directly to become registered owners of the IPO shares purchased. The LTIR, as we noted above in this letter, is a personal, non-transferable contractual right offered solely through the prospectus at the time of the IPO and is not embodied in any other written agreement between the issuer and IPO purchasers. As such, we contemplate no other instrument that defines the rights of LTIR holders.

13. Please revise your disclosure here and on page 86 to explain how fractional shares will be treated.

We have revised our disclosure on page 13 to confirm that fractional shares will be rounded up to the next whole share. This disclosure is also contained in the second full paragraph of page 88.

Use of Proceeds, page 13

14. Here and on pages 42, 57 and 76, please revise to quantify the amounts of proceeds to be allocated to each purpose cited. Please revise to clarify whether the "clinical trial" referenced will be a trial to support an application for regulatory approval. Please also disclose the amount and sources of additional funds that may be needed to complete the clinical trial, including the "pilot study" or further studies related to an AMD indication, "increasing resolution" efforts, to complete pre-clinical trial development of the Orion I system, and to bring the Orion I system to market. Refer to Instruction 3 to Item 504 of Regulation S-K.

We have revised or updated the quantity amounts of proceeds to be allocated to each of the cited purposes and have further set forth the estimated amounts and sources of additional funds that may be needed as noted or requested in the comment.

Risk Factors, page 16

15. With a view toward appropriate risk factor disclosure, please tell us about your consideration of material risks to purchasers of your common stock subsequent to the initial public offering and prior to and after the issuance of shares underlying the long- term investment rights.

Please see our section within Risk Factors entitled "Risks Related to This Offering, the Securities Market and Ownership of our Common Stock" commencing on page 29. We believe that the risks described in that section are the ones that may principally relate to purchasers of our common stock subsequent to the initial public offering for the periods described in staff's comment. We have described the LTIR at length elsewhere in this letter in response to staff comments. Although shares issuable under the LTIR may lead, some time more than two years from now, to further dilution, the LTIR is not a trading instrument and whether or not associated with the LTIR, the effects of greater shares hitting the market and the nature of risks associated with dilution are described, just as risks associated with the steps that a purchaser in the IPO must take to qualify for receipt of the LTIR and keeping it for the duration required are also set forth. While the LTIR may result in having fewer shares in street name or accounts which may limit possible future attempts to borrow the shares to effect or support short selling we do not believe that this rises to a disclosure which needs to be made in our offering document and do not believe that having fewer shares in the float as a result of those IPO purchasers removing their shares from the market will add to volatility beyond the factors that are described. Following the IPO the company recognizes its obligations to maintain current disclosures consistent with applicable regulations and will continue to make further disclosures of evolving financial condition, operations, changing markets and product acceptance which we believe are of greater interest to investors. We believe that there are no material further risks beyond the ones described for post IPO purchasers.

Litigation or third-party claims . . ., page 24

16. Please revise to clarify the effect on your business from unfavorable resolutions to the patent proceedings you mention. In this regard, you disclose here that the challenges will not have any material effect on you; however, your disclosure on pages 25 and 54 refers to the patents providing a "significant impediment" to competitors. Please reconcile.

Of the six patents which have been contested in these administrative proceedings, two have reached final resolution with no further appeal available within the European Patent Office. Of the remaining four patents in these proceedings, none applies to our current product. Moreover, to our knowledge, none applies to any competitive product. Nevertheless we regard our Argus II and other patents as representing possible improvements that we, or a competitor, may wish to embody in a future product, and while the patents may present barriers to entry at some future date we do not regard these proceedings as being material to current marketing of our product. Remaining at issue are merely four out of nearly 300 patents we have to protect our technology.

Certain of our stockholders .. . ., page 30

17. Given this risk factor, please tell us whether you will be a controlled company under applicable exchange rules and, if so, whether that status creates material risks.

We believe that we are not a controlled company under applicable exchange rules. NASDAQ Marketplace Rule 4350(c)(5) defines a Controlled Company as one in which "more than 50% of the voting power is held by an individual, a group or another company." If a company is a Controlled Company then it will be exempt from the requirement that the majority of the company's board of directors qualify as independent directors, as defined under NASDAQ Marketplace Rules as well as the other governance items therein set forth. No individual or company following the IPO meets this threshold of ownership at our company much as in as the largest individual shareholder, Alfred Mann, beneficially owns 32.3% and the second largest shareholder, Gregg Williams, following the IPO owns merely 17.5% of our company. Moreover, although our board members taken together may be deemed beneficial owners of shares amounting to 66.3% of voting securities (inclusive of shares issuable on exercise of warrants and options but before giving effect to further percentage dilution on the exercise of the underwriter's overallotment option) , the members of the board are independent individuals who are not constituted as a group, and they have no formal or to our knowledge even informal understandings of acting as a group. Moreover, for example, in this context on completion of our IPO these persons would not be filing as a group under Schedule 13D. As a consequence we respectfully believe and submit that the current risk factor disclosure need not be further amplified .

<u>Business, page 36</u>

18. Please revise your discussion on pages 37-39 regarding the potential use of your technology to address age-related macular degeneration and other diseases to state prominently that you have not yet conducted clinical trials to prove the efficacy of the Argus II system in treating macular degeneration and to describe prominently the current development status of the Orion I system. Revise the remaining discussion as necessary. For instance, revise the subheading "Other diseases resulting in blindness that can be treated by Orion I" accordingly.

The referenced text has been revised clearly to state that clinical trials have not yet been conducted and to better characterize the current development status for the Orion I system. We have also revised the subheading now on page 38 as noted in staff's comment to read "Other diseases resulting in blindness that may be treated if Orion I is successfully developed."

<u>Reimbursement, page 48</u>

19. Please expand your disclosure to explain what you mean by "coding, coverage and payment" and to explain the significance of having "obtained a required code and payment" from Medicare. From the last paragraph of the "United States" section, it appears that Medicare coverage for your device and the procedure in which it is implanted is uncertain. However, your disclosure in the last paragraph on page 46 suggests that reimbursement in the United States is assured.

We have expanded here as well as under "Prospectus Summary – Commercial Strategy" our disclosures regarding "coding coverage and payment" to address the comments raised by staff.

The last paragraph of the referenced "United States" section on page 49 now states that as to coverage by Medicare and other payers that there is no assurance of coverage or reimbursement or that any obtained coverage will be adequate.

20. With a view toward disclosure, please tell us the basis for your expectations regarding future reimbursement in the European countries you mention.

The Argus II Retinal Prosthesis System reimbursement application is currently in process in several European countries. Following favorable reimbursement decisions for Argus II in Germany, France and US (each of which has a very high set of standards for reimbursement approval process) we strongly believe that payers from other leading countries in European and other regions also will also be able see the benefits that Argus II can provide to eligible patients and will decide to reimburse for the procedure and our product.

- In England, the reimbursement application is in review process under National Specialized Services' "Coverage through Evaluation" program.

- In Turkey, we have appointed a distributor and have received regulatory approval. We expect that the Argus II Retinal Prosthesis System reimbursement application will be submitted to that country's national reimbursement authority by end of 2014.

- In Switzerland, the procedure code required to conduct Argus II surgery has been approved and we plan to submit the reimbursement application early 2015.

<u>Our Licenses and Agreements, page 54</u>

21. Please expand to describe the material terms of each license agreement separately, including the term of each agreement and termination provisions. Also revise to clarify the scope of each license and describe the aspect or aspects of your device to which the license relates.

We have expanded our disclosures within the registration statement to include the following:

Johns Hopkins University and Duke University

The Johns Hopkins license includes two patents and one patent application. The two patents include a patent covering a system of wireless communication between the external part and implanted part of an implanted medical device, and a patent covering a stimulation pattern to preferentially stimulate deeper retinal cells. The patent application covers a system for fitting a visual prosthesis using visually evoked potentials. The Johns Hopkins patents licensed to us expire in 2018 and may present a significant impediment to any competitors selling in the US or European markets. If the patent application does not issue, the license agreement will expire in 2018 with the expiration of the last patent. If the new patent issues on the patent application, the agreement will terminate with the expiration of a patent issuing on that application, which currently is anticipated to be in 2030. The agreements provide a maximum royalty of 3% of net sales. The royalty rate is reduced by other royalties paid on the same product, and reduced by meeting certain volume targets. The license can be terminated by Second Sight for any reason. It may be terminated by Johns Hopkins University for breach not corrected within 60 days of notice.

Doheny Eye Institute (DEI)

The DEI license agreement includes 67 patents and applications which are all co-owned by Second Sight and DEI. The patents cover a wide range of technologies, and most are related to the Argus II. As a co-owner of the patents and patent applications, Second Sight has the right to use the technology with or without the license agreement. The license agreement pertains to DEI's share in the patents and patent applications, but gives Second Sight an exclusive license. The agreement continues until the last of the patents expire and involve ongoing research. The agreement continues at least until the end of 2031. The agreement provides for a 0.5% royalty of net sales. The license may be terminated by breach not corrected within 30 days of notice, or on insolvency of the company.

Our Manufacturing and Quality Assurance, page 54

22. We note your disclosure that many components, materials and services necessary to produce and test your products are provided by sole source suppliers, as well as the effect on you from disruptions, as discussed on page F-12. Please expand to identify these suppliers and describe the material terms of your arrangements or agreements with them.

The term "sole source" could be applied to most of our suppliers, as our current purchasing volumes do not warrant developing more than one supplier except where quality, cost, or reliability issues exist. Certain of our suppliers, in addition to being sole sources, may also provide a component or service that would require one or more of the following to qualify an alternate:

- Significant time to develop
- Significant time to qualify (e.g. testing)
- Approval by a regulatory agency that may be time consuming or difficult to obtain.

For us and for the reader we have identified the risk of disruption and certain of our efforts to mitigate exposure by building inventory and also by finding or qualifying additional sources. Namely, the risk is one of business disruption in the operations of suppliers or in our commercial relationships with them. Our terms of agreement with these suppliers are all based on purchase orders that we may terminate at any time and we may insist as appropriate on an exclusive supply arrangement in exchange for minimum purchases. We believe that there is no benefit further to provide names or otherwise identify any of these suppliers, numbering more than several hundred in total. We do believe however that providing any additional information may prove materially harmful to us by delivering such information to competitors who may seek to disrupt or otherwise damage these relationships or otherwise benefit from the efforts and costs we have cultivated with regard to these suppliers. In our view these disclosures are consistent with the requirements of item 101 of Regulation S-K and we respectfully submit that further disclosures will not be meaningful.

Management's Discussion and Analysis , page 56

Critical Accounting Policies, Stock-Based Compensation page 59

23. We note that the grant price was based on the estimated fair value of the shares at the date of grant. Please progressively bridge for us the fair value per share determinations for each grant during 2013 and 2014 to the current estimated IPO price per share.

From time to time, the Board of Directors has granted stock options to employees and consultants at less than the price at which shares were then being sold for cash by the Company. The grant price of stock options is one factor that is utilized by the Company to determine compensation arrangements with the Company's officers and employees. Compensation arrangements have historically been determined based on the estimated fair value of the shares at the date of grant. With certain recent exceptions for specific corporate compensation considerations, which the grant price is different than the most recent offering price of shares sold by the Company, and which are reviewed and approved by the Board of Directors, the grant prices of stock options have been set at fair value.

We have amended the disclosure in MD&A (commencing on page 57) and the notes to the consolidated financial statements (pages F-13 and F-37) to indicate that:

Grant Price - the grant price of the issuances, with certain exceptions, is determined based on the estimated fair value of the shares at the date of grant.

As an indication of fair value, the Board also considered at the time of the grant the price at which the Company is selling equity to investors. During 2012, the Company sold 1,576,016 shares of common stock to existing investors at $5.00 per share, raising a total of $7,880,080. From July 2013 to July 2014, the Company sold 1,642,808 shares of common stock to new investors in a private placement at $7.00 per share, raising a total of $11,499,656 ("Private Placement"). The increase in the price of the common stock to $7.00 per share in 2013 was based, in part, on the fact the Company had received FDA approval for its Argus II system in February 2013. On August 12, 2014, the Company filed a Registration Statement on Form S-1 with an indicated $9.00 per share price for its common stock.

Stock compensation expense is calculated using the Black-Scholes option-pricing model and reflects the difference between the grant price and the fair value of the shares at the date of grant. For purposes of calculating stock-based compensation expense in 2013 and the first six months of 2014, the Company used $7.00 as the fair market value in its Black-Scholes calculations. This $7.00 price is consistent with the price being paid for the Company's common stock during this period.

During 2013 and 2014, the Board granted options on the following dates at the indicated exercise prices:

Date	Number of Shares	Exercise Price
March 1, 2013	500	$ 5.00
January 1, 2014	125,000	$ 4.25
March 1, 2014	38,500	$ 5.00
April 1, 2014	156,249	$ 5.00
July 14, 2014	257,500	$ 7.00
August 9, 2014	2,000	$ 7.00
September 26, 2014	746,134	$ 9.00

From July 2013 to July 2014, the Company sold common stock at $7 per share in the Private Placement as follows:

Date	Shares Sold	Amount Raised
July, 2013	285,714	$ 1,999,998
November, 2013	3,600	$ 25,200
December, 2013	53,641	$ 375,487
March, 2014	100,000	$ 700,000
April, 2014	28,000	$ 196,000
May, 2014	161,427	$ 1,129,989
June, 2014	793,284	$ 5,552,988
July, 2014	217,142	$ 1,519,994

In March 2013, the Board granted an option covering 500 shares at an exercise price of $5.00 per share, which was the per share price of the most recent prior sale of common stock in 2012.

During the first six months of 2014, options were granted below the $7.00 price of the Private Placement to either (i) replace vested options that had expired or (ii) for the purpose of providing additional incentive to the employees receiving these grants. The January 2014 grant at $4.25 per share replaced a grant with a similar exercise price that had expired. The grants to employees in March and April of 2014 made at $5.00 per share were, like all other option grants to employees, intended to provide additional motivational incentive. In July and August of 2014, the Company made grants to several new hires at $7.00 per share, which was the price per share that investors were paying to participate in the Private Placement as late as July 30, 2014.

In September 2014, subsequent to filing our Registration Statement, the board granted options to purchase 746,134 shares of its common stock at $9.00 per share, including 725,734 options that were granted to senior management of the Company. The options are exercisable for a period of ten years from the date of grant and vest over a period of either four or five years.

Results of Operations, Cost of Sales, page 60

24. We note in footnote 4 on page F-41, that finished goods inventory increased to approximately $814,000 or 33% over the prior year and total inventory increased to approximately $3,943,000 or 68% over the prior year. However, your reserve for excess and obsolescence increased to approximately $1,596,000 or 188%. Tell us the factors that caused this significant increase in your reserve in the current year as compared to the increases in inventory and inventory levels. Please revise your MD&A discussion to include the impact your reserve account had on cost of sales, including explaining why the reserve balance exceeds the finished goods balance, and provide management's estimate as to the impact these reserves will have on future operations.

The increase in the allowance for excess and obsolete inventory relates primarily to work in process inventory that we anticipate will be discarded in future periods either due to non-conformance with our finished goods specifications, or due to design changes rendering certain sub-assemblies obsolete.

During 2013, we increased our manufacturing activity substantially over that of 2012, which resulted in a $1,336,083, or 104%, increase in work in process inventory at year-end as compared to a year earlier. At the same time, our manufacturing processes and yields did not improve significantly. Accordingly, as we increased the amount of work in process inventory during the year, we experienced a high level of limited use or unusable sub-assemblies, and our ending work in process inventory contained a significant dollar amount of goods that will be discarded in the future. We also implemented certain design changes making obsolete older designs, which for the most part consisted of sub-assemblies included in work in process inventory.

The comment asked about the relationship of the allowance to our finished goods balance. As noted above, as most of the increase in the reserve relates to work in process inventory, we believe the more relevant comparison is to our work in process inventory, which increased by $ 1,336,083. We will add a disclosure that we believe these reserves will have minimal impact on future operations. The reserves are management's best estimate as of December 31, 2013 of items in ending work in process inventory that will be discarded. This reserve puts the impact of scrap in operations in the appropriate period.

We also note that we have revised our presentation of cost of sales in the Statements of Operations. In the initial filing of our registration statement, we reported cost of sales on two lines: cost of goods sold and production process development costs. On further consideration, we now believe that the more conventional reporting of cost of sales as a single line item would be the more appropriate and proper presentation, as the information presented in this manner will be clearer and more useful to the users of these financial statements. We have modified the Results of Operations discussion in the MD&A (page 61), where we had previously discussed the two line items in cost of sales, to provide the appropriate information and discussion related to the current presentation cost of sales.

Finally, in response to staff's comment above, we have edited the discussion of cost of sales in the MD&A to read as follows:

Cost of sales. Cost of sales increased from $4,396,746 in 2012 to $5,629,320 in 2013, an increase of $1,232,574, or 28%. The increase in cost of sales is primarily due to increasing our production capacity, including the addition of direct and indirect personnel to the operations staff, while still experiencing low yields and incurring higher charges related to our allowance excess and obsolete inventory.

During the year ended December 31, 2013, we increased our allowance for excess and obsolete inventory by $1,042,621, or 188%, to $1,595,792. During 2013, we also increased our manufacturing activity substantially over 2012, which resulted in a $1,336,083, or 104%, increase in work in process inventory at year-end as compared to a year earlier. The large increase in the allowance during 2013 is due to increased production activity and costs during the year without a similar increase in production of goods that conformed to our manufacturing standards. As we increased the amount of work in process inventory and manufacturing activity during the year, we experienced a high level of limited use or unusable subassemblies, as a result of which our ending work in process inventory contained a significant amount of goods that will be discarded. We also implemented design changes during the year, the effect of which was to make obsolete certain older designs, which for the most part consisted of sub-assemblies included in work in process inventory.

This increased allowance will have minimal impact on future operations. As these items are discarded in future periods, they will be charged against the reserve and we expect that there will be nominal impact on the Company's operations.

We will continue to invest in improving our manufacturing processes. We expect manufacturing yields to improve and production costs to decrease over the next several years, although significant fluctuations may occur on a quarter to quarter basis.

Comparison of Years Ended December 31, 2013 and 2012, page 62

25. Please revise to clarify the effect on your results attributable to changes in price and volume. While we note your disclosure regarding increased numbers of Argus II sold in the periods presented, it also appears the price per unit varied substantially in each period. Please revise to clarify the reasons for such variation.

The Company's Argus II system was the first retinal implant approved for sale in Europe. As such, there has been no established market or set insurance reimbursement level for our product. In some instances, we discounted our prices to introduce our product into new hospital centers, and in other situations, due to the lack of insurance reimbursement or other funding, we gave price discounts to maintain momentum at other implant centers. We believe that as the market for our product becomes more established, and as insurance reimbursements for this new technology become more standard, pricing in Europe will stabilize. We have revised the original comments on Page 63 to state the following:

Revenue . Our product sales increased from $1,367,224 in 2012 to $1,564,933 in 2013, an increase of $197,709, or 14%. This increase in product revenue was due to implanting 22 Argus II systems in 2013, as compared to 15 implants in the prior year, offset by a lower average selling price in 2013. Our average selling prices in 2013 declined from 2012, mainly due to reduced pricing in Europe. In some instances, we discounted our prices to introduce our product into new hospital centers, and in other situations, due to the lack of insurance reimbursement or other funding, we gave price discounts to maintain momentum at certain implant centers. We believe that as the market for our product becomes more established, and as insurance reimbursements for this new technology become more standard, pricing in Europe will stabilize. In 2012, our revenues came from Europe; in 2013, revenue came from Europe and the Middle East. Product sales did not commence in the United States and Canada until 2014. We expect smaller price variations, followed by price stabilization, as we enter new markets.

Executive Officers and Directors, page 67

26. With a view toward disclosure, please tell us why Mr. Mann's business experience does not include Incumed, as referenced in note 2 on page 85, as well as the nature of the business Incumed conducts. Also, for each director, please briefly discuss the specific experience, qualifications, attributes or skills that led to the conclusion that the person should serve as a director. See Regulation S-K Item 401(e).

We are advised that IncuMed, LLC is a holding company that owns interests in other Alfred Mann associated companies and that it does not otherwise conduct any of its own independent business operations. As a consequence we determined that this personal investment activity at the IncuMed level does not require additional disclosure as part of Mr. Mann's business experience.

We have added discussion to the management section that briefly describes why we believe each of our directors should serve or continue serving on the board of directors.

Capitalization, page 78

27. "Cash" is not a component of capitalization as applicable to this disclosure. Please revise to remove that caption from the presentation of capitalization.

We have removed "cash" from the capitalization table. We have also updated this table through June 30, 2014.

28. We note that the number of shares of common stock outstanding after the offering excludes up to 3,500,000 shares issuable upon trigger of the Long Term Investment Right. Please tell us how you considered the issuance of the Long Term Investment Right in the presentation of your pro forma financial information.

We have excluded shares associated with the LTIR from the capitalization table; however, we have included additional disclosure in the dilution tables as appropriate. The contingent shares associated with the LTIR are built in for the IPO purchasers to encourage long term ownership and no additional funds will be received by the company upon issuance of these shares. Please see our response set forth with respect to comment 33 below.

Dilution, page 80

29. Please separately disclose the change in net tangible book attributable to the conversion of all outstanding promissory notes. Also disclose how the numbers and percentages in the second table would change assuming exercise of all outstanding options and warrants.

We have included the change in net tangible book value attributable to the conversion of all outstanding promissory notes on a separate line in the Dilution table.

We have included an additional version of the table in the Dilution section. This additional version includes the numbers and percentages to reflect the exercise of all outstanding options and warrants, including the warrants that will be issued in connection with the Underwriter's Warrant, as well as the maximum number of shares issuable under the Long Term Investment Right.

Certain Relationships and Related Party Transactions, page 82

30. Please revise to provide the information required by Regulation S-K Item 404 with respect to the lock-up exception granted to your CEO, as mentioned on page 91, including the reasons for the exception and the dates selected.

We have added a discussion to "Officer Loans" section on page 83 which states the following:

"Our board and MDB Capital have agreed that our president and CEO may have a limited release from his 12 month lock-up agreement with us, permitting him to sell up to 100,000 shares of common stock, commencing February 15, 2015 and ending April 15, 2015 to cover or pay tax obligations arising out of the forgiveness of these two loans and out of certain of his option exercises. See "Shares Eligible for Future Sales – Lock up Agreements".

We have in addition made the following statement on page 92, "Lock-Up Agreements",

"Our board and MDB Capital have agreed that our President and CEO may sell up to 100,000 shares of common stock in the period commencing February 15, 2015 and ending April 15, 2015 to permit him to obtain amounts he may need to pay income tax obligations that will be then due."

Notes to Consolidated Financial Statements, page F-32

Note 2 Summary of Significant Accounting Policies, page F-33

Geographic Concentrations, page F-35

31. We note your foreign assets related to operations in Switzerland, your customer concentration of revenues, and your disclosure that all revenues were derived from Europe and the Middle East. Please expand your revenue disclosures to disclose separately the revenue from external customers attributable to individual foreign countries, if material. See paragraph 280-10-50-41 of the FASB Accounting Standards Codification.

We have expanded our geographic concentration disclosures as requested consistent with ASC 280-10-50-41 as follows:

"Geographic Concentration

During the years ended December 31, 2013 and 2012, regional revenue, based on customer location, consisted of the following:

	2013	2012
Germany	32%	75%
Saudi Arabia	31%	1%
Italy	18%	21%
Netherlands	13%	0%

We made similar disclosure for six months ended June 30, 2014 and 2013 (unaudited).

Stock-Based Compensation, page F-36

32. We note that for determining the expected volatility you based it upon average historical volatilities of comparable companies in the similar industry. Please provide to us the names of the companies you considered peer companies for purposes of determining the volatility assumption, the volatility of each, and tell us how you concluded that each company was similar to you in terms of industry, stage of life cycle, size, and financial leverage. Refer to paragraph 718-10-55-25 of the FASB Accounting Standards Codification.

Estimating expected volatility required the Company to exercise judgment in this process of comparing publicly traded companies with a "private company". The Company determined that a non-public entity should base its expected volatility on the average volatility of similar public companies over an appropriate measurement period. The Company determined that industry, market capitalization and time in business were primary critical factors in selecting the appropriate sample of similar public entities. The Company reviewed a sector-based list of companies in the medical products field and selected the following public entities:

Company Symbol	Company	Industry
CYTX	**Cytori Therapeutics**	**Cell Therapy**
NBS	**Neostem, Inc.**	**Cell Therapy**
CRY	**CryoLife, Inc.**	**Medical Devices – CV**
RTIX	**RTI Surgical, inc.**	**Surgical Implants - Orthopedic**
SRDX	**SurModics, Inc.**	**Vitro Diagnostic Tech**

Company Symbol	Employees	Mkt Cap	Revenue
CYTX	**115**	**$181 M**	**$8.90 M**
NBS	**108**	**$225 M**	**$16.33M**
CRY	**510**	**$253 M**	**$141.13M**
RTIX	**1100**	**$247 M**	**$242.02M**
SRDX	**114**	**$286 M**	**$56.40M**

Second Sight will be a relatively small capitalization company similar to these companies based on the planned per share price of our IPO and total capitalization. Second Sight also has a comparable number of employees to those reported by CYTX, NBS and SRDX. Four of these companies have the same or smaller leverage to market capitalization. While these companies are more established companies, we believe these companies have a volatility similar to what we would expect Second Sight to have during the normal vesting periods for Second Sight's outstanding options and warrants.

The average volatility of each of these companies for the last three years is as follows:

Company Symbol	2012	2013	2014
CYTX	85.48%	54.83%	32.60%
NBS	72.99%	57.79%	25.80%
CRY	34.01%	39.22%	11.39%
RTIX	33.45%	55.15%	26.59%
SRDX	35.87%	31.23%	9.91%

In addition, we calculated the volatility of these companies over a six year period, which yielded the following average group volatility that we used in our stock option valuation calculations for those years: 2012 - 62.20%; 2013 - 61.21%; and 2014 - 51.46%. For our warrant valuation calculations, we calculated the volatility of these companies over a five year period: 2012 - 63.92%; 2013 - 57.50%; and 2014 - 45.97%.

The Company has concluded that its analysis of the appropriate expected volatility is in accordance with ASC 718-10-55-25.

Note 16. Subsequent Events, page F-49

33. We note from page 86 and throughout the filing that in connection with the initial public offering, each beneficial owner of your common stock, who purchases shares directly in the offering, may qualify to receive up to, but no more than, one additional share of common stock from you per each share purchased in the offering pursuant to the contractual obligation of the company in association with the sale of the offered shares ("Long Term Investor Right"). Please tell us how you plan to account for the issuance of the Long Term Investor Right citing the applicable authoritative accounting guidance.

The Long Term Investor Right (the "Right") is a unique common equity financing concept which the Company is offering only to investors in its initial public offering of common shares (the "IPO") to give these investors both an incentive to purchase the common stock and a means to encourage long term investment. There are no selling shareholders in the IPO. The Right is being made available to all investors who acquire their shares in the IPO, and ripening of such Right is effected by voluntary compliance with the eligibility requirements. The Right is non-detachable and non-transferable. Other shareholders, including the shareholders prior to the IPO and shareholders acquiring their shares upon conversion of debt in conjunction with the IPO, or employees who acquire shares on exercise of options are not eligible to obtain this Right.

The Company reviewed US GAAP and the applicable accounting literature and concluded that the Right is effectively a pricing mechanism for the IPO and should be accounted for as a component of the actual price per common share paid by the investor in the IPO. The Right is always, and only, an equity instrument. The additional shares issuable pursuant to the Right are contingent on: (1) the investor purchasing the IPO shares and then taking the steps to satisfy the conditions to acquire the Right; (2) the post-IPO changes in the Company's share price; and (3) the investors actually holding the IPO shares and not placing them in street name or trading them during the two year measurement period.

For basic earnings per share, the shares associated with the Right would be treated as "contingently issuable" shares and would be included in the calculation of basic earnings per share as of the date all necessary conditions have been satisfied and the number of shares issuable are known ASC 260-10-43-45. This means that the shares associated with the Right would not be included in basic earnings per share until the actual number of shares to be issued is known.

At the end of each reporting period, the Company will track the potential dilutive effect of the Right and will provide disclosure as to the number of common shares that are contingently issuable on such date based on the actual share price movements and ownership changes subsequent to the IPO, as adjusted each reporting period.

This Right is an unusual and apparently unique application of a financial instrument in an IPO. It has previously been used by investment bankers or underwriters in earlier transactions or offerings to provide additional consideration in merger and acquisition and reverse recapitalization transactions that are structurally and significantly different than this IPO. The Company was unable to find similar equity rights in recent IPO transactions or to find on point, specific US GAAP guidance. In the Company's review of accounting literature, it determined that the Right was not equivalent to a stock option, as the Right did not involve officers, directors, employees or vendors ASC 718-10-15. The Company also considered if the Right was equivalent to a warrant and determined that without an exercise price the Right is not analogous to a warrant, as a warrant has an exercise price and is normally detachable in equity unit offerings. The ASC Master Glossary defines a warrant as "A security that gives the holder the right to purchase shares of common stock in accordance with the terms of the instrument, usually upon payment of a specified amount".

The Company also reviewed the accounting for derivatives [ASC 815]. Presented below are the Company's analysis and conclusions.

The following contracts are specifically excluded from ASC 815's scope for the reporting entity (i.e., the issuer) as stated in ASC 815-10-15-74:

Contracts issued or held by a reporting entity that meet both of the following conditions are NOT classified as derivatives:

1. Classified in stockholders' equity in its statement of financial position; and
2. Indexed to its own stock.

The Company believes that the Right cannot be classified anywhere other than in stockholders' equity, as it is a non-detachable, non-transferrable right that can only be held and enjoyed by an original purchaser of common shares in the IPO. Furthermore, the Right cannot be a "Freestanding Financial Instrument", which excludes it from ASC 480. The Right has no characteristics of being redeemable by the Company, nor is there any ability for it to be traded or transferred to other parties. Accordingly, the Company concluded the Right is classified in stockholders' equity.

The scope exception also required a determination that the Right is considered indexed solely to the reporting entity's stock. This is a two-step process as prescribed by ASC 815-40-15-5 through 15-7. The steps are:

Step 1: Evaluate the instrument's contingent exercise provisions, if any.
Step 2: Evaluate the instrument's settlement provisions.

Step 1 of the assessment requires the Right to be contingent only on the price of the Company's shares. The Right is solely dependent on the stock price of the Company's shares over the two-year measurement period and has no other contingencies. Therefore, the Company concluded the Right passed Step 1.

Step 2 of the assessment requires an entity to analyze the settlement terms of the Right. The Company determined that the Right has a fixed price, which is fixed to the amount paid by the shareholder in the IPO; no additional amounts are due at settlement. The Company also determined that the Right is indexed to its own stock because the terms of the settlement would also be a variable typically used to determine the fair value of a "fixed-for-fixed" forward or option on equity shares.

Based on the analysis that the Right is classified in stockholders' equity as an equity instrument in the Company's Statement of Financial Position and is indexed to the Company's common stock, the Company concluded that the Right is not a derivative.

The Company will disclose the undertaking to provide current information in its future periodic reports of the potential shares issuable under the Rights. In the footnotes to the financial statements included in the Form S-1 Registration Statement, the Company will describe the accounting for the Right as contingent shares that, if issued, will become additional outstanding shares of common stock.

<u>Item 14. Indemnification of Directors and Officers, page 96</u>

34. Your disclosure may not be qualified by reference to statutes. Please revise the first sentence accordingly.

We have deleted the opening sentence to eliminate qualification by reference to statutes as requested.

<u>Exhibits, page 99</u>

35. Please file the March 21, 2014 letter described on page 73 and the "Shareholders Agreement" mentioned on page 87. Refer to Item 601(b)(10) of Regulation S-K.

We have filed a copy of our Shareholder Agreement dated September 5, 2003 and executive employment offer letter dated May 21, 2014 described on page 74 as Exhibits 10.14 and 10.15 respectively.

Amanda Ravitz
Assistant Director
United States Securities and Exchange Commission
October 2, 2014

We acknowledge that notwithstanding staff comments, upon our request of acceleration of the effective date of the pending registration statement we will provide a written statement from the company acknowledging that:

· should the Commission or the staff, acting pursuant to delegated authority, declare the filing effective, it does not foreclose the Commission from taking any action with respect to the filing;

· the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, does not relieve the company from its full responsibility for the adequacy and accuracy of the disclosure in the filing; and that

· the company may not assert staff comments and the declaration of effectiveness as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

We further acknowledge that a written request for acceleration of the effective date of the registration statement will be considered as confirmation of the fact that in requesting acceleration we are aware of our responsibilities under the Securities Act of 1933 and under the Securities Exchange Act of 1934 as they relate to our proposed public offering of the securities specified in the above registration statement.

You may contact Aaron A. Grunfeld, the company's counsel, at (310) 788-7577, or by email at agrunfeld@grunfeldlaw.com, if you have questions or further comments regarding our responses to your questions and the related matters covered by this response.

Sincerely,

/s/ Robert J Greenberg

cc (via e-mail): Geoffrey Kruczek
Mary Beth Breslin
Tom Miller
Aaron A. Grunfeld