OMEROS CORP
Form S-1/A
June 23, 2009

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As filed with the Securities and Exchange Commission on June 23, 2009
Registration No. 333-148572

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 4 TO
Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Omeros Corporation
(Exact name of registrant as specified in its charter)

Washington	**2834**	**91-1663741**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1420 Fifth Avenue, Suite 2600
Seattle, Washington 98101
(206) 676-5000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Gregory A. Demopulos, M.D.
President, Chief Executive Officer,
Chief Medical Officer and
Chairman of the Board of Directors
Omeros Corporation
1420 Fifth Avenue, Suite 2600

Seattle, Washington 98101
(206) 676-5000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

Craig E. Sherman, Esq. **Mark J. Handfelt, Esq.** **Wilson Sonsini Goodrich & Rosati** **Professional Corporation** **701 Fifth Avenue, Suite 5100** **Seattle, Washington 98104** **(206) 883-2500**	**Marcia S. Kelbon, Esq.** **Alex F. Sutter, Esq.** **Omeros Corporation** **1420 Fifth Avenue, Suite 2600** **Seattle, Washington 98101** **(206) 676-5000**	**James R. Tanenbaum, Esq.** **Jonathan E. Kahn, Esq.** **Morrison & Foerster LLP** **1290 Avenue of the Americas** **New York, New York 10104** **(212) 468-8000**

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. o

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. o

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. o

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. o

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

o Large accelerated filer	o Accelerated filer	þ Non-accelerated filer (Do not check if a smaller reporting	o Smaller reporting company

company)

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 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated June 23, 2009

Omeros Corporation

Shares
Common Stock

This is the initial public offering of Omeros Corporation. We are offering shares of our common stock. We anticipate that the initial public offering price will be between $ and $ per share. We have applied to list our common stock on the NASDAQ Global Market under the symbol OMER.

Investing in our common stock involves risk. See Risk Factors beginning on page 11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to Omeros Corporation	$	$

We have granted the underwriters the right to purchase up to additional shares of common stock to cover over-allotments.

Deutsche Bank Securities

Wedbush Pac Grow Life Sciences

Leerink Swann **Needham & Company, LLC**

The date of this prospectus is , 2009.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. Except where the context requires otherwise, in this prospectus the Company, Omeros, we, us and our refer to Omeros Corporation, a Washington corporation, and, where appropriate, its subsidiary.

For investors outside the United States: Neither we nor any of the underwriters have 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 who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of shares of common stock and the distribution of this prospectus outside of the United States.

Market Data

This prospectus contains market data regarding the healthcare industry that we obtained from Sharon O Reilly Consulting, or SOR Consulting, Thomson Healthcare, The Reimbursement Group and Insight Pharma Reports. The market data regarding the number of arthroscopic operations, including knee arthroscopy operations, performed in the United States in 2006 is from SOR Consulting. Ms. O Reilly is the founder of Medtech Insight, a market research firm

that she left in 2007. Medtech Insight did not provide any of the data used in this prospectus. The market data regarding the number of cataract and uroendoscopic operations performed in the United States in 2006 is from Thomson Healthcare. In addition, our conclusions regarding the potential reimbursement of our PharmacoSurgery™ product candidates are based on reports that we commissioned from The Reimbursement Group, or TRG. The data regarding the number of drugs that target G protein-coupled receptors is from Insight Pharma Reports. Although we believe that all of these reports and data are reliable, we have not independently verified any of this information.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including our financial statements and the related notes, elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in Risk Factors.

Omeros Corporation

We are a clinical-stage biopharmaceutical company committed to discovering, developing and commercializing products focused on inflammation and disorders of the central nervous system. Our most clinically advanced product candidates are derived from our proprietary PharmacoSurgery™ platform designed to improve the clinical outcomes of patients undergoing arthroscopic, ophthalmological, urological and other surgical and medical procedures. Our PharmacoSurgery platform is based on low-dose proprietary combinations of therapeutic agents delivered directly to the surgical site throughout the duration of the procedure to preemptively inhibit inflammation and other problems caused by surgical trauma and to provide clinical benefits both during and after surgery. We currently have four ongoing PharmacoSurgery clinical development programs: two in arthroscopy, one in ophthalmology and one in uroendoscopy. The most advanced of these, OMS103HP for use in arthroscopy, is in Phase 3 clinical trials. In addition to our PharmacoSurgery platform, we have leveraged our expertise in inflammation and the central nervous system, or CNS, to build a pipeline of preclinical programs targeting large markets. By combining our late-stage PharmacoSurgery product candidates with our deep and diverse pipeline of preclinical development programs, we believe that we create multiple opportunities for commercial success. For each of our product candidates and programs, we have retained all manufacturing, marketing and distribution rights.

Our PharmacoSurgery Platform

Limitations of Current Treatments

Current standards of care for the management and treatment of surgical trauma are limited in effectiveness. Surgical trauma causes a complex cascade of molecular signaling and biochemical changes, resulting in inflammation, pain, spasm, loss of function and other problems. As a consequence, multiple pharmacologic actions are required to manage the complexity and inherent redundancy of the cascade. Accordingly, we believe that single-agent treatments acting on single targets do not result in optimal therapeutic benefit. Further, current pre-operative treatments are not optimally effective because the administration of standard irrigation solution during the surgical procedure washes out pre-operatively delivered drugs. In addition, current postoperative therapies are not optimally effective because the cascade and resultant inflammation, pain, spasm, loss of function and other problems have already begun, and are difficult to reverse and manage after surgical trauma has occurred. Also, drugs that currently are systemically delivered, such as by oral or intravenous administration, to target these problems are frequently associated with adverse side effects.

Advantages of our PharmacoSurgery Platform

In contrast, we generate from our PharmacoSurgery platform proprietary product candidates that are combinations of therapeutic agents designed to act simultaneously at multiple discrete targets to preemptively block the molecular-signaling and biochemical cascade caused by surgical trauma and to provide clinical benefits both during and after surgery. Supplied in pre-dosed, pre-formulated, single-use containers, our PharmacoSurgery product candidates are added to standard surgical irrigation solutions and delivered intra-operatively to the site of tissue

trauma throughout the surgical procedure. This results in the delivery of low concentrations of agents with minimal systemic uptake and reduced risk of adverse side effects, and does not require a surgeon to change his or her operating procedure.

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In addition to ease of use, we believe that the clinical benefits of our product candidates could provide surgeons a competitive marketing advantage and may facilitate third-party payor acceptance, all of which we expect will drive adoption and market penetration. Our patent portfolio covers all arthroscopic, ophthalmological, urological, cardiovascular and other types of surgical and medical procedures, and includes both method and composition claims broadly directed to combinations of agents drawn from distinct classes of therapeutic agents delivered to the procedural site intra-operatively, regardless of whether the agents are generic or proprietary. Our current PharmacoSurgery product candidates are specifically comprised of active pharmaceutical ingredients, or APIs, contained in generic drugs already approved by the U.S. Food and Drug Administration, or FDA, with established profiles of safety and pharmacologic activities, and are eligible for submission under the potentially less-costly and time-consuming Section 505(b)(2) New Drug Application, or NDA, process.

Market Opportunity

According to market data from SOR Consulting and Thomson Healthcare, approximately a total of: 4.0 million arthroscopic operations, including 2.6 million knee arthroscopy operations; 2.9 million cataract operations; and 4.3 million uroendoscopic operations were performed in the United States in 2006. We expect the number of these operations to grow as the population and demand for minimally invasive procedures increases and endoscopic technologies improve. In addition, based on reports that we commissioned from The Reimbursement Group, a reimbursement consulting firm, we anticipate that each of our current PharmacoSurgery product candidates will be favorably reimbursed both to the surgical facility and to the surgeon. As a result, we estimate that there are large markets for each of our PharmacoSurgery product candidates and believe that OMS103HP alone provides a multi-billion dollar market opportunity.

Our Lead Product Candidate OMS103HP

OMS103HP, our lead PharmacoSurgery product candidate, is in two clinical programs. The first is a Phase 3 clinical program, expected to include a total of approximately 1,040 patients, evaluating OMS103HP s safety and ability to improve postoperative joint function and reduce pain following arthroscopic anterior cruciate ligament, or ACL, reconstruction surgery. The second program is evaluating OMS103HP s safety and ability to reduce pain and improve postoperative joint function following arthroscopic meniscectomy surgery. OMS103HP is a proprietary combination of APIs with known anti-inflammatory, analgesic and vasoconstrictive activities. Each of the APIs in OMS103HP are components of generic, FDA-approved drugs that have been marketed in the United States as over-the-counter or prescription drug products for over 15 years and have established and well-characterized safety profiles. We believe that OMS103HP will, if approved, be the first commercially available drug product for the improvement of function following arthroscopic surgery, and will, based on the data from our OMS103HP Phase 1/Phase 2 clinical program, provide additional postoperative clinical benefits, including improved range of motion, reduced pain and earlier return to work. The results of this Phase 1/Phase 2 clinical program were published in a peer-reviewed article titled Novel Drug Product to Improve Joint Motion and Function and Reduce Pain After Arthroscopic Anterior Cruciate Ligament Reconstruction that appeared in the June 2008 issue of *Arthroscopy: The Journal of Arthroscopic and Related Surgery* (Vol. 24, No. 6: pp. 625-636).

OMS103HP selectively targets multiple and discrete pro-inflammatory mediators and pathways within the inflammatory and pain cascade. Added to standard irrigation solutions, OMS103HP is delivered to the joint at the initiation of surgical trauma to preemptively inhibit the inflammatory and pain cascade. Continuous intra-operative delivery to the joint creates a constant concentration of OMS103HP, bathing and replenishing the joint with drug throughout the duration of the surgical procedure. Because OMS103HP is delivered locally to, and acts directly at, the site of tissue injury, it can be delivered in low concentration, and will not be subject to the substantial interpatient variability in metabolism that is associated with systemic delivery. By delivering low-concentration OMS103HP locally and only during the arthroscopic

procedure, systemic absorption of the APIs will be minimized or avoided, thereby reducing the risk of adverse side effects.

We expect to complete the Phase 3 clinical trials in patients undergoing ACL reconstruction surgery and, assuming positive results, intend to submit an NDA to the FDA under the Section 505(b)(2) process during the second half of 2010. In the second half of 2009, we expect to review the data from our first Phase 2 clinical trial in patients undergoing meniscectomy surgery.

Our Other PharmacoSurgery Product Candidates

OMS302

OMS302 is our PharmacoSurgery product candidate being developed for use during ophthalmological procedures, including cataract and other lens replacement surgery. OMS302 is a proprietary combination of an anti-inflammatory API and an API that causes pupil dilation, or mydriasis, each with well-known safety and pharmacologic profiles. FDA-approved drugs containing each of these APIs have been used in ophthalmological clinical practice for more than 15 years, and both APIs are contained in generic, FDA-approved drugs.

OMS302 is added to standard irrigation solution used in cataract and other lens replacement surgery, and is delivered directly into the anterior chamber of the eye to maintain mydriasis, to prevent surgically induced pupil constriction, or miosis, and to reduce postoperative pain and irritation. Mydriasis is an essential prerequisite for these procedures and, if not maintained throughout the surgical procedure or if miosis occurs, risk of damaging structures within the eye increases as does the operating time required to perform the procedure. We recently completed a Phase 1/Phase 2 clinical trial that evaluated the efficacy and safety of OMS302 added to standard irrigation solution and delivered to patients undergoing cataract surgery. Patients treated with OMS302 reported less postoperative pain and demonstrated statistically significant improvement in maintenance of mydriasis compared to patients treated with vehicle control. There were no serious adverse events.

We are currently conducting a Phase 2 concentration-ranging clinical trial to assist in determining the optimal concentration of the mydriatic API contained in OMS302 in patients undergoing cataract surgery. We expect to complete this trial in mid-2009.

OMS201

OMS201 is our PharmacoSurgery product candidate being developed for use during urological surgery, including uroendoscopic procedures of the bladder, ureter, urethra and other urinary tract structures. OMS201 is a proprietary combination of an anti-inflammatory API and a smooth muscle relaxant API. Both APIs are contained in generic, FDA-approved drugs with well-known profiles of safety and pharmacologic activities, and each has been individually prescribed to manage the symptoms of ureteral and renal stones. Each of the APIs in OMS201 is contained in drugs that have been marketed in the United States for more than 15 years.

Added to standard irrigation solutions in urological surgery, OMS201 is delivered directly to the surgical site during uroendoscopic procedures, such as bladder endoscopy, minimally invasive prostate surgery and ureteroscopy, to inhibit surgically induced inflammation, pain and smooth muscle spasm, or excess contractility. We recently completed a Phase 1 clinical trial that evaluated the safety and systemic absorption of OMS201 added to standard irrigation solution and delivered to patients undergoing ureteroscopy for removal of ureteral or renal stones. The pharmacokinetic data from this clinical trial show that systemic plasma levels of the APIs of OMS201 in patients were minimal or below the level of quantification. There were no serious adverse events.

Based on the successfully completed Phase 1 clinical trial, we are now conducting a Phase 1/Phase 2 clinical trial to evaluate the efficacy, safety and systemic absorption of potentially two sequentially higher concentrations of OMS201, which we expect to complete in the first half of 2010.

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Our Preclinical Development Programs

MASP-2 Program

In our mannan-binding lectin-associated serine protease-2, or MASP-2, program, we are developing antibody therapies to treat disorders caused by complement activated inflammation. MASP-2 is a novel pro-inflammatory protein target in the complement system, an important component of the immune system. MASP-2 appears to be required for the function of the lectin pathway, one of the principal complement activation pathways. Our preclinical data suggest that MASP-2 plays a significant role in macular degeneration, ischemia-reperfusion injury associated with myocardial infarction, gastrointestinal ischemia-reperfusion injury, transplant surgery and renal disease. We have generated several fully human, high-affinity, blocking antibodies to MASP-2, and from these or other antibodies expect to select a clinical product candidate in the second half of 2009.

Addiction Program

In our Addiction program, we are developing proprietary compositions that include peroxisome proliferator-activated receptor gamma, or PPAR , agonists for the treatment and prevention of addiction to substances of abuse, which may include opioids, nicotine, alcohol and amphetamines, as well as other compulsive behaviors. Based on the previously unknown link between PPAR and addictive disorders together with promising data from European pilot clinical studies and animal models of addiction, we have filed patent applications claiming the use of any PPAR agonist, alone or in combination with other agents, for the treatment or prevention of addiction and other compulsive behaviors. We plan to submit an IND to the FDA in the second half of 2009 to evaluate a PPAR agonist in combination drug product candidates.

PDE10 Program

In our Phosphodiesterase 10, or PDE10, program, we are developing compounds that inhibit PDE10 for the treatment of schizophrenia. PDE10 is an enzyme that is expressed in areas of the brain strongly linked to schizophrenia and other psychotic disorders and has been recently identified as a target for the development of new anti-psychotic drugs. Results from preclinical studies suggest that PDE10 inhibitors may address the limitations of currently used anti-psychotic drugs by avoiding the associated weight gain, improving cognition and, potentially, reducing the risk of associated sudden cardiac death. From our proprietary preclinical product candidates we plan to select one or more clinical candidates in the second half of 2009 to advance into toxicology studies in preparation for clinical trials.

PDE7 Program

Our Phosphodiesterase 7, or PDE7 program, is based on our demonstration of a previously unknown link between PDE7 and any movement disorder, such as Parkinson s disease, or PD, and Restless Legs Syndrome. Based on our promising preclinical data in a model of PD showing efficacy of PDE7 inhibitors equivalent to that of levodopamine, we are developing proprietary compounds for the treatment of movement disorders. Levodopamine has been the standard treatment for PD for nearly 40 years but is associated with severe side effects including dyskinesias, hallucinations, sleep disorders and cognitive impairment, and we believe that our PDE7 inhibitors may avoid one or more of these side effects. We have filed patent applications claiming the use of any PDE7 inhibitor for treating any movement disorder.

GPCR Program

We have scientific expertise in the field of G protein-coupled receptors, or GPCRs, and members of our scientific team were the first to identify and characterize all non-sensory GPCRs common to mice and humans. Our work was published in a peer-reviewed article titled

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The G protein-coupled receptor repertoires of human and mouse that appeared in the April 2003 issue of *Proceedings of the National Academy of Sciences* (Vol. 100, No. 8: pp. 4903-4908). Non-sensory GPCRs are involved in metabolism, behavior, reproduction, development, hormonal homeostasis and regulation of the central nervous system and comprise one of the largest families of proteins in the genomes of multicellular organisms. According to Insight Pharma Reports, 30% to 40% of all drugs sold worldwide target GPCRs. However, based on available data, we believe that there are 363 non-sensory GPCRs of which there are 227 non-orphans and 136 orphans. A non-orphan GPCR is one for which there is a known naturally occurring or synthetic molecule, or ligand, that binds the receptor, while an orphan GPCR has no known ligand. Without a known ligand, there is no template from which medicinal chemistry efforts can be readily initiated nor a means to identify the GPCR s signaling pathway and, therefore, drugs cannot easily be developed against orphan GPCRs.

We hold an exclusive option to acquire all patent and other intellectual property rights to a cellular redistribution assay, or CRA, which we have tested and optimized and that we believe can be used in a high-throughput manner to identify synthetic molecules, including antagonists, agonists and inverse agonists, that bind to orphan GPCRs. We also have developed a proprietary rapid mouse gene knock-out platform technology, which is described in a peer-reviewed article titled Large-scale, saturating insertional mutagenesis of the mouse genome that appeared in the September 2007 issue of *Proceedings of the National Academy of Sciences* (Vol. 104, No. 36: pp. 14406-14411). We have used this platform to create 61 different GPCR-specific strains of knock-out mice, and we have established a battery of behavioral tests that allows us to characterize these knock-out mice and identify candidate drug targets. Using our expertise and these assets, we believe that we are the first to possess the capability to conduct high-throughput de-orphanization of orphan GPCRs, and that there is no other existing high-throughput technology able to unlock orphan GPCRs. According to Insight Pharma Reports, 125, or greater than 50%, of the non-orphan GPCRs are either targeted by marketed drugs or drugs in development. Applying that same percentage to the 136 orphan GPCRs, we believe that there may be greater than 65 new druggable targets among the orphan GPCRs. Unlocking these orphan GPCRs could lead to the development of drugs that act at these new targets.

Our Strategy

Our objective is to become a leading biopharmaceutical company, discovering, developing and successfully commercializing a large portfolio of diverse products. The key elements of our strategy are to:

- obtain regulatory approval for our PharmacoSurgery product candidates OMS103HP, OMS302 and OMS201;
- maximize commercial opportunity for our PharmacoSurgery product candidates OMS103HP, OMS302 and OMS201;
- continue to leverage our business model to mitigate risk by combining our multiple late-stage PharmacoSurgery product candidates with our deep and diverse pipeline of preclinical development programs;
- further expand our broad patent portfolio; and
- manage our business with continued efficiency and discipline, while continuing to evaluate opportunities and acquire technologies that meet our business objectives.

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Risks Related to our Business

The risks set forth under the section entitled Risk Factors beginning on page 11 of this prospectus reflect risks and uncertainties that could significantly and adversely affect our business and our ability to execute our business strategy. For example:

- We are largely dependent on the success of our PharmacoSurgery product candidates, particularly our lead product candidate, OMS103HP, and our clinical trials may fail to adequately demonstrate the safety and efficacy of OMS103HP or our other PharmacoSurgery product candidates. If a clinical trial fails, if regulatory approval is delayed or if additional clinical trials are required, our development costs may increase and we will not have the anticipated revenue from that product candidate to fund our operations.

- We are a clinical-stage company with no product revenue and no products approved for marketing. The regulatory approval process is expensive, time-consuming and uncertain, and our product candidates have not been, and may not be, approved for sale by regulatory authorities. Even if approved for sale by the appropriate regulatory authorities, our products may not achieve market acceptance and we may never achieve profitability.

- Our preclinical development programs may not generate product candidates that are suitable for clinical testing or that can be successfully commercialized.

- Our patents may not adequately protect our present and future product candidates or permit us to gain or keep a competitive advantage. Our pending patents for our present and future product candidates may not be issued.

Technology Development

We have retained all manufacturing, marketing and distribution rights for each of our product candidates and programs. Some of our product candidates and programs are based on inventions and other intellectual property rights that we acquired through assignments, exclusive licenses and our acquisition of nura, inc., a private biotechnology company. For instance, our scientific co-founders, Gregory A. Demopulos, M.D. and Pamela Pierce Palmer, M.D., Ph.D., conceived the initial inventions underlying our PharmacoSurgery platform and have transferred all of their related intellectual property rights to us. Dr. Demopulos is our president, chief executive officer, chief medical officer and chairman of our board of directors. We also require our employees to sign agreements with us pursuant to which they assign to us all inventions conceived by them in the course of their employment.

In addition, we hold worldwide exclusive licenses to rights related to MASP-2, the antibodies targeting MASP-2 and the therapeutic applications for the antibodies from the University of Leicester and from its collaborator, Medical Research Council at Oxford University, or MRC. Under the University of Leicester and MRC license agreements, we have agreed to pay royalties to each of the University of Leicester and MRC based on any proceeds that we receive from the licensed technology during the terms of these agreements. The term of each agreement ends when there are no longer any pending patent applications, applications in preparation or unexpired issued patents related to any of the intellectual property rights we are licensing under the agreement. We obtained the assets for our Addiction program in February 2009 pursuant to a Patent Assignment Agreement with Roberto Ciccocioppo, Ph.D. of the Università di Camerino. We have agreed to pay royalties and milestone payments to Dr. Ciccocioppo related to any products that are covered by the patents that we acquired from him. The term of our agreement with Dr. Ciccocioppo ends when there are no longer any valid and enforceable patents related to the intellectual property rights we acquired from him. We acquired our PDE10, GPCR and PDE7 programs and related patents and other intellectual property rights as a result of our acquisition of nura in August 2006. We hold an exclusive option to purchase the CRA for our GPCR

program from Patobios Limited for approximately $10.8 million Canadian dollars, or CAD, payable in cash and our common stock. Our exclusive option with Patobios ends on December 4, 2009, provided that we have the right to extend our option for one additional six-month period ending June 4, 2010 by paying Patobios $650,000 CAD.

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Corporate Information

We were incorporated as a Washington corporation on June 16, 1994. Our principal executive offices are located at 1420 Fifth Avenue, Suite 2600, Seattle, Washington 98101, and our telephone number is (206) 676-5000. Our web site address is www.omeros.com. The information on, or that can be accessed through, our web site is not part of this prospectus.

Omeros®, the Omeros logo®, nura®, and PharmacoSurgery™ are trademarks of Omeros Corporation in the United States and other countries. This prospectus also includes trademarks of other persons.

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The Offering

Shares of common stock offered by us	shares
Shares of common stock to be outstanding after this offering	shares
Use of proceeds	We plan to use the net proceeds of this offering to fund (1) the completion of our Phase 3 clinical trials for OMS103HP and the submission of the related NDA(s) to the FDA, (2) the launch and commercialization of OMS103HP, (3) the clinical development of OMS302 and OMS201, (4) the development of our pipeline of preclinical programs and (5) working capital, capital expenditures, repayment of debt, potential acquisitions of products or technologies and general corporate purposes. See Use of Proceeds.
Proposed NASDAQ Global Market symbol	OMER

The number of shares of common stock that will be outstanding after this offering is based on the number of shares outstanding at March 31, 2009, and excludes:

5,441,744 shares of common stock issuable upon the exercise of options outstanding at March 31, 2009, at a weighted-average exercise price of $0.72 per share;

205,000 shares of common stock issuable upon exercise of options granted from April 1, 2009 to June 15, 2009, at a weighted-average exercise price of $6.33 per share;

22,613 shares of common stock issuable upon exercise of warrants outstanding at March 31, 2009, which will not automatically terminate upon the closing of this offering, at a weighted-average exercise price of $4.66 per share; and

2,121,855 shares of common stock available for future issuance under our 2008 Equity Incentive Plan.

Unless otherwise indicated, all information in this prospectus assumes:

the automatic conversion of all outstanding shares of our convertible preferred stock into 22,567,407 shares of common stock, effective upon the closing of this offering;

the conversion of all outstanding warrants to purchase shares of our convertible preferred stock into warrants to purchase 409,578 shares of common stock, effective upon the closing of this offering, 387,030 of which must be exercised or will automatically terminate upon the closing of this offering;

the issuance of shares of common stock assuming the cashless net exercise of warrants that will automatically terminate upon the closing of this offering based on the assumed initial public offering price of

$ (the mid-point of the range set forth on the cover page of this prospectus); and

no exercise by the underwriters of their right to purchase additional shares of common stock to cover over-allotments, if any.

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Summary Consolidated Financial Data

The following tables summarize consolidated financial data regarding our business and should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus. The consolidated statements of operations data for the years ended December 31, 2008, 2007 and 2006 and for the period from June 16, 1994 (inception) to December 31, 2008 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statements of operations data for the three months ended March 31, 2009 and 2008 and for the period from June 16, 1994 (inception) to March 31, 2009, and the consolidated balance sheet data as of March 31, 2009 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial information in those statements. Our historical results are not necessarily indicative of the results to be expected in any future period, and the results for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year ending December 31, 2009. We acquired nura, inc., or nura, on August 11, 2006, and the results of nura are included in the consolidated financial statements from that date. The pro forma basic and diluted net loss per common share data are computed using the weighted-average number of shares of common stock outstanding, after giving effect to the conversion (using the as if-converted method) of all shares of our convertible preferred stock into common stock.

	Three Months Ended March 31,		Period from June 16, 1994 (Inception) to March 31,	Year Ended December 31,			Period from June 16, 1994 (Inception) to December 31,
	2009	2008	2009	2008	2007	2006	2008
	(in thousands, except share and per share data)						
Consolidated Statements of Operations Data:							
Grant revenue	$ 197	$ 234	$ 3,590	$ 1,170	$ 1,923	$ 200	$ 3,393
Operating expenses:							
Research and development	4,022	4,170	66,256	17,850	15,922	9,637	62,234
Acquired in-process research and development			10,891			10,891	10,891
General and administrative	1,410	1,596	33,893	7,845	10,398	3,625	32,483
Total operating expenses	5,432	5,766	111,040	25,695	26,320	24,153	105,608
Loss from operations	(5,235)	(5,532)	(107,450)	(24,525)	(24,397)	(23,953)	(102,215)

Investment income	81	279	5,244	661	1,582	1,088	5,163
Interest expense	(590)	(22)	(1,219)	(335)	(151)	(91)	(629)
Other income (expense)	262	172	696	372	(125)	179	434
Net loss	$ (5,482)	$ (5,103)	$				