UNITED STATES DISTRICT COURT

DISTRICT OF NEW JERSEY

[redacted] Individually and on Behalf of All Others Similarly Situated, Plaintiffs, vs. AERIE PHARMACEUTICALS, INC., VICENTE ANIDO, JR., THOMAS A. MITRO, RICHARD J. RUBINO, BRIAN LEVY and ANAND MEHRA, Defendants.	No. CLASS ACTION COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS DEMAND FOR JURY TRIAL

Plaintiffs [redacted] individually and on behalf of all others similarly situated, by their undersigned attorneys, for their complaint against defendants, allege the following based upon personal knowledge as to plaintiffs and plaintiffs' own acts, and upon information and belief as to all other matters based on the investigation conducted by and through plaintiffs' attorneys, which included, among other things, a review of Securities and Exchange Commission ("SEC") filings by Aerie Pharmaceuticals, Inc. ("Aerie" or the "Company"), as well as media reports about the Company. Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

INTRODUCTION AND OVERVIEW

1. This is a securities class action on behalf of all persons who purchased or otherwise acquired Aerie publicly traded securities between August 6, 2014 and April 23, 2015, inclusive (the "Class Period"), against Aerie and certain of its officers and/or directors for violations of the Securities Exchange Act of 1934 ("1934 Act"). These claims are asserted against Aerie and certain of its officers and/or directors who made materially false and misleading statements during the Class Period in press releases and filings with the SEC and in oral statements to the media, securities analysts and investors.

2. Aerie is a clinical-stage pharmaceutical company focused on the discovery, development and commercialization of therapies for the treatment of patients with glaucoma and other diseases of the eye. The Company's lead product candidate is Rhopressa™ ("Rhopressa"), a once-per-day eye drop that is designed to lower intraocular pressure ("IOP") in patients with glaucoma or ocular hypertension.

3. On April 23, 2015, Aerie issued a press release announcing the results of its first Phase 3 registration trial ("Rocket 1") for Rhopressa. According to the release, "[t]he trial did not meet its primary efficacy endpoint of demonstrating non-inferiority of IOP lowering for once-daily Rhopressa™ compared to twice-daily timolol, the most widely used comparator in registration trials for glaucoma."

4. As a result of this news, the price of Aerie stock plummeted $22.52 per share to close at $12.87 per share on April 24, 2015, a one-day decline of nearly 64% on volume of 14.7 million shares.

5. As a result of defendants' false statements, Aerie securities traded at artificially inflated prices during the Class Period. However, after the above revelations seeped into the market, the Company's shares were hammered by massive sales, sending the Company's stock price down nearly 64% from its Class Period high and causing economic harm and damages to class members.

JURISDICTION AND VENUE

6. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the 1934 Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5.

7. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §27 of the 1934 Act.

8. Venue is proper in this District pursuant to §27 of the 1934 Act and 28 U.S.C. §1391(b). Aerie has it clinical operations in this District and many of the acts charged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District.

9. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the NASDAQ stock market.

THE PARTIES

10. Plaintiffs [redacted] purchased Aerie publicly traded securities during the Class Period as set forth in the attached certification and were damaged thereby.

11. Defendant Aerie is a U.S.-based pharmaceutical company. It maintains its clinical operations at 135 U.S. Highway 206, Bedminster, Somerset County, New

Jersey. Aerie's common stock is traded under the ticker "AERI" on the NASDAQ, an efficient market.

12. Defendant Vicente Anido, Jr. ("Anido") is, and at all relevant times was, Chief Executive Officer ("CEO") and Chairman of the Board of Aerie. Defendant Anido signed the Company's false and misleading Annual Report on Form 10-K for the year ended December 31, 2014 ("Form 10-K"), filed February 27, 2015.

13. Defendant Thomas A. Mitro ("Mitro") is, and at all relevant times was, President and Chief Operating Officer ("COO") of Aerie.

14. Defendant Richard J. Rubino ("Rubino") is, and at all relevant times was, Chief Financial Officer ("CFO") of Aerie. Defendant Rubino signed the Company's false and misleading Form 10-K.

15. Defendant Brian Levy ("Levy") is, and at all relevant times was, Chief Medical Officer of Aerie.

16. Defendant Anand Mehra ("Mehra") is, and at all relevant times was, a director of Aerie. Defendant Mehra signed the Company's false and misleading Form 10-K. During the Class Period, defendant Mehra sold 1.225 million shares of his Aerie's stock for proceeds of $35 million.

17. The defendants referenced above in ¶¶12-16 are collectively referred to herein as the "Individual Defendants." The Individual Defendants made, or caused

to be made, false statements that caused the prices of Aerie securities to be artificially inflated during the Class Period.

18. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Aerie's quarterly reports, shareholder letters, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. They were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company, and their access to material non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false and misleading statements pleaded herein.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

19. Defendants are liable for: (i) making false statements; or (ii) failing to disclose adverse facts known to them about Aerie. Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Aerie publicly traded securities was a success, as it: (i) deceived the investing public

regarding Aerie's prospects and business; (ii) artificially inflated the prices of Aerie publicly traded securities; (iii) permitted defendant Mehra, the largest beneficial holder of Aerie stock among the officers and directors of the Company, to sell 1.225 million shares of his Aerie stock at artificially inflated prices during the Class Period for proceeds of $35.1 million; and (iv) caused plaintiffs and other members of the Class (as defined below) to purchase Aerie publicly traded securities at artificially inflated prices.

SCIENTER ALLEGATIONS

20. During the Class Period, the defendants had the motive and opportunity to commit the alleged fraud. Defendants also had actual knowledge of the misleading statements they made and/or acted in reckless disregard of the true information known to them at the time. In doing so, the defendants participated in a scheme to defraud and committed acts, practices and participated in a course of business that operated as a fraud or deceit on purchasers of Aerie securities during the Class Period.

BACKGROUND

21. Aerie is a U.S.-based pharmaceutical company. The Company is focused on the discovery, development and commercialization of therapies for the treatment of patients with glaucoma. Glaucoma is an individualized disease in which elevated levels of IOP are associated with damage to the optic nerve, which

results in irreversible vision loss and potentially blindness. Patients may suffer the adverse effects of glaucoma across a range of IOP levels. Aerie's product candidates, Triple-action Rhopressa and Quadruple-action Roclatan, are once-daily eye drops that, if approved, purportedly will provide eye-care professionals with the IOP-lowering mechanisms of action to treat glaucoma.

22. Rhopressa was in recent drug trials that compared it to an older, twice-per-day eye drop called timolol. The study was designed to show that Rhopressa was not inferior to timolol at reducing IOP after two weeks, six weeks, and 90 days of treatment.

DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD

23. On August 6, 2014, Aerie issued a press release announcing its second quarter 2014 financial results and business highlights. The release stated in pertinent part:

> "Aerie has made significant progress since the first quarter. On the heels of reporting very impressive Phase 2b clinical trial results for quadruple-action Roclatan™ in late June, we have commenced our Phase 3 registration trials for triple-action Rhopressa™ in the United States and are preparing to commence our safety-only trial in Canada by the end of this quarter. Our Phase 2b trial for Roclatan™ not only demonstrated the product's potential to be the most efficacious therapy in the glaucoma market, but we also received additional promising data from the Rhopressa™ arm of the Roclatan™ study. We expect Rhopressa™ Phase 3 efficacy data in mid-2015, and following the strong Phase 2b Roclatan™ clinical performance we have begun Phase 3 preparatory activities for this very promising product," said Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer.

* * *

Rhopressa™ is a novel triple-action eye drop that we believe, if approved, would become the only once-daily product available that specifically targets the trabecular meshwork (TM), the eye's primary fluid drain and the diseased tissue responsible for elevated intraocular pressure (IOP) in glaucoma. Recent preclinical results have demonstrated that Rhopressa™ also lowers episcleral venous pressure (EVP), which contributes approximately half of IOP in healthy subjects. Further, Rhopressa™ provides an additional mechanism that reduces fluid production in the eye and therefore lowers IOP. Biochemically, Rhopressa™ is known to inhibit both Rho Kinase (ROCK) and norepinephrine transporter (NET).

In the Company's Phase 2b clinical trial, which was successfully completed in June 2013, Rhopressa™ demonstrated a strong IOP-lowering effect, with mean IOP reductions of 5.7 and 6.2 mmHg on days 28 and 14, respectively. In addition, Rhopressa™ demonstrated a consistent mean IOP-lowering effect irrespective of the baseline IOPs of the patients entered into the trial. This differentiates Rhopressa™ from currently marketed IOP-lowering agents such as market-leading prostaglandins (PGAs) and beta blockers, which have their highest effect at higher baseline IOPs, while losing efficacy as the baseline diminishes, as shown in published studies. This is significant given that the majority of glaucoma patients have low to moderately elevated IOPs of 26 mmHg or below at the time of diagnosis. In the Roclatan™ Phase 2b trial recently completed in June 2014, Rhopressa™ performed with similar results as in its Phase 2b trial completed in June 2013 and, in addition, demonstrated additive efficacy when used in combination with latanoprost, the most commonly prescribed PGA.

Pending successful advancement of the Phase 3 registration studies, three-month efficacy results are expected to be released in mid-2015. If the trials are successful, the Company expects to submit an NDA filing by mid-2016.

24. After releasing its second quarter 2014 financial results, on August 6, 2014, Aerie held a conference call for analysts, media representatives and investors during which defendants represented the following:

> [ANIDO:] With regards to Rhopressa, our two Phase 3 Rhopressa trials in the U.S. started earlier in July. You may have seen the announcement where we dosed our first patient early in the month and we recently announced that we had – we've been given the green light to commence our Phase 3 safety study in Canada which we do plan on starting before the end of this quarter.
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> To remind you, the Phase 3 trial design is set up to demonstrate noninferiority to timolol which is a beta-blocker used for the treatment of glaucoma.
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> Now, what I'd like to do is refer back just for a moment to the Roclatan Phase 2 trial in which Rhopressa was one of the treatment arms. This gave us a chance to take a look at another set of 28-day data for Rhopressa and importantly in this trial, Rhopressa performed quite well compared to the latanoprost on this study. In fact, we believe that Rhopressa actually did better in the Roclatan Phase 2 studies than it did in its own Phase 2 studies that were conducted and reported on roughly about a year or so ago.
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> In this particular trial in the Roclatan trial when you compare the Rhopressa on the latanoprost arm, what was interesting was in fact, ***we were not inferior to latanoprost which gives us an awful lot of confidence, not that we were lacking that anyway relative to our performance for Rhopressa***, it certainly gives us quite a bit of additional confidence because as you know, we're going to be comparing our product, Rhopressa to timolol in the Phase 3 trials and ***timolol is known to be at least 1 mmHg less effective at lowering intraocular pressure than latanoprost is***.

25. On September 3, 2014, Aerie issued a press release announcing initiation of a Phase 3 safety-only registration trial of Rhopressa in Canada for patients with glaucoma. The release stated in part:

> "Our Rhopressa™ study in Canada is the third and final trial to commence in our Phase 3 program, which continues to show strong momentum and interest from the ophthalmology community. This trial will supplement the safety studies required to file our NDA in the United States, and potentially result in sufficient safety data for submission to the European regulatory authorities for product approval in Europe. Further, it establishes our name and presence in Canada, which could become an important market for Aerie in the future," stated Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer at Aerie. "As previously announced, we anticipate top-line three-month efficacy results from the Rhopressa™ Phase 3 program in mid-2015 based on current timelines, with a potential NDA filing by mid-2016."
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> Pending progress of the Rhopressa™ Phase 3 program and regulatory approvals, Aerie intends to commercialize Rhopressa™ in North American markets with its own sales force and will seek commercialization partners in other key territories, including Japan and possibly Europe. Aerie fully owns its product candidates, has no licenses, and has patent protection for both use and composition of matter through 2030.

26. On September 10, 2014, Aerie held an Investor Day conference for analysts, media representatives and investors during which defendants represented the following:

> [MITRO:] First of all, [we see] differences between the performance as you know of Rhopressa and latanoprost. They see that they have to lower pressures because of the effect on EVP is much higher for Rhopressa. That's why we're saying we're as good, if not better, than latanoprost. So does that help? But it's really the lower pressures that we've really focused on.

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> [LEVY:] So we've used the data from this particular trial as well as the Phase 2b data that we generated to actually design our Phase 3 program, and we believe using that has derisked this programs significantly and gives us a pretty high confidence level in terms of our Phase 3 program because of the data that we've used to design the trials.
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> So the first thing we did is we lowered the IOP baseline to 27. So the unmedicated baseline to enter the trial is greater than 20 mmHg or less that 27 mmHg knowing that Rhopressa dose once a day was non-inferior to latanoprost at these levels. Timolol, of course, is our comparator, and we know that timolol dose twice a day is at least 1 mm less effective than latanoprost across all of the baselines including the ones that we've chosen for this trial.

27. By November 25, 2014, the price of Aerie stock had increased to $27.24 per share. On that day, Aerie's "independent" director, defendant Mehra, took advantage of this inflation, selling 800,000 shares of his Aerie stock for proceeds of $20.8 million.

28. On December 2, 2014, Aerie issued a press release entitled "Aerie Pharmaceuticals Completes Enrollment in Phase 3 Registration Trial ('Rocket 1') of Rhopressa™, Novel Triple-Action Product to Lower Intraocular Pressure in Patients with Glaucoma." The release stated in pertinent part:

> Aerie Pharmaceuticals, Inc., a clinical-stage pharmaceutical company focused on the discovery, development and commercialization of first-in-class therapies for the treatment of patients with glaucoma and other diseases of the eye, announced today the completion of enrollment in the Company's 400-patient Phase 3 registration trial ("Rocket 1") of Rhopressa™, a novel once-daily, triple-action eye drop being tested for its ability to lower intraocular pressure (IOP) in patients with glaucoma or ocular hypertension. Rocket 1 and a second Phase 3 registration trial

("Rocket 2") will measure efficacy over three months. The primary efficacy endpoint of the trials is to demonstrate non-inferiority of IOP lowering for Rhopressa™ compared to timolol. Timolol is the most widely used comparator in registration trials for glaucoma. In addition, the Company is conducting a safety-only study in Canada, named "Rocket 3."

"We are delighted to report that patient enrollment for Rocket 1 has been completed ahead of our expectations. Further, Rocket 2 enrollment remains fully on schedule," stated Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer at Aerie. "The accelerated enrollment of Rocket 1 is a testament to the continued high level of interest in Rhopressa™ we have experienced from the ophthalmology community."

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In the Company's Phase 2b clinical trial, which was successfully completed in May 2013, Rhopressa™ demonstrated a strong IOP-lowering effect, with mean IOP reductions of 5.7 and 6.2 mmHg (millimeters of Mercury) on days 28 and 14, respectively. In addition, Rhopressa™ demonstrated a consistent mean IOP-lowering effect irrespective of the baseline IOPs of the patients entered into the trial. This differentiates Rhopressa™ from currently marketed IOP-lowering agents such as market-leading prostaglandins (PGAs) and beta blockers, which have their highest effect at higher baseline IOPs, while losing efficacy as the baseline diminishes, as shown in published studies. This is significant given that the majority of glaucoma patients have low to moderately elevated IOPs of 26 mmHg or below at the time of diagnosis. In the Roclatan™ Phase 2b trial recently completed in June 2014, Rhopressa™ performed with similar results as in its Phase 2b trial completed in May 2013 and, in addition, demonstrated additive efficacy when used in combination with latanoprost, the most commonly prescribed PGA.

29. On January 12, 2015, Aerie issued a press release entitled "Aerie Pharmaceuticals Announces Acceleration of Expected Timeline for Reporting Efficacy Results from Phase 3 Registration Trial ('Rocket 1') of Rhopressa™ –

Novel Triple-Action Product to Lower Intraocular Pressure in Patients with Glaucoma." The release stated in part:

> "As a result of Rocket 1 enrollment having been completed well ahead of schedule and after thorough review we are accelerating the expected timeline for the reporting of efficacy results from this Rhopressa™ Phase 3 registration trial. We originally planned to release the efficacy results of both Rocket 1 and Rocket 2 in mid-2015, and now expect to report efficacy results for Rocket 1 in the middle of second-quarter 2015, with Rocket 2 still on schedule for a mid-2015 efficacy read-out," stated Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer at Aerie. "We are delighted to be able to meet this important milestone earlier in the year."
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> In the Company's Phase 2b clinical trial, which was successfully completed in May 2013, Rhopressa™ demonstrated a strong IOP-lowering effect, with mean IOP reductions of 5.7 and 6.2 mmHg (millimeters of Mercury) on days 28 and 14, respectively. In addition, Rhopressa™ demonstrated a consistent mean IOP-lowering effect irrespective of the baseline IOPs of the patients entered into the trial. This differentiates Rhopressa™ from currently marketed IOP-lowering agents such as market-leading prostaglandins (PGAs) and beta blockers, which have their highest effect at higher baseline IOPs, while losing efficacy as the baseline diminishes, as shown in published studies. This is significant given that the majority of glaucoma patients have low to moderately elevated IOPs of 26 mmHg or below at the time of diagnosis. In the Roclatan™ Phase 2b trial completed in June 2014, Rhopressa™ performed with similar results as in its Phase 2b trial completed in May 2013 and, in addition, demonstrated additive efficacy when used in combination with latanoprost, the most commonly prescribed PGA.

30. On February 18, 2015, Aerie issued a press release entitled "Aerie Pharmaceuticals Announces Potential Breakthroughs with New Preclinical Research – Rhopressa™ Displays Preliminary Evidence of Disease-Modifying Activity in

Glaucoma – Early-Stage Aerie-Owned Product Candidate, AR-13154, Shows Potential to Treat Age-Related Macular Degeneration." The release stated in part:

> The new research has indicated that Aerie's lead drug candidate, Rhopressa™, may block the effect of fibrosis-promoting proteins on cells of the trabecular meshwork, a tissue that helps maintain normal pressure in the eye. Fibrosis at the trabecular meshwork is associated with elevated intraocular pressure (IOP) in patients with glaucoma. Specifically, the research found that Rhopressa™ suppressed the activity of profibrotic proteins – TGF-beta 2 and CTGF – on human trabecular meshwork cells in an *in vitro* model. This is the first study to show that Rhopressa™, a novel once-daily, triple-action eye drop that lowers IOP in glaucoma patients, has the potential to modify the course of the disease by arresting fibrosis. . . .
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> In addition to Rhopressa™'s potential anti-fibrotic activity, another recent Aerie preclinical study indicates that Rhopressa™ may increase the perfusion of the trabecular meshwork with aqueous humor, the fluid in the eye that provides nutrients and antioxidants to tissues in the trabecular outflow pathway. This activity has the potential to positively affect the overall health of the trabecular meshwork.
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> In the Company's Phase 2b clinical trial, which was successfully completed in May 2013, Rhopressa™ demonstrated a strong IOP-lowering effect, with mean IOP reductions of 5.7 and 6.2 mmHg (millimeters of Mercury) on days 28 and 14, respectively. In addition, Rhopressa™ demonstrated a consistent mean IOP-lowering effect irrespective of the baseline IOPs of the patients entered into the trial. This differentiates Rhopressa™ from currently marketed IOP-lowering agents such as market-leading prostaglandins (PGAs) and beta blockers, which have their highest effect at higher baseline IOPs, while losing efficacy as the baseline diminishes, as shown in published studies. This is significant given that the majority of glaucoma patients have low to moderately elevated IOPs of 26 mmHg or below at the time of diagnosis. In the Roclatan™ Phase 2b trial completed in June 2014, Rhopressa™ performed with similar results as in its Phase 2b trial completed in May 2013 and, in addition, demonstrated additive

efficacy when used in combination with latanoprost, the most commonly prescribed PGA.

Pending successful advancement of the Phase 3 registration studies, three-month efficacy results are expected in the middle of the second-quarter 2015 for Rocket 1 and mid-2015 for Rocket 2. If the trials are successful, the Company expects to submit a New Drug Application filing by mid-2016.

31. On February 27, 2015, Aerie filed with the SEC its Form 10-K for its fourth quarter and full year ended December 31, 2014. The Form 10-K stated in part:

We believe the ability of Rhopressa™ to maintain a consistent IOP-lowering effect on baseline IOP will place Rhopressa™ in a favorable competitive position relative to current PGA and non-PGA products because a significant majority of glaucoma patients have baseline IOPs of 26 mmHg or below at the time of diagnosis. Results from a large epidemiological survey published in 1991, the Baltimore Eye Survey, demonstrated that greater than 78% of patients have unmedicated baseline IOPs of 26 mmHg or below when first diagnosed with glaucoma.

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Rhopressa™ Development Strategy

Phase 3 registration trials for Rhopressa™ commenced in July 2014. We anticipate total enrollment of approximately 1,300 patients in three Phase 3 registration trials of Rhopressa™. Phase 3 efficacy results will be determined after three months of treatment and safety results will be analyzed and submitted following 12 months of treatment. Two trials are being conducted in the United States, named "Rocket 1" and "Rocket 2," and one safety-only study is being conducted in Canada, named "Rocket 3."

The entry criteria for our Phase 3 trials include a minimum IOP greater than 20 mmHg and a maximum of less than 27 mmHg. Based on discussions with the FDA, we believe that the entry criteria for our

> Phase 3 trials will not impact the product label. The entry criteria for our Phase 2 trials were 22 to 36 mmHg. Lowering the IOP entry criteria for our Phase 3 trials increases the representation of patients with moderately elevated IOPs in the trials and thereby provides a more representative cross-section of the glaucoma patient population. The primary efficacy endpoint of the trials will be to demonstrate non-inferiority of IOP lowering for Rhopressa™ compared to timolol. Timolol is the most widely used comparator in registration trials for glaucoma and also the most widely prescribed non-PGA glaucoma drug.
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> Pending successful advancement of the Phase 3 registration trials, three-month efficacy results are expected in the middle of the second quarter 2015 for Rocket 1 and in mid-2015 for Rocket 2. If the results of the Phase 3 trials are positive, then we would submit a new drug application, or an NDA, by mid-2016. We intend to explore the potential for priority review with the FDA, although there can be no assurance that such priority review will be granted by the FDA.

32. On March 2, 2015, Aerie issued a press release announcing its fourth quarter and full year 2014 financial results. The Company further provided an update on the Company's business highlights. The release stated in pertinent part as follows:

> "We are rapidly approaching the first efficacy read-out from our Rhopressa™ Phase 3 trials in the middle of next quarter, as we prepare to commence Roclatan™ Phase 3 trials this summer. We remain focused on building a major ophthalmic pharmaceutical company, as we execute the clinical trials program for our advanced products to serve the glaucoma market and explore additional, meaningful new growth opportunities," said Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer.
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> Dr. Anido continued, "We are also very excited about our important new research findings regarding the disease-modification potential for Rhopressa™. This research, showing anti-fibrotic activity and perfusion benefit for the trabecular meshwork, provides further

evidence of the breakthrough potential of Rhopressa™ in treating ocular hypertension and glaucoma. Additionally, preclinical in vivo research showed that early stage Aerie molecule AR-13154 out-performed EYLEA in reducing lesions in a model of wet AMD, and we look forward to further exploring this compound, which may represent a new long-term opportunity for Aerie in a very large ophthalmic pharmaceutical market."

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In July 2014, the Company commenced its Phase 3 registration trials for Rhopressa™, which will measure efficacy over three months and safety over 12 months. Two trials are being conducted in the United States, named "Rocket 1" and "Rocket 2," where the primary efficacy endpoint will be to demonstrate non-inferiority of IOP lowering for Rhopressa™ compared to timolol. Timolol is the most widely used comparator in registration trials for glaucoma. A third safety-only registration trial is being conducted in Canada. Three-month efficacy results are expected for Rocket 1 by mid-second quarter 2015. If the trials are successful, the Company expects to submit an NDA filing by mid-2016.

33. On March 23, 2015, Cantor Fitzgerald issued a report on Aerie based on what it had learned in a series of meetings with investors and Aerie management. Based on those meetings, Cantor Fitzgerald wrote:

- **Trials on track**. The company's Rocket trials, which are evaluating the use of Rho kinase inhibitor Rhopressa in glaucoma patients with intraocular pressures (IOP) between 20 and 27 mmHg, remain on track.

* * *

- **What are the chances?** Timolol has shown in multiple trials to be about 1mmHg worse than latanoprost in lowering IOP, and the Phase 2 trials of Rhopressa and Roclatan demonstrated that Rhopressa was likely non-inferior to latanoprost in the pressure ranges under study. Hence, we think there is a very good chance that the data is approvable. Also, although the trial is not

> powered to demonstrate superiority to timolol, we think there is a good chance that we could see numerical superiority from the data.

34. On March 24, 2015, Aerie issued a press release announcing the Company's enrollment in second Phase 3 trial of Rhopressa. The release stated in part:

> Aerie Pharmaceuticals, Inc., a clinical-stage pharmaceutical company focused on the discovery, development and commercialization of first-in-class therapies for the treatment of patients with glaucoma and other diseases of the eye, announced today the completion of enrollment in the Company's second Phase 3 registration trial ("Rocket 2") of Rhopressa™, a novel once-daily, triple-action eye drop being tested for its ability to lower intraocular pressure (IOP) in patients with glaucoma or ocular hypertension. Rocket 2 will measure efficacy over three months, as well as safety over one year. The primary efficacy endpoint of the trial is to demonstrate non-inferiority of IOP lowering for Rhopressa™ compared to timolol. Timolol is the most widely used comparator in registration trials for glaucoma. The Company's Phase 3 program also includes "Rocket 1," a 90-day efficacy registration trial for which data are expected mid-second quarter 2015, and "Rocket 3," a one-year, safety-only registration trial in Canada. Pending successful results from the Phase 3 registration studies, the Company expects to submit a New Drug Application filing by mid-2016.
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> "Our Rhopressa™ Phase 3 program maintains its strong momentum, with the Rocket 2 trial proceeding with full enrollment and on track for efficacy results in third quarter of 2015. The Rocket 1 efficacy results are still expected mid-second quarter of this year," said Vicente Anido, Jr., Ph.D., Chief Executive Officer and Chairman at Aerie. "We continue to see high levels of interest in Rhopressa™ from the ophthalmology community, and we look forward to the continued successful progress of our registration program."
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> Pending the advancement of the Rhopressa™ Phase 3 program and regulatory approvals, Aerie intends to commercialize Rhopressa™ in North American markets and possibly Europe with its own sales

> force and will seek commercialization partners in other key territories, including Japan, emerging markets and possibly Europe.

35. By April 13, 2015, Aerie's stock had reached $34.97 per share due to the optimism about Rhopressa. On April 14 and 15, 2015, defendant Mehra took advantage of this inflation, selling 425,000 shares of his Aerie stock for proceeds of $14.3 million. Combined with his earlier stock sales, defendant Mehra sold a total of $35 million worth, or 70%, of his Aerie stock during the Class Period.

36. On April 23, 2015, Aerie stock closed at $35.39 per share.

37. Then, on April 23, 2015, after the market closed, Aerie issued a press release reporting Rhopressa Phase 3 results, which stated in part:

> Aerie Pharmaceuticals, Inc., a clinical-stage pharmaceutical company focused on the discovery, development and commercialization of first-in-class therapies for the treatment of patients with glaucoma and other diseases of the eye, today reported the results of its first Phase 3 registration trial (Rocket 1) for Rhopressa™, a novel once-daily, triple-action eye drop being tested for its ability to lower intraocular pressure (IOP) in patients with glaucoma or ocular hypertension. The trial did not meet its primary efficacy endpoint of demonstrating non-inferiority of IOP lowering for once-daily Rhopressa™ compared to twice-daily timolol, the most widely used comparator in registration trials for glaucoma. However, Rhopressa™ demonstrated non-inferiority compared to timolol for patients in the study with IOP below 26 millimeters of mercury (mmHg) at all nine measured time points and numerical superiority over timolol at the majority of measured time points. As discussed below, approximately 80% of glaucoma patients have IOP of 26mmHg or less at the time of diagnosis.
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> "We are obviously disappointed that we missed the primary endpoint for Rocket 1. We expected Rhopressa™ to demonstrate better

> performance based on the results we saw in the previous Phase 2b studies. However, if we had set the high end of the baseline range just one mmHg less, we would have demonstrated non-inferiority compared to timolol at all nine measured time points and numerical superiority at the majority of time points. We believe Rhopressa™ shows great promise at IOPs where the majority of patients are represented. Also, we believe the meaningful decrease in the number of patients that experienced efficacy loss at the lower baseline IOPs supports the potential benefit of the RhopressaTM on episcleral venous pressure," said Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer of Aerie.

38. As a result of this news, the price of Aerie stock plummeted $22.52 per share to close at $12.87 per share on April 24, 2015, a one-day decline of nearly 64% on volume of nearly 14.7 million shares.

39. Analysts were shocked and immediately reduced their price targets. Canaccord Genuity wrote in a report entitled "ROCKET1 crashes on the launch pad; downgrade to HOLD from Buy":

- **A miss is a miss – Rhopressa wasn't non-inferior to timolol.**

* * *

- **Commercial viability**. Even if Rhopressa can find a path to market, we have concerns about commercial success since it now appears to only be at best, at least as good as timolol. An NCE would certainly have a place in the glaucoma market, but we were hoping not just for non-inferiority, but for some signs of numerical superiorty [sic], if not evidence of disease modification. And what was shown was at best equivalence to timolol and evidence of waning evidence over 90 days.

40. Cantor Fitzgerald wrote in a report entitled "Rhopressa Misses Primary Endpoint: Downgrading to HOLD and Lowering PT to $12":

- **Missed at all dates**. IOP was measured at the end of week two at 8am, 10am, and 4pm, and at week six and day 90 at the same times. The trial protocol specified that the IOPs needed to be no worse than 1.5mmHg worse than timolol at all nine points. Additionally, for five of the nine points, the values have to be no worse than 1.0mmHg worse than timolol. The data missed at all times on week six and day 90, and at one time at week two.

41. In fact, defendants' statements about the prospects for the Phase 3 Rhopressa study were materially false and misleading, as Rhopressa was not performing as well as timolol and would not lead to commercial success. Due to the importance of Rhopressa to Aerie's business, the Company's top officers focused on development with respect to the efficacy of the Phase 3 study.

42. As a result of defendants' false statements, Aerie securities traded at artificially inflated prices during the Class Period. However, after the above revelations seeped into the market, the Company's shares were hammered by massive sales, sending the Company's stock price down nearly 64% from its Class Period high and causing economic harm and damages to Class members.

LOSS CAUSATION/ECONOMIC LOSS

43. During the Class Period, defendants made false and misleading statements by misrepresenting the materiality of the interim clinical data and engaged in a scheme to deceive the market. Defendants' conduct artificially inflated the prices of Aerie securities and operated as a fraud or deceit on the Class. Later, when defendants' prior misrepresentations were disclosed to market participants, the

prices of Aerie securities plummeted, as the prior artificial inflation came out of the prices. As a result of their purchases of Aerie securities during the Class Period, plaintiffs and members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

APPLICABILITY OF THE PRESUMPTION OF RELIANCE AND FRAUD ON THE MARKET

44. Plaintiffs will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) The omissions and misrepresentations were material;

(c) The Company's stock traded in an efficient market;

(d) The misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

(e) Plaintiffs and other members of the Class purchased Aerie securities between the time defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

45. At all relevant times, the market for Aerie securities was efficient for the following reasons, among others:

(a) Aerie stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, Aerie filed periodic public reports with the SEC; and

(c) Aerie regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts and other similar reporting services.

NO SAFE HARBOR

46. Many (if not all) of defendants' false and misleading statements during the Class Period were not forward-looking statements ("FLS") and/or identified as such by defendants, and thus did not fall within any "Safe Harbor."

47. Aerie's verbal "Safe Harbor" warnings accompanying its oral FLS issued during the Class Period were ineffective to shield those statements from liability.

48. Defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of Aerie who knew that the FLS was false. Further, none of the historic or present tense

statements made by defendants were assumptions underlying or relating to any plan, projection or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made.

CLASS ACTION ALLEGATIONS

49. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired Aerie publicly traded securities during the Class Period (the "Class"). Excluded from the Class are defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which defendants have or had a controlling interest.

50. The members of the Class are so numerous that joinder of all members is impracticable. The Company's stock is actively traded on the NASDAQ and there are over 24 million shares of Aerie stock outstanding. While the exact number of Class members is unknown to plaintiffs at this time and can only be ascertained through appropriate discovery, plaintiffs believe that there are hundreds of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Aerie or its transfer agent and may be notified

of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

51. Common questions of law and fact predominate and include: (i) whether defendants violated the 1934 Act; (ii) whether defendants omitted and/or misrepresented material facts; (iii) whether defendants knew or recklessly disregarded that their statements were false; and (iv) whether defendants' statements and/or omissions artificially inflated the prices of Aerie securities and the extent and appropriate measure of damages.

52. Plaintiffs' claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

53. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

54. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

For Violation of §10(b) of the 1934 Act and Rule 10b-5 Against All Defendants

55. Plaintiffs incorporate ¶¶1-54 by reference.

56. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

57. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) Employed devices, schemes, and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiffs and others similarly situated in connection with their purchases of Aerie securities during the Class Period.

58. Plaintiffs and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Aerie securities. Plaintiffs and the Class would not have purchased Aerie securities at the prices they

paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

59. As a direct and proximate result of these defendants' wrongful conduct, plaintiffs and the other members of the Class suffered damages in connection with their purchases of Aerie publicly traded securities during the Class Period.

COUNT II

For Violation of §20(a) of the 1934 Act Against All Defendants

60. Plaintiffs incorporate ¶¶1-59 by reference.

61. During the Class Period, defendants acted as controlling persons of Aerie within the meaning of §20(a) of the 1934 Act. By virtue of their positions and their power to control public statements about Aerie, the Individual Defendants had the power and ability to control the actions of Aerie and its employees. Aerie controlled the Individual Defendants and its other officers and employees. By reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiffs pray for judgment as follows:

A. Determining that this action is a proper class action, designating plaintiffs as Lead Plaintiffs and certify plaintiffs as class representatives under Rule 23 of the Federal Rules of Civil Procedure and plaintiffs' counsel as Lead Counsel;

B. Awarding plaintiffs and the members of the Class damages and interest;

C. Awarding plaintiffs' reasonable costs, including attorneys' fees; and

D. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiffs demand a trial by jury.

DATED: April 29, 2015