
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 25, 2011

OMEROS CORPORATION

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction
of incorporation)

001-34475
(Commission
File Number)

91-1663741
(IRS Employer
Identification No.)

**1420 Fifth Avenue, Suite 2600
Seattle, Washington 98101**
(Address of principal executive offices, including zip code)

(206) 676-5000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On March 25, 2011, we borrowed \$10.0 million (“Tranche 2”) pursuant to the Loan and Security Agreement (the “Oxford Loan Agreement”) dated as of October 21, 2010 between us and Oxford Finance Corporation (“Oxford”). Pursuant to the Oxford Loan Agreement, Oxford agreed to lend us up to \$20.0 million in two tranches of \$10.0 million each. We borrowed the first tranche of \$10.0 million (“Tranche 1”) on October 21, 2010. We may use the proceeds of Tranche 2 and any remaining proceeds from Tranche 1 for working capital and to fund our general business requirements. Tranche 2 bears interest at an annual fixed rate of 8.558%. Payments due under Tranche 2 are interest only, payable monthly, in arrears, through October 31, 2011. Beginning November 1, 2011, 36 payments of principal and interest are payable monthly, in arrears. All unpaid principal and accrued and unpaid interest on Tranche 2 are due and payable on October 21, 2014 (the “Maturity Date”).

We made a one-time facility fee payment to Oxford of \$50,000 for Tranche 2. Upon the last payment date of the amounts borrowed under the Oxford Loan Agreement, whether on the Maturity Date, on the date of any prepayment or on the date of acceleration in the event of a default, we will be required to pay Oxford a final payment fee equal to 5.0% of Tranche 1 (\$500,000) and 4.0% of Tranche 2 (\$400,000).

On March 25, 2011, we also entered into a Second Amendment to Loan and Security Agreement (the “Second Amendment”) with Oxford to amend the prepayment provisions of the Oxford Loan Agreement. Prior to the Second Amendment, if we elected to prepay any outstanding amounts, the prepayment clause required us to prepay all, but not less than all, of the amounts outstanding under Tranche 1 and Tranche 2, and we were also required to pay a prepayment fee equal to 1.0% of the then-outstanding principal amounts of Tranche 1 and Tranche 2. As a result of the Second Amendment, we are now permitted to prepay all, but not less than all, of the outstanding principal and accrued and unpaid interest of either Tranche 1 or Tranche 2 at any time upon prior notice to Oxford and the payment of a fee equal to 1.0% of the then-outstanding principal amount of the tranche being prepaid.

Additional details of the Oxford Loan Agreement and Tranche 1 were previously disclosed in our Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2010, and are incorporated herein by reference.

The descriptions of Tranche 2 and the Second Amendment are qualified in their entirety by reference to the text of the Secured Promissory Note representing Tranche 2 and the Second Amendment, which are included as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 above regarding the Oxford Loan Agreement is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
10.1	Secured Promissory Note issued by Omeros Corporation to Oxford Finance Corporation on March 25, 2011
10.2	Second Amendment to Loan and Security Agreement, dated as of March 25, 2011, by and between Omeros Corporation and Oxford Finance Corporation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OMEROS CORPORATION

By: /s/ Gregory A. Demopoulos, M.D.
Gregory A. Demopoulos, M.D.
President, Chief Executive Officer and
Chairman of the Board of Directors

Date: March 31, 2011

EXHIBIT INDEX

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**SECURED PROMISSORY NOTE
(TRANCHE 2 ADVANCE)**

\$10,000,000

Dated: March 25, 2011

FOR VALUE RECEIVED, the undersigned, OMEROS CORPORATION, a Washington corporation ("Borrower"), HEREBY PROMISES TO PAY to the order of OXFORD FINANCE CORPORATION ("Lender") the principal amount of Ten Million Dollars (\$10,000,000) or such lesser amount as shall equal the outstanding principal balance of the Growth Capital Advance made to Borrower by Lender pursuant to the Loan Agreement (defined below), and to pay all other amounts due with respect to the Growth Capital Advance on the dates and in the amounts set forth in the Loan Agreement. Capitalized terms, unless defined in this Secured Promissory Note (this "Note"), shall have the meaning given such capitalized term in the Loan Agreement.

Interest on the principal amount of this Note from the date of this Note shall accrue at 8.558% per annum based on a 360-day year of twelve 30-day months or, if applicable, the Default Rate. Commencing on November 1, 2011, and continuing on the first day of each successive calendar month thereafter, Borrower shall make to Lender thirty-six (36) equal payments of principal and accrued interest on the then outstanding principal amount. Any and all remaining principal and interest shall be due and payable on the Maturity Date. In addition to the foregoing payments, on the Maturity Date (or upon earlier repayment, whether as a result of acceleration or otherwise) the Final Payment and the Prepayment Fee, as applicable (each as defined in and subject to the terms and conditions of the Loan Agreement) shall be due and payable by Borrower to Lender.

Principal, interest and all other amounts due with respect to the Growth Capital Advance, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

This Note is the Note referred to in, and is entitled to the benefits of, the Loan and Security Agreement, dated as of October 21, 2010, to which Borrower and Lender are parties (as amended from time to time, the "Loan Agreement"). The Loan Agreement, among other things, (a) provides for the making of this secured Growth Capital Advance to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as provided in the Loan Agreement. This Note and the obligation of Borrower to repay the unpaid principal amount of the Growth Capital Advance, interest on the Growth Capital Advance and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due. This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

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IN WITNESS WHEREOF, the parties hereto have caused this Note to be executed as of the first date above written.

OMEROS CORPORATION

By: /s/ Gregory A. Demopulos
Name: Gregory A. Demopulos, M.D.
Title Chairman & CEO

[Signature Page to Secured Promissory Note]
[Tranche 2 Advance]

**SECOND AMENDMENT
TO
LOAN AND SECURITY AGREEMENT**

THIS **SECOND AMENDMENT** to Loan and Security Agreement (this "Amendment") is entered into as of March 25, 2011, by and between **OXFORD FINANCE CORPORATION** ("**Lender**") and **OMEROS CORPORATION**, a Washington corporation ("**Borrower**") whose address is 1420 5th Avenue, Suite 2600, Seattle, WA 98101.

RECITALS

A. Lender and Borrower have entered into that certain Loan and Security Agreement dated as of October 21, 2010 (as amended from time to time, including by that certain Consent and First Amendment to Loan and Security Agreement dated as of February 3, 2011, and as the same may from time to time be further amended, modified, supplemented or restated, the "Loan Agreement").

B. Lender has extended credit to Borrower for the purposes permitted in the Loan Agreement.

C. Borrower has requested that Lender make certain revisions to the Loan Agreement as more fully set forth herein.

D. Lender has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 2.1.1 (Final Payment). Clause (c) of Section 2.1.1 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"(c) Final Payment. On the Maturity Date or such earlier date in accordance with Sections 2.1.1.(d) and/or 2.1.1(e) hereof, Borrower shall pay, in addition to the unpaid principal and accrued interest and all other amounts due on such date with respect to the Growth Capital Advances (or, in the case of partial prepayments, the Growth Capital Advance being prepaid), an amount equal to the Final Payment with respect to the Growth Capital Advances (or, in the case of partial prepayments, the Growth Capital Advance being prepaid)."

2.2 Section 2.1.1 (Permitted Prepayment). Clause (d) of Section 2.1.1 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

“(d) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all of either the Closing Date Advance or the Tranche 2 Advance made by Lender under this Agreement, provided Borrower, (i) provides written notice to Lender of its election to prepay such Growth Capital Advance at least five (5) Business Days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal amount of the Growth Capital Advance being prepaid, plus accrued interest thereon through the prepayment date, (B) the Final Payment on account of such Growth Capital Advance, (C) the Prepayment Fee on account of such Growth Capital Advance, plus (D) all other sums that have become due and payable, including Lender Expenses, if any, and interest at the Default Rate with respect to any past due amounts. Notwithstanding anything in this Agreement to the contrary, if Borrower refinances the Obligations under this Agreement with another credit facility provided by Lender to Borrower primarily for such purpose, then the Prepayment Fee otherwise due hereunder shall not be due and payable.

3. Limitation of Amendments.

3.1 The amendments set forth in **Section 2**, above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Lender or any Lender may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties. To induce Lender to enter into this Amendment, Borrower hereby represents and warrants to Lender as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b), no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Borrower delivered to Lender on the Effective Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on either Borrower, except as already has been obtained or made or as may be required in connection with the Polish Share Pledge; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

6. Effectiveness. This Amendment shall be deemed effective upon the due execution and delivery to Lender of this Amendment by each party hereto, and Borrower's payment of all Lender Expenses incurred through the date of this Amendment.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

LENDER:

OXFORD FINANCE CORPORATION

By: /s/ John G. Henderson
Name: John G. Henderson
Title: Vice President & General Counsel

BORROWER:

OMEROS CORPORATION

By: /s/ Gregory A. Demopulos
Name: Gregory A. Demopulos, M.D.
Title: Chairman & CEO

[Signature Page to Second Amendment to Loan and Security Agreement]