As filed with the U.S. Securities and Exchange Commission on June 27, 2018

Registration No. 333-

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

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

Aquestive Therapeutics, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	2834	82-3827296
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

30 Technology Drive
Warren, NJ 07059
(908) 941-1900
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

John T. Maxwell
Chief Financial Officer
Aquestive Therapeutics, Inc.
30 Technology Drive
Warren, NJ 07059
(908) 941-1900
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With copies to:

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

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, as amended (the "Securities Act"), 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, 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 Securities Exchange Act of 1934.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒	Smaller reporting company o
Emerging Growth Company ☒		(Do not check if a smaller reporting company)	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)]	Amount of Registration Fee[(2)]
Common Stock, par value $0.001 per share	$ 69,000,000	$ 8,590.50

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act and includes the offering price of shares that the underwriters have the option to purchase to cover over-allotments.

(2) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum aggregate offering price and includes the offering price of shares that the underwriters have the option to purchase to cover over-allotments.

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 that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Preliminary Prospectus *Subject to Completion, dated June 27, 2018*

Shares

Aquestive Therapeutics, Inc.

Common Stock

$ Per Share

This is the initial public offering of our common stock. We are offering shares of our common stock. The initial public offering price of our common stock is expected to be between $ and $ per share.

Prior to this offering, there has been no public market for our common stock. We have applied for listing of our common stock on the Nasdaq Global Market under the symbol “AQST”.

We are an “emerging growth company” as defined by the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves risks. See “Risk Factors” beginning on page 12.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to Aquestive Therapeutics, Inc.	$	$

(1) We refer you to “Underwriting” beginning on page 157 of this prospectus for additional information regarding underwriting compensation.

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from us at the initial public offering price less the underwriting discount.

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

The underwriters expect to deliver the shares of common stock to the purchasers on or about , 2018.

Certain existing investors have indicated an interest in purchasing an aggregate of up to $ million of shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, less or no shares in this offering to any of these stockholders, and any of these stockholders may determine to purchase more, less or no shares in this offering. The underwriters will receive the same underwriting discount on any shares purchased by these stockholders as they will on any other shares sold to the public in this offering.

Joint Book-Running Managers

BMO Capital Markets **RBC Capital Markets**

Co-Lead Managers

Wedbush PacGrow **JMP Securities**

Prospectus dated , 2018.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we file with the U.S. Securities and Exchange Commission. Neither we nor the underwriters have authorized anyone to provide you with information other than that contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell, and seeking offers to buy, common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front cover page of this prospectus, or other earlier date stated in this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

We own various U.S. federal trademark registrations and applications, and unregistered trademarks and service marks, including "Aquestive Therapeutics" and our corporate logo. Solely for convenience, trademarks referred to in this prospectus, including logos, artwork and other visual displays, may appear without the ® or ™ symbols. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Additionally, throughout this document we use the proposed brand names of Libervant and Sympazan, which have been approved by the FDA on a preliminary basis, when referring to AQST-203 and AQST-120, respectively, despite both product candidates having yet to receive marketing approval from the FDA. All references in this prospectus to Libervant and Sympazan refer only to our product candidates and are not meant to imply FDA approval of the product candidates or their proposed brand names.

PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus. Because it is only a summary, it does not contain all of the information that you should consider before investing in shares of our common stock and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes thereto and the information set forth under the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included in this prospectus. Unless the context requires otherwise, references in this prospectus to "Aquestive," "the Company," "we," "us" and "our" refer to Aquestive Therapeutics, Inc. The consolidated financial statements included elsewhere in this prospectus are those of MonoSol Rx, LLC, our predecessor entity and its consolidated subsidiary.

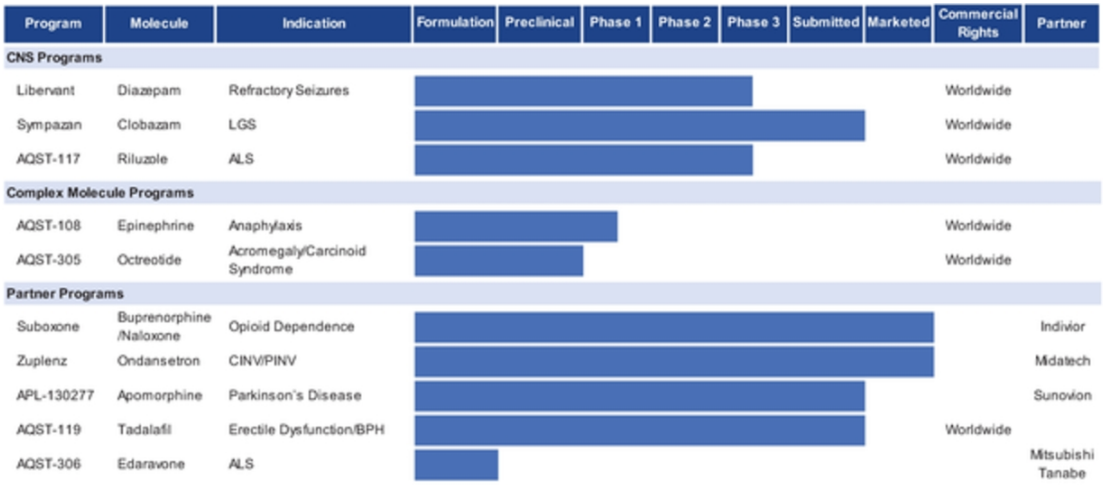
Overview

We are a specialty pharmaceutical company focused on identifying, developing and commercializing differentiated products to address unmet medical needs. We have a late-stage proprietary product pipeline focused on the treatment of diseases of the Central Nervous System, or CNS. We believe that the characteristics of these patient populations and shortcomings of available treatment options create opportunities for the development and commercialization of meaningfully differentiated medicines. Our most advanced proprietary product candidates, which we intend to commercialize ourselves, include (i) Libervant (the preliminary brand name for AQST-203), a buccally, or inside of the cheek, administered soluble film formulation of diazepam for the treatment of recurrent epileptic seizures, for which we expect to submit a New Drug Application, or NDA, in 2018; (ii) Sympazan (the preliminary brand name for AQST-120), an oral soluble film formulation of clobazam for the treatment of seizures associated with a rare, intractable form of epilepsy known as Lennox-Gastaut Syndrome, or LGS, for which we submitted an NDA in October 2017 and have been assigned an August 31, 2018 Prescription Drug User Fee Act, or PDUFA, date, which is the date the U.S. Food and Drug Administration, or FDA, expects to complete its review of our NDA, and (iii) AQST-117, an oral soluble film formulation of riluzole for the treatment of Amyotrophic Lateral Sclerosis, or ALS, for which we expect to submit an NDA in 2018. We have also developed a proprietary pipeline of complex molecule products addressing large market opportunities beyond CNS indications, which include (i) AQST-108, a sublingual film formulation of epinephrine for the treatment of anaphylaxis, for which we expect to begin additional Phase 1 trials in 2018 and (ii) AQST-305, a buccal film formulation of octreotide for the treatment of acromegaly and neuroendocrine tumors, for which we expect to begin human proof of concept trials in 2018.

In addition to these product candidates, we have a portfolio of commercialized and development-stage partnered products. These products include Suboxone, a sublingual film formulation of buprenorphine and naloxone, which is the market leader for the treatment of opioid dependence. We manufacture all of our partnered and proprietary products at our FDA and Drug Enforcement Administration, or DEA, inspected facilities and anticipate that our current manufacturing capacity is sufficient for commercial quantities of our products and product candidates currently in development. We have produced over 1.1 billion doses of Suboxone in the last four years. Our products are developed using our proprietary PharmFilm technology and know-how. Our patent portfolio currently comprises at least 200 issued patents worldwide, of which at least 40 are U.S. patents, and more than 75 pending patent applications worldwide.

Our Product Portfolio and Pipeline

The following table outlines our pipeline of product candidates:



Program	Molecule	Indication	Formulation	Preclinical	Phase 1	Phase 2	Phase 3	Submitted	Marketed	Commercial Rights	Partner
CNS Programs											
Libervant	Diazepam	Refractory Seizures								Worldwide	
Sympazan	Clobazam	LGS								Worldwide	
AQST-117	Riluzole	ALS								Worldwide	
Complex Molecule Programs											
AQST-108	Epinephrine	Anaphylaxis								Worldwide	
AQST-305	Octreotide	Acromegaly/Carcinoid Syndrome								Worldwide	
Partner Programs											
Suboxone	Buprenorphine /Naloxone	Opioid Dependence									Indivior
Zuplenz	Ondansetron	CINV/PINV									Midatech
APL-130277	Apomorphine	Parkinson's Disease									Sunovion
AQST-119	Tadalafil	Erectile Dysfunction/BPH								Worldwide	
AQST-306	Edaravone	ALS									Mitsubishi Tanabe

Proprietary CNS Product Portfolio

We have initially focused our proprietary product pipeline on certain difficult to treat CNS diseases. Our PharmFilm technology allows us to develop medicines that offer non-invasive delivery, customized suitability for patients with dysphagia, or trouble swallowing, can be administered without water and ensure consistent therapeutic dosing. We believe that these characteristics will allow us to achieve the desired patient outcomes, while potentially reducing the total cost of patient care.

The most advanced assets within our proprietary CNS portfolio are as follows:

- **Libervant** – a buccally, or inside of the cheek, administered soluble film formulation of diazepam, a benzodiazepine used as a rescue therapy for breakthrough epileptic seizures and an adjunctive therapy for use in recurrent convulsive seizures. We are developing Libervant as an alternative to Diastat (diazepam rectal gel), the current standard of care rescue therapy for patients with epilepsy, which as a rectal gel, is invasive, inconvenient, and difficult to administer. Libervant is currently completing its final clinical trials. We expect to submit an NDA for Libervant in 2018.
- **Sympazan** – an oral soluble film formulation of clobazam, a benzodiazepine used as an adjunctive therapy for seizures associated with LGS. We are developing Sympazan as an alternative to Onfi (clobazam), currently available in either tablet form or liquid suspension. LGS patients often have difficulty swallowing pills and large volume suspensions leading to uncertain and inconsistent dosing and increasing the burden of care, particularly for patients that may be combative or resistant to treatment. In clinical trials, Sympazan has demonstrated bioequivalence to Onfi. We submitted an NDA for Sympazan in October 2017 and were given a PDUFA date of August 31, 2018. If approved by the FDA, we anticipate launching Sympazan by the end of 2018.
- **AQST-117** – an oral soluble film formulation of riluzole, a small molecule glutamate antagonist used as an adjunctive therapy in the treatment of ALS, which has been shown to slow disease progression, increase lifespan and improve quality of life. However, because ALS patients typically have difficulty swallowing, tablet administration is challenging. We are developing AQST-117 as an alternative to Rilutek (riluzole), which is currently available only in tablet form in order to achieve an easier, more reliable and accurate dosing. This may allow patients to continue therapy even after their ability to swallow has become compromised. AQST-117

addresses these treatment obstacles because it is mucoadhesive and dissolves easily on the tongue without the need for water and without a substantial increase in salivary flow. In clinical trials, AQST-117 has demonstrated bioequivalence to Rilutek. We expect to submit an NDA for AQST-117 in 2018.

In May 2018, we received interim data from our adult Epilepsy Monitoring Unit, or EMU, clinical study for Libervant. The study consists of two treatment arms designed to compare the pharmacokinetics, or PK, of Libervant in subjects with epilepsy in the interictal condition, when they are not experiencing seizures, versus the ictal/peri-ictal condition, when they are experiencing seizures. Through February 2018, 22 subjects had completed the study across the two treatment arms. This represents approximately 75% of the 30 subjects needed to complete the study. Preliminary analysis of the data indicates the following:

- A 12.5mg dose of Libervant administered during an interictal, or non-seizure, state and without regard to food (n=22 patients) provided appropriate maximal plasma concentrations of diazepam (Cmax) within 60 minutes of administration (Tmax). Furthermore, similar Cmax and Tmax levels were obtained during dosing in a peri-ictal state. We believe these results successfully demonstrate that Libervant is adequately absorbed into the blood stream regardless of whether it is applied around a seizure or normal state.
- Observed plasma levels of diazepam in patients with epilepsy were lower than plasma levels in healthy volunteers at the same dose level. This is consistent with the effects of multiple concomitant anti-epileptic drugs, or AEDs, which interact with diazepam and are commonly used by these patients.
- Based on these data, we currently anticipate that dose levels of Libervant will be similar or somewhat less than dose levels of Diastat.

Following a face-to-face meeting with the FDA held on June 14, 2018, where these data, along with other clinical data, were presented, we believe that, upon the completion of our clinical studies, we will have the necessary supporting data to submit a marketing application under the 505(b)(2) regulatory pathway to the FDA for Libervant in 2018.

Proprietary Complex Molecule Portfolio

We are utilizing our technology and know-how to target large market opportunities by developing orally-administered complex molecule therapies as alternatives to invasively-administered standard of care injectable therapeutics. We currently have two active complex molecule programs in clinical development, which are:

- **AQST-108** – a sublingual film formulation of epinephrine for the treatment of anaphylaxis, a severe and potentially life-threatening allergic reaction. Epinephrine is the standard of care in the treatment of anaphylaxis and is currently administered via intramuscular injection. The current market leader is EpiPen, a single-dose, pre-filled epinephrine automatic injection device. As a result of its administration via intra-muscular injection, many patients and their caregivers are reluctant to use currently available products, resulting in increased hospital visits and overall cost of care to treat anaphylactic events. We are designing AQST-108 to be the first non-injectable form of epinephrine used to treat anaphylaxis.
- **AQST-305** – a sublingual film formulation of octreotide, a small peptide that has a similar pharmacological profile to natural somatostatin, for the treatment of acromegaly, as well as severe diarrhea and flushing associated with carcinoid syndrome. Acromegaly is a hormone disorder that results from the overproduction of growth hormone in middle-aged adults. Octreotide is the standard of care for the treatment of acromegaly. The current market leader, Sandostatin (octreotide injectable suspension), is administered via deep subcutaneous or intramuscular injections once a month. This monthly treatment regimen can result in loss of efficacy towards the end of the monthly treatment cycle. We are developing AQST-305 as a non-invasive, pain-free alternative to Sandostatin to reduce treatment burden, healthcare costs and the potential loss of efficacy over the treatment cycle.

Partnered Products

Our portfolio also includes products and product candidates that we have partnered, or will seek to partner, for commercialization. In the year ended December 31, 2017, our partnered product portfolio generated over $1 billion in revenue for our partners, resulting in $66.9 million in revenue to us. Our key partnered products include:

- **Suboxone** – a sublingual film formulation of buprenorphine and naloxone that is marketed in the United States and internationally for the treatment of opioid dependence. Suboxone was launched in 2010 in partnership with Reckitt Benckiser Pharmaceuticals, Inc., who was later succeeded to in interest by Indivior, Inc. Suboxone is the most prescribed branded product in its category with approximately 60% market share.
- **APL-130277** – a sublingual film formulation of apomorphine, a dopamine agonist in development to treat episodic off-periods in Parkinson's disease. APL-130277 is being developed as a sublingual alternative to injectable apomorphine. Sunovion Pharmaceuticals, Inc., or Sunovion, our partner and sponsor of APL-130277, submitted an NDA to the FDA on March 29, 2018. Sunovion has publicly disclosed topline results from their definitive efficacy study, CTH-300, during recent industry events. These results indicate that APL-130277 demonstrated a statistically significant improvement in the Movement Disorder Society Unified Parkinson's Disease Rating Scale Part III score at 30 minutes post-dosing when compared to placebo. Sunovion has also indicated that a statistically significant percentage of patients had a patient-rated full 'on' response within 30 minutes at week 12 when compared to placebo.

PharmFilm – Our Oral Film Technology

We developed our PharmFilm technology to provide meaningful clinical and therapeutic advantages over other existing dosage forms and, in turn, to improve the lives of patients and caregivers.

PharmFilm is comprised of proprietary polymer compositions that serve as film formers to hold active pharmaceutical ingredients, or APIs, and excipients in place. Proprietary and patent-protected compositions, formulation and manufacturing techniques and technology are employed to ensure that the API is distributed uniformly throughout the film and that target absorption levels are achieved. Our proprietary technology and manufacturing process ensures that PharmFilm can be engineered to fit a variety of target product profiles in order to best address the unmet patient need present within specific disease states. PharmFilm, which is similar in thickness and size to a postage stamp, can be administered via buccal, sublingual or lingual oral delivery.

We believe the innovative nature of our PharmFilm drug delivery platform has the potential to offer a number of meaningful advantages to patients, caregivers and physicians compared to current standard of care therapies, including:

- preferred alternative to more invasive drugs such as injection;
- faster onset of action;
- direct absorption into the bloodstream reducing or avoiding "first pass" effects in the liver;
- reduced gastrointestinal, or GI, side effects;
- positive dosing outcomes, especially for patients with physical (*e.g.,* dysphagia) or psychological barriers to other methods of drug administration;
- stable, durable, portable and quick-dissolving (with or without water);
- customizable delivery routes for tailored PK profiles (buccal, sublingual or lingual); and
- customizable taste profiles.

Our Management Team

Our management team is a critical component to the development of our business model and the execution of our strategy. We are led by executives with an average of over 17 years of relevant senior leadership experience, including developing and commercializing branded and generic pharmaceuticals

at large multinational pharmaceutical companies such as Johnson & Johnson, GlaxoSmithKline PLC and Novartis AG. Our team has significant experience in commercialization of pharmaceutical products, translational science, drug evaluation, clinical development, regulatory affairs and business development.

Our Strategy

We are a patient-centric pharmaceutical company developing and commercializing products that address unmet needs and improve the lives of patients and their caregivers. We focus on developing medicines for patient populations suffering from the shortcomings of available treatment options, which can create an opportunity for differentiated medicines. Our pipeline is initially focused on developing treatments for CNS diseases, as well as orally administered complex molecules that we believe can be alternatives to invasively-administered standard of care therapies. Our strategy leverages our global intellectual property portfolio, know-how, demonstrated research and development capabilities and proprietary manufacturing platform.

To achieve these goals, our strategy includes the following key elements:

- advance our late stage proprietary portfolio of CNS product candidates to solve critical healthcare problems and make a meaningful improvement in the lives of patients and caregivers;
- scale our commercial platform to maximize the value of our proprietary product candidates;
- exploit our technology and know-how to develop oral versions of more complex injectable drugs to address unmet patient needs;
- continue to identify product opportunities within CNS and other markets to expand our proprietary product pipeline;
- acquire products or establish partnerships to develop and market products utilizing new chemical entities; and
- continue to expand and solidify our intellectual property portfolio for our products, product candidates and manufacturing processes.

Risks Associated with Our Business

Our business is subject to numerous risks, as more fully described in the section entitled “Risk Factors” immediately following this prospectus summary. You should read these risks before you invest in our common stock. We may be unable, for many reasons, including those that are beyond our control, to implement our business strategy.

These risks include, but are not limited to, the following:

- we have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability;
- even if this offering is successful, we will need substantial additional capital to fund our operations, which may not be available on acceptable terms, if at all;
- our level of indebtedness and significant debt service obligations could constrain our ability to invest in our business and make it more difficult for us to fund our operations;
- we are dependent upon the commercial success of Suboxone and other licensing activities to generate revenue for the near future;
- we have never directly commercialized a product candidate and we may lack the necessary expertise, personnel and resources to successfully commercialize any of our products that receive regulatory approval on our own or together with collaborators;
- our commercial success depends upon attaining significant market acceptance of our products and product candidates, if approved, among patients, physicians, pharmacists and the medical community;

- if we are unable to achieve and maintain coverage and adequate reimbursement for our products or product candidates, if approved, their commercial success may be severely hindered;
- if the FDA does not conclude that our product candidates satisfy the requirements for the 505(b)(2) regulatory approval pathway, or if the requirements for approval of any of our product candidates under Section 505(b)(2) are not as we expect, the approval pathway for our product candidates will likely take significantly longer, cost significantly more and encounter significantly greater complications and risks than anticipated, and in any case may not be successful;
- if we are unable to obtain or protect intellectual property rights related to any of our product candidates, we may not be able to compete effectively in our market; and
- we rely on third parties to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

Corporate Information

We were originally formed in Delaware in January 2004 and until December 31, 2017, we conducted our business through MonoSol Rx, LLC, a Delaware limited liability company, or MonoSol. From the period of organization through October 31, 2017, our predecessor was a limited liability company, or LLC, treated as a partnership for income tax purposes. From November 1, 2017 through December 31, 2017, MonoSol elected to be taxed as a C corporation. On January 1, 2018, MonoSol converted from a Delaware LLC into a Delaware corporation pursuant to a statutory conversion and changed its name to Aquestive Therapeutics, Inc. In a corporate reorganization conducted following the conversion of MonoSol into a Delaware corporation, the holders of units of MonoSol contributed their interests in MonoSol to Aquestive Partners, LLC, or APL, in exchange for identical interests in APL and following such exchange APL became the parent and sole stockholder of Aquestive Therapeutics, Inc. Upon consummation of this offering, our shares held by APL will be distributed to the holders of interests in APL in exchange for such interests, and APL will be liquidated. Except as disclosed in this prospectus, the consolidated financial statements and selected historical consolidated financial data and other financial information included in this prospectus are those of MonoSol prior to the conversion into Aquestive Therapeutics, Inc.

Our principal executive office is located at 30 Technology Drive, Warren, New Jersey 07059, and our telephone number is (908) 941-1900. Our corporate website address is www.aquestive.com. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

Implications of Being an Emerging Growth Company

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible to take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to:

- not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;
- being permitted to present only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and

- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have taken advantage of some of the reduced reporting burdens in this prospectus and may take advantage of additional exemptions in the future. Accordingly, the information contained herein may be different than the information provided by other public companies. We do not know if some investors will find our shares less attractive as a result of our utilization of these or other exemptions. The result may be a less active trading market for our shares and our share price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. As an emerging growth company, we have elected to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public emerging growth companies.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the consummation of this offering, (b) in which we have total annual gross revenue of at least $1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeded $700.0 million as of the last day business day of our most recently completed second fiscal quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. Please note any references herein to “emerging growth company” shall have the meaning associated with it in the JOBS Act.

THE OFFERING	
Shares of common stock offered by us	shares
Shares of common stock to be outstanding after this offering	shares
Over-allotment option to purchase additional shares	shares
Use of proceeds	We estimate that the net proceeds from this offering will be $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with our existing cash and cash equivalents and cash generated from existing partnerships, (i) to fund pre-launch commercialization investments for our epilepsy products, Libervant and Sympazan, as well as AQST-117, (ii) to fund the commencement of our clinical trials for our complex molecules AQST-108 and AQST-305, (iii) to identify our new pipeline candidates in epilepsy and other CNS diseases, and (iv) for general corporate purposes, including working capital and capital expenditures. See “Use of Proceeds” on page 55.
Indications of Interest	Certain existing investors have indicated an interest in purchasing an aggregate of up to $ million of shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, less or no shares in this offering to any of these stockholders, and any of these stockholders may determine to purchase more, less or no shares in this offering. The underwriters will receive the same underwriting discount on any shares purchased by these stockholders as they will on any other shares sold to the public in this offering.
Proposed Nasdaq Global Market symbol	“AQST”
Risk factors	You should read the “Risk Factors” section of this prospectus for a discussion of certain of the factors to consider carefully before deciding to purchase any shares of our common stock.

The number of shares of our common stock to be outstanding after this offering is based on shares of common stock outstanding as of March 31, 2018 (on a pro forma basis), and includes:

- shares of common stock issuable immediately prior to the consummation of this offering pursuant to the automatic exercise of warrants to purchase shares of our common stock at an exercise price of $0.01 per share granted to Perceptive (as defined below), or the Perceptive Warrants; but excludes:
- shares of common stock reserved for future issuance under our 2018 Equity Incentive Plan, or the 2018 Plan.

Unless otherwise indicated, all information contained in this prospectus assumes:

- a for reverse stock split of our common stock effected on , 2018;
- the distribution of shares of our common stock held by APL to its members in exchange for their interests in APL and the subsequent liquidation of APL upon consummation of this offering;
- no exercise by the underwriters of their option to purchase an additional shares of our common stock; and
- no issuance or exercise of stock options or any other warrants on or after March 31, 2018.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table summarizes our historical financial data as of, and for the periods ended on, the dates indicated. We have derived the statements of operations data for the years ended December 31, 2017 and 2016 from our audited consolidated financial statements included elsewhere in this prospectus. The accompanying unaudited interim consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") and with Article 10 of Regulation S-X for interim financial reporting. The statements of operations data for the three months ended March 31, 2018 and 2017 and the balance sheet data as of March 31, 2018 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus and have been prepared in accordance with generally accepted accounting principles in the United States on the same basis as the annual audited consolidated financial statements and, in the opinion of management, the unaudited data reflects 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 that may be expected in the future, and results from our interim period may not necessarily be indicative of the results of the entire year or any future period. The summary of our financial data set forth below should be read together with our consolidated financial statements, and the related notes thereto and "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2016	2018	2017
(In thousands, except per membership interest and per share data)			(unaudited)	
Consolidated Statements of Operations and Comprehensive Income (Loss):				
Revenues	$ 66,918	$ 51,785	$ 23,411	$ 16,436
Costs and expenses:				
Manufacture and supply	19,820	16,378	5,636	4,184
Research and development	22,133	15,450	4,901	5,343
Selling, general and administrative	25,078	20,804	7,569	6,128
Total costs and expenses	67,031	52,632	18,106	15,655
Operating (loss) income	(113)	(847)	5,305	781
Other expenses:				
Interest expense	(7,707)	(6,143)	(1,927)	(1,818)
Loss on extinguishment of debt	—	(757)	—	—
Loss on impairment of investment	—	(1,006)	—	—
Change in fair value of warrant	(1,123)	(750)	697	(420)
Other income (expense)	—	(99)	24	—
Net (loss) income before income taxes	(8,943)	(9,602)	4,099	(1,457)
Income taxes	—	—	—	—
Net (loss)income	(8,943)	(9,602)	4,099	(1,457)
Dividends on redeemable preferred interests	(2,480)	(2,342)	—	(613)
Net income (loss) attributable to shares of common stock / members' interests	(11,423)	(11,944)	4,099	(2,070)
Comprehensive (loss) income	$ (11,423)	$ (11,944)	$ 4,099	$ (2,070)
Net income per share/ net (loss) per membership interest	$ (0.09)	$ (0.10)	$ 0.02	$ (0.02)

(In thousands, except per membership interest and per share data)	Year Ended December 31, 2017	Year Ended December 31, 2016	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
			(unaudited)	
Weighted-average number of shares of common stock / membership interests outstanding—basic and diluted	121,228,353	118,785,104	186,061,577	121,228,353
Unaudited pro forma net income (loss)[1]	$ (8,943)		$ (14,801)	
Unaudited pro forma net income (loss) per share of common stock	$ (0.04)		$ (0.06)	
Unaudited pro forma weighted-average number of shares of common stock outstanding used to compute net loss per share of common stock[1]	246,768,153		246,768,153	

	As of March 31, 2018		
	Actual	Pro Forma[1]	Pro Forma As Adjusted[2][3]
		(unaudited)	
Balance Sheet Data:			
Cash and cash equivalents	$ 16,488	$ 16,488	
Working capital[4]	14,349	6,949	
Total assets	46,082	46,082	
Total debt	45,965	45,965	
Accumulated deficit	(115,994)	(134,894)	
Total stockholders' deficit	(22,396)	(22,820)	

(1) The pro forma column reflects the charge of $18.9 million for the termination of the Performance Unit Plan, effective January 1, 2018. Also included is the conversion of the warrant liability of $6,976 as an addition to additional paid-in capital and a reduction of the warrant liability.

(2) The pro forma as adjusted column reflects the pro forma adjustments discussed above and the sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity on a pro forma as adjusted basis by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each 1.0 million increase (decrease) in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity on a pro forma as adjusted basis by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

(4) Working capital is defined as current assets less current liabilities. See our financial statements for additional information regarding our current assets and current liabilities.

RISK FACTORS

An investment in shares of our common stock involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this prospectus, before deciding to invest in our common stock. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future growth prospects. In these circumstances, the market price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Financial Condition and Need for Additional Capital

We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability.

We have a limited operating history. To date, we have focused primarily on developing a broad product portfolio and have obtained regulatory approval for two of our products: Suboxone, the first sublingual film product for the treatment of opioid dependence, and Zuplenz, the first approved prescription oral soluble film for the prevention of chemotherapy-induced, radiotherapy-induced, and postoperative nausea and vomiting. Some of our product candidates will require substantial additional development time and resources before we would be able to receive regulatory approvals, implement commercialization strategies and begin generating revenue from product sales. We may not generate significant revenue from sales of our product candidates in the near term, if ever. We have incurred losses of $8.9 million and $9.6 million for the years ended December 31, 2017 and 2016, respectively. As of March 31, 2018, we had an accumulated deficit of $116.0 million from inception.

We have devoted most of our financial resources to product development. To date, we have financed our operations primarily through the sale of equity and debt securities and from revenues from certain partnerships we have entered into with respect to our products. The size of our future net losses will depend, in part, on the rate of future expenditures and our ability to generate revenue. To date, only two of our products, Suboxone and Zuplenz, have been commercialized, and if our product candidates are not successfully developed or commercialized, or if revenue is insufficient following marketing approval of such product candidates, we will not achieve profitability and our business may fail.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to fully predict the timing or amount of our expenses, but we expect to continue to incur substantial expenses, which we expect to increase as we expand our development activities and product portfolio. Some of the expenses we expect to continue to incur include:

- conducting clinical trials of our product candidates;
- seeking regulatory approval for any of our product candidates that successfully complete clinical development;
- commercialization activities, including product sales, marketing, manufacturing and distribution, for our products, if approved;
- maintaining, expanding and protecting our intellectual property portfolio;
- acquiring or in-licensing new technologies or development-stage or approved products;
- adding clinical, scientific, operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts and to support our transition to being a public company; and
- experiencing any delays or encountering any issues with any of the above, including, but not limited to, failed trials, complex results, safety issues or other regulatory challenges.

As a result of the foregoing, we expect to continue to incur significant and increasing losses and negative cash flows for the foreseeable future, which may increase compared to past periods.

Even if this offering is successful, we will need substantial additional capital to fund our operations, which may not be available on acceptable terms, if at all. If we are unable to raise capital when needed, we may need to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates.

Our operations have consumed substantial amounts of cash. We had $16.5 million in cash and cash equivalents as of March 31, 2018. Currently, our cash equivalents have a maturity of three months or less. We have no committed sources of capital and our borrowing capability under our loan agreement, or the Loan Agreement, with Perceptive Credit Opportunities Fund, LP, or Perceptive, is fully drawn.

We believe that the net proceeds from this offering, combined with our existing cash and cash equivalents and expected revenue from our partnered product activities, will be sufficient to fund our operations at least through the next 24 months of operations, including our planned investments in the pre-launch commercialization of our late stage CNS product candidates, research and development investments in our complex molecule product pipeline candidates, capital expenditures and investments in new product candidates in epilepsy and other CNS diseases. We have based this estimate on assumptions that could change, and we could utilize our available financial resources sooner than we currently expect. We expect to continue to spend substantial amounts to commercialize our epilepsy products, Libervant and Sympazan, our ALS product, AQST-117, and our other proprietary product candidates. Based on our current operating budget and business plan, we will need to raise substantial additional financing by various means, including, among others, through public or private equity or debt financings, third-party funding, marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. Our existing resources may not be adequate to permit us to complete clinical development of our product candidates or fund our operations over the longer term. We may need to secure significant additional resources to complete such development and to support our continued operations. We are exploring a variety of funding alternatives, including both dilutive and non-dilutive financing options and strategic partnerships.

Our estimate of the period of time through which our financial resources will be adequate to support our operations is based on assumptions that may prove to be wrong, and we could deplete our available capital resources sooner than we currently expect. In addition, our operating plan and budget could change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, whether through public or private equity or debt financings, third-party funding, marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches.

We have historically relied upon sales of Suboxone and Zuplenz, our two commercialized partnered products, milestone payments, fees from co-development and research services, fees from licensed proprietary technologies and patent rights, and royalties based on specified product sales, together with private sales of equity or debt securities, to fund our operations. Delays in obtaining funding could adversely affect our ability to develop and commercially introduce products, if approved, and cause us to be unable to comply with our obligations. Even if we believe we have sufficient capital for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations. Any additional capital raising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our current and future product candidates.

Our ability to obtain additional financing will be subject to a number of factors, including market conditions, our operating performance and investor sentiment. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates, restrict our operations or obtain funds by entering into agreements on unattractive terms, which would likely have a material adverse effect on our business, stock price and our relationships with third parties with whom we have business relationships, at least until additional funding is obtained. If we do not have sufficient funds to continue operations, we could be required to seek bankruptcy protection or other alternatives that would likely result in our stockholders losing some or all of their investment in us.

We may sell additional equity or incur debt to fund our operations, which may result in dilution to our stockholders, including purchasers of shares of common stock in this offering, and impose restrictions on our business.

We do not have any committed external source of funds other than potential milestone payments and royalties under certain of our collaboration agreements. Until such time, if ever, as we can generate sufficient revenue to fully fund our operations, we may seek additional capital through a public or private equity or debt financings, third-party funding, marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. Debt financings may be coupled with an equity component, such as warrants to purchase shares of our common stock, which could also result in dilution of existing stockholders' ownership. The incurrence of indebtedness would result in increased fixed payment obligations and could also result in certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business and may result in liens being placed on our assets and intellectual property. If we were to default on such indebtedness, we could lose such assets and intellectual property.

If we raise additional funds through collaborations, or strategic alliance, marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, product candidates or future revenue streams or grant licenses on terms that are not favorable to us.

Even if we are able to generate revenues from our operations in the future, our revenues and operating income could fluctuate significantly.

Even if we are able to generate future revenues, our operating income, and results may vary significantly from year-to-year and quarter-to-quarter. Variations may result from, among other factors:

- the timing of FDA or any other regulatory authority approvals;
- the timing of process validation for particular product candidates;
- the timing of product launches and market acceptance of such products launched;
- changes in the amount we spend to research, develop, acquire, license or promote new product candidates;
- the outcome of our research, development and clinical trial programs;
- serious or unexpected health or safety concerns related to our product candidates;
- the introduction of new products by others that render our product candidates obsolete or noncompetitive;
- our ability to maintain selling prices and gross margins on our product candidates;
- our ability to comply with complex governmental regulations applicable to many aspects of our business;
- changes in coverage and reimbursement policies of health plans and other health insurers, including changes to Medicare, Medicaid and similar government healthcare programs;
- increases in the cost of raw materials used to manufacture our product candidates;
- manufacturing and supply interruptions, including product rejections or recalls due to failure to comply with manufacturing specifications;
- timing of revenue recognition related to our collaboration agreements;
- our ability to protect our intellectual property and avoid infringing the intellectual property of others; and
- the outcome and cost of possible litigation with third parties.

Our level of indebtedness and significant debt service obligations could constrain our ability to invest in our business and make it more difficult for us to fund our operations.

We have, and after the consummation of this offering will continue to have, substantial debt and substantial debt service obligations. At March 31, 2018, we had an aggregate principal amount of $50.0 million of outstanding indebtedness. In the future, we may need to borrow additional funds.

Because of our indebtedness:

- we may have difficulty satisfying our obligations with respect to our existing indebtedness including the repayment of such indebtedness;
- we may have difficulty obtaining financing in the future for working capital, capital expenditures, acquisitions or other purposes;
- we will need to use a substantial portion of our available cash flow to pay interest and principal on our debt, which will reduce the amount of money available to finance our operations and other business activities;
- we may be more vulnerable to general economic downturns and adverse industry conditions;
- if cash flows from product sales are insufficient to satisfy our obligations with respect to our existing indebtedness, we may be forced to sell assets or seek additional capital, which we may not be able to accomplish on favorable terms, if at all;
- we could be limited in our flexibility in planning for, or reacting to, changes in our business and in our industry in general;
- we could be placed us at a competitive disadvantage compared to our competitors that have less debt;
- our failure to comply with the financial and other restrictive covenants in our debt instruments which, among other things, require us to maintain specified financial covenants and limit our ability to incur debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects; and
- our tangible and intangible assets, including our intellectual property are subject to first priority liens and may be used to satisfy our outstanding debt.

We intend to satisfy our current and future debt service obligations with our existing cash and cash equivalents. However, we may not have sufficient funds, and may be unable to arrange for additional financing, to pay the amounts due under our Loan Agreement or any other debt instruments we may enter into. Failure to make payments or comply with other covenants under our existing credit facility or such other debt instruments could result in an event of default and acceleration of amounts due, which could have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon the commercial success of Suboxone and other licensing activities to generate revenue for the near future.

Although we are in the process of testing and developing proprietary product candidates and may seek to acquire rights in other approved drugs, we anticipate that our ability to generate revenue and to become profitable in the near future will depend upon the continued commercial success of our only approved partnered products, Zuplenz and Suboxone, as well as our other licensing and partnered development activities. There is no assurance that we will become commercially successful. If Zuplenz and Suboxone are not commercially successful, we cannot continue to generate licensing revenues and we have not received approval for any other of our product candidates, we may not be able to generate any royalties or product revenue, as the case may be, for those products or proprietary our product candidates at all. Moreover, any delay or setback in the development of any product candidate could materially adversely affect our business and cause the price of our common stock to fall.

We are currently involved in antitrust litigation in connection with the launch of Suboxone Sublingual Film and any adverse decisions in such litigation could significantly harm our business.

We are currently named as a defendant in antitrust litigation brought against us and Indivior. Such litigation involves allegations that defendants engaged in conduct intended to interfere with the introduction of generic drug products based on our product, Suboxone, to the marketplace. We deny any wrongdoing and are vigorously defending such litigation. However, depending on the outcome of the litigation, whether or not any remedies are entered against us or Indivior and, if so, what those remedies are, it could affect our ability to recognize revenues from Suboxone and significantly harm our business. Moreover, regardless of the merits of any claim, the continued maintenance of these legal and administrative proceedings may result in substantial legal expenses and divert our management's time and attention away from our other business operations, which could also significantly harm our business. For more information, please see the section titled “Business – Legal Proceedings – Antitrust Litigation.”

Risks Related to Commercialization of Our Products and Product Candidates

We cannot be certain that we will be able to successfully develop our product candidates or obtain regulatory approval for our product candidates.

We currently have nine product candidates in clinical development. Our business depends primarily on the successful clinical development, regulatory approval and commercialization of our product candidates. Before our product candidates can be marketed, the FDA and other comparable foreign regulatory agencies must approve our NDA or comparable regulatory submissions. Even after successful completion of clinical testing, there is a risk that the FDA may request further information from us, disagree with our findings or otherwise undertake a lengthy review of our submission. Even if the FDA approves our NDA, we may be unable to successfully commercialize our product candidates.

It is possible that the FDA will not approve any application that we may submit or our product candidates may not obtain appropriate regulatory approvals necessary for us to commence clinical trials for our product candidates. Any delay or failure in obtaining required approvals could have a material adverse effect on our business. This process can take many years and will likely require the expenditure of substantial resources beyond the proceeds we currently have on hand.

Even if we obtain approval from the FDA and comparable foreign regulatory authorities for our current and future product candidates, any approval might contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of that product candidate or any other product candidate that we may in-license, develop or acquire in the future.

We have never directly commercialized a product candidate and we may lack the necessary expertise, personnel and resources to successfully commercialize any of our products that receive regulatory approval on our own or together with collaborators.

We have relied on our third-party collaborators to commercialize our products, Suboxone and Zuplenz. Thus, we do not have direct experience in commercializing a product candidate. To achieve commercial success of our product candidates, if any are approved, we will have to develop our own sales, marketing and supply capabilities or outsource these activities to a third party.

Factors that may affect our ability to commercialize our product candidates on our own include: recruiting and retaining adequate numbers of effective sales and marketing personnel, obtaining access to or persuading adequate numbers of physicians to prescribe our product candidates and other unforeseen costs associated with creating an independent sales and marketing organization. Developing a sales and marketing organization requires significant investment and resources, is time-consuming and could delay the launch of our product candidates. We may not be able to build an effective sales and marketing organization in the United States or other key global markets. We also intend to enter into strategic partnerships with third parties to commercialize our product candidates outside of the United States. We may have difficulty establishing relationships with third parties on terms that are acceptable to

us, or in all of the regions where we wish to commercialize our products, or at all. If we are unable to build our own distribution and marketing capabilities or to find suitable partners for the commercialization of our product candidates, we may have difficulties generating revenue from them.

Our commercial success depends upon attaining significant market acceptance of our products and product candidates, if approved, among patients, physicians, pharmacists and the medical community.

It is possible that we may not complete development of our product candidates or obtain regulatory approval. Even if we do complete development and obtain regulatory approval for our product candidates, our product candidates may not gain market acceptance among patients, physicians, pharmacists, the medical community or third-party payors, which is critical to commercial success. Market acceptance of our products and any product candidate for which we receive approval depends on a number of factors, including:

- the timing of market introduction of the product candidate as well as competitive products;
- the clinical indications for which the product candidate is approved;
- the potential and perceived advantages of such product candidate over alternative treatments;
- favorable pricing and the availability of coverage and adequate reimbursement by third-party payors and government authorities;
- relative convenience and ease of administration;
- any negative publicity related to our or our competitors' products that include the same active ingredient;
- the prevalence and severity of adverse side effects, including limitations or warnings contained in a product's FDA-approved labeling; and
- the effectiveness of sales and marketing efforts.

Even if a potential product displays a favorable efficacy and safety profile in clinical trials, market acceptance of the product will not be known until after it is launched. If our products or product candidates, if approved, fail to achieve an adequate level of acceptance by physicians, nurses, pharmacists, patients and the medical community, we will be unable to generate significant revenues, and we may not become or remain profitable.

Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials, abandon product candidates, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.

Undesirable side effects that may be caused by our product candidates could result in the delay, suspension or termination of clinical trials by us, our collaborators, the FDA or other regulatory authorities for a number of reasons. For example, to date, patients treated with Libervant have experienced drug-related side effects including somnolence, or a state of strong desire for sleep, or sleeping for unusually long periods. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, our clinical trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. If we elect or are required to delay, suspend or terminate any clinical trial for any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenues from any of these product candidates will be delayed or eliminated. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

We could incur substantial costs and disruption to our business and delays in the launch of our product candidates if our competitors and/or collaborators bring legal actions against us, which could harm our business and operating results.

We cannot predict whether our competitors or potential competitors, some of whom we collaborate with, may bring legal actions against us based on our research, development and commercialization activities, as well as any product candidates or products resulting from these activities, claiming, among other things, infringement of their intellectual property rights, breach of contract or other legal theories. If we are forced to defend any such lawsuits, whether they are with or without merit or are ultimately determined in our favor, we may face costly litigation and diversion of technical and management personnel. These lawsuits could hinder our ability to enter the market early with our product candidates and thereby hinder our ability to influence usage patterns when fewer, if any, of our potential competitors have entered such market, which could adversely impact our potential revenue from such product candidates. Some of our competitors have substantially greater resources than we do and could be able to sustain the cost of litigation to a greater extent and for longer periods of time than we could. Furthermore, an adverse outcome of a dispute may require us: to pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's patent or other intellectual property rights; to cease making, licensing or using products that are alleged to incorporate or make use of the intellectual property of others; to expend additional development resources to reformulate our products or prevent us from marketing a certain drug; and to enter into potentially unfavorable royalty or license agreements in order to obtain the rights to use necessary technologies. Royalty or licensing agreements, if required, may be unavailable on terms acceptable to us, or at all.

Guidelines and recommendations published by government agencies can reduce the use of our product candidates.

Government agencies promulgate regulations and guidelines applicable to certain drug classes which may include our products and product candidates that we are developing. Recommendations of government agencies may relate to such matters as usage, dosage, route of administration and use of concomitant therapies. Regulations or guidelines suggesting the reduced use of certain drug classes which may include our products and product candidates that we are developing or the use of competitive or alternative products as the standard of care to be followed by patients and healthcare providers could result in decreased use of our product candidates or negatively impact our ability to gain market acceptance and market share.

We face significant competition from other specialty pharmaceutical and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.

The specialty pharmaceutical industry is intensely competitive and subject to rapid and significant technological change. We expect to have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies and universities and other research institutions. Many of our competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. As a result, these companies may obtain regulatory approval more rapidly than we are able and may be more effective in selling and marketing their products as well. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis drug products or drug administration technologies that are more effective or less than product candidate that we are currently developing or that we may develop. In addition, our competitors may file citizen petitions with the FDA in an attempt to persuade the FDA that our products, or the clinical studies that support their approval, contain deficiencies. Such actions by our competitors could delay or even prevent the FDA from approving any NDA that we submit under Section 505(b)(2).

We believe that our ability to successfully compete will depend on, among other things:

- the efficacy and safety of our products and product candidates, including as relative to marketed products and product candidates in development by third parties;
- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- the ability to maintain a good relationship with regulatory authorities;
- the ability to commercialize and market any of our product candidates that receive regulatory approval;
- the price of our products, including in comparison to branded or generic competitors;
- whether coverage and adequate levels of reimbursement are available under private and governmental health insurance plans, including Medicare;
- the ability to protect intellectual property rights related to our products and product candidates;
- the ability to manufacture on a cost-effective basis and sell commercial quantities of our products and product candidates that receive regulatory approval; and
- acceptance of any of our products and product candidates that receive regulatory approval by physicians and other healthcare providers.

If our competitors market products that are more effective, safer or less expensive than our product candidates, or that reach the market sooner than our product candidates, we may enter the market too late in the cycle and may not achieve commercial success. In addition, the biopharmaceutical industry is characterized by rapid technological change. Because we have limited research and development capabilities, it may be difficult for us to stay abreast of the rapid changes in each technology. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

If we are unable to achieve and maintain coverage and adequate reimbursement for our products or product candidates, if approved, their commercial success may be severely hindered.

Our ability to commercialize our product candidates successfully will depend in part on the extent to which coverage and adequate reimbursement are available for our product candidates, once approved, from third-party payors, including governmental healthcare programs such as Medicare and Medicaid, commercial health insurers and managed care organizations, and how quickly we obtain such coverage and reimbursement, if we are able to obtain it at all. Third-party payors determine which medications they will cover and establish reimbursement levels. Reimbursement decisions by third-party payors depend upon a number of factors, including each third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- appropriate and medically necessary for the specific condition or disease;
- cost effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for our product candidates from third-party payors may be a time consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data, including results from expensive pharmacoeconomic studies, beyond the data required to obtain marketing approval, to each third-party payor. There is no guarantee that we will be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement.

Third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for medical products and services. Third-party payors may deny reimbursement for covered products if they determine that a medical product was not used in accordance with third-party payor coverage policies, such as required procedures for cost-effective diagnosis methods and other conditions that must be met before the third-party payor will provide coverage for use of a

product. For example, insurers may establish a “step-edit” system that requires a patient to first use a lower price alternative product prior to becoming eligible for reimbursement of a higher price product. Third-party payors also may refuse to reimburse for drugs, procedures and devices deemed to be experimental, or that are prescribed for an unapproved indication. In addition, third-party payors may also limit coverage to specific products on an approved list, or formulary, which might not include all of the FDA-approved products for a particular indication. Further, some third-party payors are the challenging the prices charged for medical products and may impose price controls or require that drug companies provide them with predetermined discounts from list prices.

The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Levels of reimbursement may also decrease in the future, and future legislation, regulation or reimbursement policies of third-party payors may adversely affect the reimbursement available for and the pricing of our product candidates, once approved, which in turn, could negatively impact the demand for our product candidates. If patients are not adequately reimbursed for our product candidates, they may reduce or discontinue purchases of it, which would result in a significant shortfall in achieving revenue expectations and negatively impact our business, prospects and financial condition.

Our relationships with customers, physicians, and third-party payors will be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws, health information privacy and security laws, and other healthcare laws and regulations. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers and third-party payors may subject us to various federal and state fraud and abuse laws and other health care laws, including, without limitation, the federal Anti-Kickback Statute, the federal civil and criminal false claims laws and the law commonly referred to as the Physician Payments Sunshine Act and regulations promulgated thereunder. These laws will impact, among other things, our clinical research program and our proposed sales, marketing and educational programs. In addition, we may be subject to patient privacy laws by both the federal government and the states in which we conduct or may conduct our business. The laws that will affect our operations include, but are not limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in return for the purchase, recommendation, leasing or furnishing of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand, and prescribers, purchasers and formulary managers on the other. The Patient Protection and Affordable Care Act, as amended, or the PPACA, amended the intent requirement of the federal Anti-Kickback Statute. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it;
- federal civil and criminal false claims laws, including, without limitation, the False Claims Act, and civil monetary penalty laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid or other government payors that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. The PPACA provides, and recent government cases against pharmaceutical and medical device manufacturers support, the view that federal Anti-Kickback Statute violations and certain marketing practices, including off-label promotion, may implicate the False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit a person from knowingly and willfully executing a scheme or making false or fraudulent statements to defraud any healthcare benefit program, regardless of the payor (*e.g.,* public or private);

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization on entities subject to the rule, such as health plans, health care clearinghouses and certain health care providers, and their respective business associates who provide services involving the creation, use or disclosure of HIPAA protected health information;
- federal transparency laws, including the federal Physician Payments Sunshine Act, which is part of the PPACA, that require certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to: (i) payments or other "transfers of value" made to physicians and teaching hospitals; and (ii) ownership and investment interests held by physicians and their immediate family members, with such information being made publicly available through a searchable website;
- state and foreign law equivalents of each of the above federal laws; state laws that require manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or pricing information; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or to adopt compliance programs as prescribed by state laws and regulations, or that otherwise restrict payments that may be made to healthcare providers; and state and local laws that require the registration of pharmaceutical sales representatives; and
- state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws.

It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm and the curtailment or restructuring of our operations.

The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

Recently enacted and future healthcare reform legislation or regulation may increase the difficulty and cost for us and any future collaborators to obtain marketing approval of and commercialize our product candidates and may adversely affect the prices we, or they, may obtain and may have a negative impact on our business and results of operations.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other

things, prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability, or the ability of any future collaborators, to profitably sell any products for which we, or they, obtain marketing approval. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. We expect that current laws, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we, or any future collaborators, may receive for any approved products.

In March 2010, President Obama signed into law the PPACA. Among the provisions of the PPACA of importance to our business, including, without limitation, our ability to commercialize and the prices we may obtain for any of our product candidates and that are approved for sale, are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs, although this fee does not apply to sales of certain products approved exclusively for orphan indications;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of manufacturers' rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic drugs and revising the definition of "average manufacturer price," or AMP, for calculating and reporting Medicaid drug rebates on outpatient prescription drug prices and extending rebate liability to prescriptions for individuals enrolled in Medicare Advantage plans;
- addition of more entity types eligible for participation in the Public Health Service the 340B drug pricing program, or the 340B program;
- established the Medicare Part D coverage gap discount program by requiring manufacturers to provide a 50% point-of-sale-discount off the negotiated price of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturers' outpatient drugs to be covered under Medicare Part D; the Bipartisan Budget Act of 2018, or BBA, among other things, increased the manufacturer's subsidy under this program from 50% to 70% of the negotiated price, beginning in 2019;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and
- established the Center for Medicare and Medicaid Innovation within CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending.

In addition, other legislative changes have been proposed and adopted since the PPACA was enacted. For example, beginning April 1, 2013, Medicare payments for all items and services, including drugs and biologics, were reduced by 2% under the sequestration (*i.e.,* automatic spending reductions) required by the Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012. Subsequent legislation, including the BBA, extended the 2% reduction, on average, to 2027, subject to additional Congressional action. Sequestration may result in additional reductions in Medicare and other healthcare funding and, if we obtain regulatory approvals, may otherwise affect the prices we may obtain for our product candidates or the frequency with which our product candidates may be prescribed or used if approved. Additional changes that may affect our business include the expansion of new programs such as Medicare payment for performance initiatives for physicians under the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, which will be fully implemented in 2019. At this time, it is unclear how the introduction of the Medicare quality payment program will impact overall physician reimbursement.

Further, legislative changes to or regulatory changes under the PPACA remain possible and appear likely in the 115th U.S. Congress and under the Trump administration. The nature and extent of any legislative or regulatory changes to the PPACA, including repeal and replacement initiatives, are uncertain at this time. It is possible that the PPACA repeal and replacement initiatives, if enacted into law, could ultimately result in fewer individuals having health insurance coverage or in individuals having insurance coverage with less generous benefits. While Congress has not passed repeal legislation, the Tax Cuts and Jobs Act of 2017, or the TCJA, which was recently signed into law by President Trump, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the BBA, among other things, amends the PPACA, starting January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." The scope of potential future legislation to modify or repeal and replace the PPACA provisions is highly uncertain in many respects. We continue to evaluate the potential impact of the PPACA and its possible repeal or replacement on our business.

The costs of prescription pharmaceuticals in the United States have also been the subject of considerable discussion in the United States, and members of Congress and the administration have stated that they will address such costs through new legislative and administrative measures. This focus has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a "Blueprint", or plan, to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has already started the process of soliciting feedback on some of these measures and, at the same, is immediately implementing others under its existing authority. While some proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that these and other healthcare reform measures that may be adopted in the future may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved drug. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our drugs. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

The pricing of prescription pharmaceuticals is also subject to governmental control outside the United States. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost effectiveness of our product candidates to other available product candidates. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our ability to generate revenues and become profitable could be impaired.

Comprehensive tax reform legislation could adversely affect our business and financial condition.

On December 22, 2017, the TCJA was enacted. The TCJA is major tax legislation that, among other things, contains significant changes to corporate taxation, including reducing the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%; limiting the tax deduction for interest expense; limiting the deduction for net operating losses and eliminating net operating loss carrybacks, in each case, for losses arising in taxable years beginning after December 31, 2017 (though any such tax losses may be carried forward indefinitely); eliminating certain requirements of the PPACA, including the individual mandate; and modifying or repealing many business deductions and credits, including reducing the business tax credit for certain clinical testing expenses incurred in the testing of certain drugs for rare diseases or conditions generally referred to as “orphan drugs”. We continue to examine the impact this tax reform legislation may have on our business. However, the effect of the TCJA on us and our affiliates, whether adverse or favorable, is uncertain and may not become evident for some period of time. You are urged to consult your tax adviser regarding the implications of the TCJA on an investment in our common stock.

Even though we have obtained orphan drug designation for Libervant and AQST-117 in the United States, we may not obtain or maintain orphan drug exclusivity for these or other product candidates, and we may not obtain orphan drug designation or exclusivity for any of our other product candidates or indications.

Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA from approving another marketing application for the same drug for the same disease for seven years. Orphan drug exclusivity may be lost if the FDA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition. Orphan drug designation must be requested before submitting an application for marketing approval.

We obtained orphan drug designation in the United States for Libervant for the treatment of selected, refractory patients with epilepsy who are on stable regimens of antiepileptic drugs, or AED, and who require intermittent use of diazepam to control bouts of increased seizure activity, or acute repetitive seizures, and for AQST-117 for the treatment of amytrophic lateral sclerosis, or ALS. A company that first obtains FDA approval for a designated orphan drug for the designated rare disease or condition receives orphan drug marketing exclusivity for that drug for the designated disease for a period of seven years in the United States. This orphan drug exclusivity prevents the FDA from approving another application to market a drug containing the same active moiety for the same orphan indication, except in very limited circumstances, including when the FDA concludes that the later drug is safer, more effective or makes a major contribution to patient care. In addition, a designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation.

Even though we have received orphan drug designation for Libervant and for AQST-117, we may not be the first to obtain marketing approval for the orphan-designated indication due to the uncertainties associated with developing product candidates. For example, other pharmaceutical companies developing diazepam have obtained orphan drug designation for their product candidates for an acute repetitive seizures indication using other routes of administration, such as intranasal and subcutaneous. While there can be no assurance, we believe that our Libervant is further along in development than these other companies’ versions of diazepam. However, if any of these other pharmaceutical companies obtains approval of an NDA for its formulation of diazepam for the management of acute repetitive seizures before we are able to receive approval of Libervant for the same indication, we would be barred from marketing Libervant in the United States during the seven-year orphan drug exclusivity period,

unless we could demonstrate that Libervant is clinically superior to the approved diazepam product. In addition, in order to obtain our own period of marketing exclusivity, we would need to demonstrate that Libervant is clinically superior to any other diazepam products approved for the same indication, including Diastat.

Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition or a drug with the same active moiety can be approved for a different indication. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. In addition, even if we intend to seek orphan drug designation for other product candidates or indications, we may never receive such designations or obtain orphan drug exclusivity.

Risks Related to Our Reliance on Third Parties

We rely on third parties to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third-party contract research organizations, or CROs, to monitor and manage data for our preclinical and clinical programs. We rely on these parties for execution of our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on the CROs does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with FDA laws and regulations regarding current good clinical practice, or GCP, which are also required by the Competent Authorities of the Member States of the European Economic Area and comparable foreign regulatory authorities in the form of International Conference on Harmonization, or ICH, guidelines for all of our products in clinical development. Regulatory authorities enforce GCP through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under the current good manufacturing practice, or cGMP, regulations. While we have agreements governing activities of our CROs, we have limited influence over their actual performance. In addition, portions of the clinical trials for our product candidates are expected to be conducted outside of the United States, which will make it more difficult for us to monitor CROs and perform visits of our clinical trial sites and will force us to rely heavily on CROs to ensure the proper and timely conduct of our clinical trials and compliance with applicable regulations, including GCP. Failure to comply with applicable regulations in the conduct of the clinical trials for our product candidates may require us to repeat clinical trials, which would delay the regulatory approval process.

Some of our CROs have an ability to terminate their respective agreements with us if, among other reasons, it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, if we make a general assignment for the benefit of our creditors or if we are liquidated. If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our preclinical and clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain

regulatory approval for or successfully commercialize our product candidates. Consequently, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase substantially and our ability to generate revenue could be delayed significantly.

Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We rely on limited sources of supply for our thin film foil, and any disruption in the chain of supply may impact production and sales and cause delay in developing and commercializing our Proprietary PharmFilm Technology product candidates.

We currently have relationships with only one third party for the manufacture of our thin film foil. Because of the unique equipment and process for manufacturing our thin film foil, transferring manufacturing activities for our foil to an alternate supplier would be a time-consuming and costly endeavor, and there are only a limited number of manufacturers that we believe are capable of performing this function for us. Switching thin film foil suppliers may involve substantial cost and could result in a delay in our desired clinical and commercial timelines. If any of our thin film foil manufacturers breaches or terminates their agreements with us, we would need to identify an alternative source for the thin film foil manufacture and supply of foil to us for the purposes of our development and commercialization of the applicable products. Identifying an appropriately qualified source of alternative thin film foil supply for any one or more of these product candidates could be time consuming, and we may not be able to do so without incurring material delays in the development and commercialization of our product candidates, which could harm our financial position and commercial potential for our products. Any alternative thin film foil vendor would also need to be qualified through an NDA supplement which could result in further delay. The FDA or other regulatory agencies outside of the United States may also require additional studies if we appoint a new manufacturer for supply of our product candidates that differs from the manufacturer used for clinical development of such product candidates. For our other product candidates, we expect that only one supplier will initially be qualified as a vendor with the FDA. If supply from the approved vendor is interrupted, there could be a significant disruption in commercial supply.

These factors could cause the delay of clinical trials, regulatory submissions, required approvals or commercialization of our product candidates, cause us to incur higher costs and prevent us from commercializing them successfully. Furthermore, if our suppliers fail to deliver the required commercial quantities of components and active pharmaceutical ingredient on a timely basis and at commercially reasonable prices, and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials may be delayed or we could lose potential revenue.

We rely on third parties to manufacture active pharmaceutical ingredients, or API, for our product candidates, and we intend to rely on third parties to manufacture the API for any other approved products. The commercialization of any of our products could be stopped, delayed or made less profitable if those third parties fail to provide us with sufficient quantities of API or fail to do so at acceptable quality levels or prices or fail to maintain or achieve satisfactory regulatory compliance.

We currently rely, and expect to continue to rely, on third parties to manufacture API for our product candidates, and control only certain aspects of their activities.

Any of these third parties may terminate their engagements with us at any time. If we need to enter into alternative arrangements, it could delay our proprietary product candidate programs and commercialization activities. Our reliance on these third parties reduces our control over these activities but does not relieve us of our responsibility to ensure compliance with all required legal, regulatory and scientific standards and any applicable trial protocols. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our studies in accordance with regulatory requirements or our stated study plans and protocols, we will not be able to complete, or may be delayed in completing, clinical trials required to support future regulatory submissions and approval of our product candidates.

Our products and product candidates are highly reliant on very complex sterile techniques and personnel aseptic techniques. The facilities used by our third-party API manufacturers to manufacture our products and product candidates must maintain a compliance status acceptable to the FDA or other applicable regulatory authorities pursuant to inspections that will be conducted after we submit our NDA to the FDA. If any of our third-party API manufacturers cannot successfully manufacture material that conforms to our specifications and the applicable regulatory authorities' strict regulatory requirements, or pass regulatory inspection, they will not be able to secure or maintain regulatory approval for the manufacturing facilities. In addition, we have no control over the ability of third-party API manufacturers to maintain adequate quality control, quality assurance and qualified personnel. Further, as we scale up manufacturing of our product candidates and conduct required stability testing, product, packaging, equipment and process-related issues may require refinement or resolution in order for us to proceed with our planned clinical trials and obtain regulatory approval for commercialization of our product candidates. In the future, for example, we may identify impurities in the product manufactured for us for commercial supply, which could result in increased scrutiny by the regulatory agencies, delays in our clinical program and regulatory approval, increases in our operating expenses, or failure to obtain or maintain approval for our product candidates. If the FDA or any other applicable regulatory authority does not approve these facilities for the manufacture of our products or if they withdraw any such approval in the future, or if our suppliers or third-party manufacturers decide they no longer want to manufacture our products, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our products or product candidates.

More generally, API manufacturers of pharmaceutical products often encounter difficulties in production, particularly in scaling up and validating initial production. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. Additionally, our API manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to make product candidates available for clinical trials and development purposes or to further commercialize any of our product candidates in the United States would be jeopardized. Any delay or interruption in our ability to meet commercial demand may result in the loss of potential revenues and could adversely affect our ability to gain market acceptance for approved products. In addition, any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Additionally, if supply from one approved API manufacturer is interrupted, there could be a significant disruption in commercial supply. Regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

The occurrence of any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

The design, development, manufacture, supply, and distribution of our product candidates is highly regulated and technically complex.

All entities involved in the preparation of therapeutics for clinical trials or commercial sale, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMP and equivalent foreign standards. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of adventitious agents or other contaminants, or to inadvertent changes in the properties or stability of our product candidates that may not be detectable in final product testing. The development, manufacture, supply, and distribution of our other product candidates, is highly regulated and technically complex. We, along with our third-party providers, must comply with all applicable regulatory requirements of the FDA and foreign authorities.

We, or our API and component manufacturers, must supply all necessary documentation in support of our regulatory filings for our product candidates on a timely basis and must adhere to the FDA's good laboratory practices, or GLP, and cGMP regulations enforced by the FDA through its facilities inspection program, and the equivalent standards of the regulatory authorities in other countries. Any failure by our third-party API or component manufacturers to comply with cGMP or failure to scale-up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates. Our facilities and quality systems and the facilities and quality systems of some or all of our third-party API and component manufacturers must also pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of our product candidates or any of our other potential products. In addition, the regulatory authorities in any country may, at any time, audit or inspect a manufacturing facility involved with the preparation of our product candidates or our other potential products or the associated quality systems for compliance with the regulations applicable to the activities being conducted. If these facilities and quality systems do not pass a pre-approval plant inspection, FDA approval of our product candidates, or the equivalent approvals in other jurisdictions, will not be granted.

Regulatory authorities also may, at any time following approval of a product for sale, inspect our manufacturing facilities or those of our third-party suppliers or contractors. If any such inspection identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time-consuming for us or a third party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business. If we or any of our third-party API or component manufacturers fail to maintain regulatory compliance, the FDA can impose regulatory sanctions including, among other things, refusal to approve a pending NDA for a new drug product or revocation of a pre-existing approval. As a result, our business, financial condition and results of operations may be materially harmed.

We may not be successful in establishing development and commercialization collaborations, which could adversely affect, and potentially prohibit, our ability to develop our product candidates.

Because developing pharmaceutical products, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities and marketing approved products are expensive, we are exploring collaborations with third parties outside of the United States that have more resources and experience. For example, we are exploring selective partnerships with third parties for development and commercialization of our product candidates outside of the United States. We may, however, be unable to advance the development of our product candidates in territories outside of the United States, which may limit the market potential for this product candidate.

In situations where we enter into a development and commercial collaborative arrangement for a product candidate, we may also seek to establish additional collaborations for development and commercialization in territories outside of those addressed by the first collaborative arrangement for such product candidate. There are a limited number of potential partners, and we expect to face competition in seeking appropriate partners. If we are unable to enter into any development and commercial collaborations and/or sales and marketing arrangements on acceptable terms, if at all, we may be unable to successfully develop and seek regulatory approval for our product candidates and/or effectively market and sell future approved products, if any, in all of the territories outside of the United States where it may otherwise be valuable to do so.

We may not be successful in maintaining development and commercialization collaborations, and any partner may not devote sufficient resources to the development or commercialization of our product candidates or may otherwise fail in development or commercialization efforts, which could adversely affect our ability to develop certain of our product candidates and our financial condition and operating results.

Even if we are able to establish collaborative arrangements, any such collaboration may not ultimately be successful, which could have a negative impact on our business, results of operations,

financial condition and prospects. If we partner with a third party for development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. It is possible that a partner may not devote sufficient resources to the development or commercialization of our product candidate or may otherwise fail in development or commercialization efforts, in which event the development and commercialization of such product candidate could be delayed or terminated and our business could be substantially harmed. In addition, the terms of any collaboration or other arrangement that we establish may not prove to be favorable to us or may not be perceived as favorable, which may negatively impact the trading price of our common stock. In some cases, we may be responsible for continuing development of a product candidate or research program under a collaboration, and the payment we receive from our partner may be insufficient to cover the cost of this development. Moreover, collaborations and sales and marketing arrangements are complex and time consuming to negotiate, document and implement, and they may require substantial resources to maintain.

We are subject to a number of additional risks associated with our dependence on collaborations with third parties, the occurrence of which could cause our collaborative arrangements to fail, including that:

- we may be required to undertake the expenditure of substantial operational, financial and management resources;
- we may be required to issue equity securities that would dilute our stockholders' percentage of ownership;
- we may be required to assume substantial actual or contingent liabilities;
- strategic collaborators could terminate the arrangement or allow it to expire, which would delay the development and may increase the cost of developing our product candidates;
- business combinations or significant changes in a strategic collaborator's business strategy may affect a strategic collaborator's willingness or ability to complete its obligations under any arrangement; and
- strategic collaborators could decide to move forward with a competing product candidate developed either independently or in collaboration with others, including our competitors.

Additionally, conflicts may arise between us and our partners, such as conflicts concerning the interpretation of clinical data, the achievement of milestones, the interpretation of financial provisions or the ownership of intellectual property developed during the collaboration. For example, we are largely dependent on Indivior, which holds the global commercialization rights to our approved product, Suboxone. During the three months ended March 31, 2018 and the year ended December 31, 2017, Indivior represented 97% and 88% of our total revenue, respectively. If any such conflicts were to arise with Indivior or any other partner, such partner could act in its own self-interest, which may be adverse to our interests. Any such disagreement between us and a partner could result in one or more of the following, each of which could delay or prevent the development or commercialization of our product candidates and harm our business:

- reductions in the payment of royalties or other payments we believe are due pursuant to the applicable collaborative arrangement;
- actions taken by a partner inside or outside our collaboration which could negatively impact our rights or benefits under our collaboration; and
- unwillingness on the part of a partner to keep us informed regarding the progress of its development and commercialization activities or to permit public disclosure of the results of those activities.

Risks Related to Our Business Operations and Industry

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the principal members of our executive team listed under "Management" located elsewhere in this prospectus, the loss of whose services may adversely impact

the achievement of our objectives. Any of our executive officers could leave our employment at any time, as all of our employees are “at will” employees. Recruiting and retaining other qualified employees for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled executives in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical companies for individuals with similar skill sets. In addition, failure to succeed in clinical studies may make it more challenging to recruit and retain qualified personnel. The inability to recruit key executives or the loss of the services of any executive or key employee might impede the progress of our development and commercialization objectives.

Under applicable employment laws, we may not be able to enforce covenants not to compete.

Certain of our executive officers’ employment agreements include covenants not to compete. These agreements prohibit our employees, if they cease working for us, from competing directly with us or working for our competitors for a limited period. We may be unable to enforce these agreements or may not be able to enforce these agreements to their full extent under applicable law. If we cannot demonstrate that such an interest will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees and our competitiveness may be diminished.

We will need to expand our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

Our company has been rapidly growing and we expect to continue to grow over the next several years. As our company matures, we expect to expand our employee base to increase our managerial, scientific and engineering, operational, sales, marketing, financial and other resources and to hire more consultants and contractors. Future growth would impose significant additional responsibilities on our management, including the need to identify, recruit, maintain, motivate and integrate additional employees, consultants and contractors. Also, our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Future growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of our existing or future product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize our product candidates, if approved, and compete effectively will depend, in part, on our ability to effectively manage any future growth.

Our products, if approved, may give rise to potential product liability, and, if successful claims are brought against us, we may incur substantial liability.

As a specialty pharmaceutical company, we operate in a market that is subject to risk of liability. To our knowledge, we are not currently subject to any product liability suits. However, the sales of our approved products and for any product candidates for which we obtain marketing approval and the use of our product candidates in clinical trials (if any), exposes us to the risk of product liability claims alleging adverse effects from such products or product candidates. Product liability claims might be brought against us by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our product candidates. Any liability claims could have a material adverse effect

on our business, financial position, results of operations and future growth prospects. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation;
- withdrawal of clinical study participants;
- costs due to related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates; and
- decreased demand for our product candidates, if approved for commercial sale.

We may not be able to maintain insurance coverage, and our existing or any future insurance policies or our own resources will not sufficiently cover claims for damages that we may receive in the future.

Our business exposes us to potential product liability and other liability risks that are inherent in clinical development, manufacturing, marketing and use of human therapeutic products. It is generally necessary for us to secure certain levels of insurance as a condition for the conduct of clinical trials and any sale or use of our products. We have taken out product liability insurance with respect to all clinical trials and ongoing trials performed to date for which we were responsible (*i.e.,* in respect of our internal product pipeline). Further, we may seek to expand our insurance coverage if we obtain marketing approval for any of our internal product candidates or if other risks related to our business increase.

Our current product liability insurance coverage may not be sufficient to reimburse us for any expenses or losses we may suffer. Insurance coverage is becoming increasingly expensive and in the future we may not be able to maintain insurance coverage at an acceptable cost to us or in sufficient amounts to protect us against losses due to liability. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated adverse effects. A successful product liability claim or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business.

We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively.

Despite the implementation of security measures, our internal computer systems and those of third parties with which we contract are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. System failures, accidents or security breaches could cause interruptions in our operations, and could result in a material disruption of our product development and clinical activities and business operations, in addition to possibly requiring substantial expenditures of resources to remedy. The loss of product development or clinical trial data could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and our development programs and the development of our product candidates could be delayed.

Business interruptions could delay us in the process of developing our product candidates.

Our headquarters are located in Warren, New Jersey and we have manufacturing facilities in Portage, Indiana. If we encounter any disruptions to our operations at these sites or one were to shut down for any reason, including by fire, natural disaster, such as a hurricane, tornado or severe storm, power outage, systems failure, labor dispute or other unforeseen disruption, then we may be prevented from effectively operating our business. Our coverage for natural disasters may be somewhat limited for

floods or earthquakes and we may not carry sufficient business interruption insurance to compensate us for losses that may occur. Any losses or damages we incur could have a material adverse effect on our business operations.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of fraud or other misconduct by our employees, principal investigators, consultants and commercial partners. Misconduct by these parties could include failure to:

- comply with FDA regulations or the regulations applicable in other jurisdictions;
- provide accurate information to the FDA and other regulatory authorities;
- comply with healthcare fraud and abuse laws and regulations in the United States and abroad;
- report financial information or data accurately; or
- disclose unauthorized activities to us.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct also could involve the improper use of information obtained in the course of clinical trials or interactions with the FDA or other regulatory authorities, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from government investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm and the curtailment or restructuring of our operations, any of which could have a negative impact on our business, financial condition, results of operations and prospects.

Our research and development activities could be affected or delayed as a result of possible restrictions on animal testing.

Certain laws and regulations require us to test our product candidates on animals before initiating clinical trials involving humans. Animal testing activities have been the subject of controversy and adverse publicity. Animal rights groups and other organizations and individuals have attempted to stop animal testing activities by pressing for legislation and regulation in these areas and by disrupting these activities through protests and other means. To the extent the activities of these groups are successful, our research and development activities may be interrupted, delayed or become more expensive.

Our operations involve hazardous materials and we and third parties with whom we contract must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

As a specialty pharmaceutical company, we are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with health and safety regulations is substantial. Our business activities involve the controlled use of hazardous materials. Our research and development activities involve the controlled storage, use and disposal of hazardous materials, including the components of our product candidates and other hazardous compounds. We and manufacturers and suppliers with whom we may contract are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are stored at our

and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of accidental contamination or injury from these materials, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. We cannot guarantee that that the safety procedures utilized by third-party manufacturers and suppliers with whom we may contract will comply with the standards prescribed by laws and regulations or will eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and U.S. federal and state or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. We do not currently carry biological or hazardous waste insurance coverage. In the event of an accident or environmental discharge, we may be held liable for any consequential damage and any resulting claims for damages, which may exceed our financial resources and may materially adversely affect our business, results of operations and prospects, and the value of our shares.

Risks Related to Government Regulation

Changes in law, including as a result of recent presidential administration changes, could have a negative impact on the approval of our product candidates.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. Notably, on January 23, 2017, President Trump ordered a hiring freeze for all executive departments and agencies, including the FDA, which prohibited the FDA from filling employee vacancies or creating new positions. While freeze has since been lifted, any additional freezes could result in delays in FDA's responsiveness or in its ability to review submissions or applications, issue regulations or guidance, or implement or enforce regulatory requirements in a timely fashion or at all. Moreover, on January 30, 2017, President Trump issued an Executive Order, applicable to all executive agencies, including the FDA, which requires that for each notice of proposed rulemaking or final regulation to be issued in fiscal year 2017, the agency shall identify at least two existing regulations to be repealed, unless prohibited by law. These requirements are referred to as the "two-for-one" provisions. This Executive Order includes a budget neutrality provision that requires the total incremental cost of all new regulations in the 2017 fiscal year, including repealed regulations, to be no greater than zero, except in limited circumstances. For fiscal years 2018 and beyond, the Executive Order requires agencies to identify regulations to offset any incremental cost of a new regulation. In interim guidance issued by the Office of Information and Regulatory Affairs within OMB on February 2, 2017, the administration indicates that the "two-for-one" provisions may apply not only to agency regulations, but also to significant agency guidance documents. It is difficult to predict how these requirements will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Further and more recently, President Trump has suggested that he plans to seek repeal of all or portions of the PPACA, and he has indicated that he wants Congress to replace the PPACA with new legislation. Risks related to the ongoing efforts of the Trump administration with respect to the repeal or repeal and replacement of elements of the PPACA are described above under the heading "Recently enacted and future healthcare reform legislation or regulation may increase the difficulty and cost for us and any future collaborators to obtain marketing approval of and commercialize our product candidates and may adversely affect the prices we, or they, may obtain and may have a negative impact on our business and results of operations." We cannot predict whether other legislative changes will be adopted, if any, or how such changes would affect the pharmaceutical industry generally.

If the FDA does not conclude that our product candidates satisfy the requirements for the 505(b)(2) regulatory approval pathway, or if the requirements for approval of any of our product candidates under Section 505(b)(2) are not as we expect, the approval pathway for our product candidates will likely take significantly longer, cost significantly more and encounter significantly greater complications and risks than anticipated, and in any case may not be successful.

We intend to seek FDA approval through the 505(b)(2) regulatory pathway for each of our product candidates described in this prospectus. The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the Federal Food, Drug, and Cosmetic Act, or FDCA. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies that were not conducted by or for the applicant.

If the FDA does not allow us to pursue the 505(b)(2) regulatory pathway for our product candidates as anticipated, we may need to conduct additional clinical trials, provide additional data and information and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval for our product candidates would likely substantially increase. Moreover, the inability to pursue the 505(b)(2) regulatory pathway could result in new competitive products reaching the market faster than our product candidates, which could materially adversely impact our competitive position and prospects. Even if we are allowed to pursue the 505(b)(2) regulatory pathway for a product candidate, we cannot assure you that we will receive the requisite or timely approvals for commercialization of such product candidate.

In addition, notwithstanding the approval of a number of products by the FDA under Section 505(b)(2) over the last few years, certain competitors and others have objected to the FDA's interpretation of Section 505(b)(2). We expect that our competitors will file citizens' petitions with the FDA in an attempt to persuade the FDA that our product candidates, or the clinical studies that support their approval, contain deficiencies. If the FDA's interpretation of Section 505(b)(2) is successfully challenged, the FDA may be required to change its Section 505(b)(2) policies and practices, which could delay or even prevent the FDA from approving any NDA that we submit under Section 505(b)(2).

Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Failure can occur at any stage of clinical development.

Clinical testing, even when utilizing the 505(b)(2) pathway, is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process, even with active ingredients that have previously been approved by the FDA as safe and effective. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later stage clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials.

Our product candidates are in various stages of development, from early stage to late stage. Clinical trial failures may occur at any stage and may result from a multitude of factors both within and outside our control, including flaws in formulation, adverse safety or efficacy profile and flaws in trial design, among others. If the trials result in negative or inconclusive results, we or our collaborators may decide, or regulators may require us, to discontinue trials of the product candidates or conduct additional clinical trials or preclinical studies. In addition, data obtained from trials and studies are susceptible to varying interpretations, and regulators may not interpret our data as favorably as we do, which may delay, limit or prevent regulatory approval. For these reasons, our future clinical trials may not be successful.

We do not know whether any future clinical trials we may conduct will demonstrate consistent or adequate efficacy and safety to obtain regulatory approval to market our product candidates. If any product candidate for which we are conducting clinical trials is found to be unsafe or lack efficacy, we will not be able to obtain regulatory approval for it. If we are unable to bring any of our current or future product candidates to market, our business would be materially harmed and our ability to create long-term stockholder value will be limited.

Delays in clinical trials are common and have many causes, and any delay could result in increased costs to us and could jeopardize or delay our ability to obtain regulatory approval and commence product sales. We may also find it difficult to enroll patients in our clinical trials, which could delay or prevent development of our product candidates.

We may experience delays in clinical trials of our product candidates. Our planned clinical trials may not begin on time, have an effective design, enroll a sufficient number of patients or be completed on schedule, if at all. Our clinical trials can be delayed for a variety of reasons, including:

- inability to raise or delays in raising funding necessary to initiate or continue a trial;
- delays in obtaining regulatory approval to commence a trial;
- delays in reaching agreement with the FDA on final trial design;
- imposition of a clinical hold for safety reasons or following an inspection of our clinical trial operations or trial sites by the FDA or other regulatory authorities;
- delays in reaching agreement on acceptable terms with prospective CROs and clinical trial sites, or failure by such CROs to carry out the clinical trial at each site in accordance with the terms of our agreements with them;
- delays in obtaining required institutional review board, or IRB, approval at each site;
- difficulties or delays in having patients complete participation in a trial or return for post-treatment follow-up;
- clinical sites electing to terminate their participation in one of our clinical trials, which would likely have a detrimental effect on subject enrollment; or
- time required to add new clinical sites.

If initiation or completion of our planned clinical trials is delayed for any of the above reasons or other reasons, our development costs may increase, our regulatory approval process could be delayed and our ability to commercialize and commence sales of our product candidates could be materially harmed, all of which could have a material adverse effect on our business.

In addition, identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on the speed at which we can recruit patients to participate in testing our product candidates as well as completion of required follow-up periods. We may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics or to complete our clinical trials in a timely manner. Patient enrollment is and completion of the trials is affected by factors including:

- severity of the disease under investigation;
- design of the trial protocol;
- size of the patient population;
- eligibility criteria for the trial in question;
- perceived risks and benefits of the product candidate under trial;
- proximity and availability of clinical trial sites for prospective patients;
- availability of competing therapies and clinical trials;
- efforts to facilitate timely enrollment in clinical trials;

- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

Our products or product candidates may cause adverse effects or have other properties that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance, or result in significant negative consequences following marketing approval, if any.

As with many pharmaceutical and biological products, treatment with our products or product candidates may produce undesirable side effects or adverse reactions or events. Although the nature of our products or product candidates as containing active ingredients that have already been approved means that the side effects arising from the use of the active ingredient or class of drug in our products or product candidates is generally known, our products or product candidates may still cause undesirable side effects. These could be attributed to the active ingredient or class of drug or to our unique formulation of such products or product candidates, or other potentially harmful characteristics. Such characteristics could cause us, our IRBs, clinical trial sites, the FDA or other regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay, denial or withdrawal of regulatory approval, which may harm our business, financial condition and prospects significantly.

Further, if any of our products cause serious or unexpected side effects after receiving market approval, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution;
- the FDA may require implementation of a Risk Evaluation and Mitigation Strategy, or REMS;
- regulatory authorities may require the addition of labeling statements, such as warnings or contraindications;
- we may be required to change the way the product is administered or conduct additional clinical studies;
- we could be sued and held liable for harm caused to patients; or
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product or product candidate and could substantially increase the costs of commercializing our products and product candidates.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our product candidates, our business will be substantially harmed.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. To date we have obtained regulatory approval for two products in the United States, but it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval in the United States or other jurisdictions.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree that our changes to branded reference drugs meet the criteria for the 505(b)(2) regulatory pathway or foreign regulatory pathways;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product candidate is safe and effective or comparable to its branded reference product for its proposed indication;

- the results of any clinical trials we conduct may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- we or third-party API or component manufacturers with which we may contract may be unable to maintain a compliance status acceptable to the FDA or comparable foreign regulatory authorities or the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes identified in our marketing application; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may change significantly in a manner rendering our clinical data insufficient for approval.

This lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market our product candidates, which would harm our business, results of operations and prospects significantly.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could harm the commercial prospects for our product candidates.

We have limited experience using the 505(b)(2) regulatory pathway to submit an NDA or any similar drug approval filing to the FDA, and we cannot be certain that any of our product candidates will receive regulatory approval. If we do not receive regulatory approvals for our product candidates, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to market one or more of our product candidates, our revenue will be dependent, to a significant extent, upon the size of the markets in the territories for which we gain regulatory approval. If the markets for patients or indications that we are targeting are not as significant as we estimate, we may not generate significant revenue from sales of such products, if approved.

The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.

If we are found to have improperly promoted off-label uses of our products or product candidates, if approved, we may become subject to significant liability. Such enforcement has become more common in the industry. The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, such as our product candidates, if approved. In particular, a product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we receive marketing approval for our product candidates for our proposed indications, physicians may nevertheless use our products for their patients in a manner that is inconsistent with the approved label, if the physicians personally believe in their professional medical judgment it could be used in such manner. However, if we are found to have promoted our products for any off-label uses, the federal government could levy civil, criminal and/or administrative penalties, and seek fines against us. The FDA or other regulatory authorities could also request that we enter into a consent decree or a corporate integrity agreement, or seek a permanent injunction against us under which specified promotional conduct is monitored, changed or curtailed. If we cannot successfully manage the promotion of our product candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

Our business is subject to extensive regulatory requirements and our approved product and product candidates that obtain regulatory approval will be subject to ongoing and continued regulatory review, which may result in significant expense and limit our ability to commercialize such products.

Even after a product is approved, we will remain subject to ongoing FDA and other regulatory requirements governing the labeling, packaging, storage, distribution, safety surveillance, advertising, promotion, import, export, record-keeping and reporting of safety and other post-market information. The

holder of an approved NDA is obligated to monitor and report adverse events, or AEs, and any failure of a product to meet the specifications in the NDA. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. Advertising and promotional materials must comply with FDA rules and are subject to FDA review, in addition to other potentially applicable federal and state laws. In addition, the FDA may impose significant restrictions on the approved indicated uses for which the product may be marketed or on the conditions of approval. For example, a product's approval may contain requirements for potentially costly post-approval studies and surveillance to monitor the safety and efficacy of the product, or the imposition of a REMS program.

The holder of an NDA is subject to payment of user fees and adherence to commitments made in the NDA. A manufacturer is also subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMPs. If we or a regulatory agency discovers previously unknown problems with a product, such as AEs of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring product recall, notice to physicians, withdrawal of the product from the market or suspension of manufacturing.

If we or our products or product candidates or our manufacturing facilities fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters or untitled letters asserting that we are in violation of the law;
- impose restrictions on the marketing or manufacturing of the product;
- seek an injunction or impose civil, criminal and/or administrative penalties, damages, assess monetary fines, require disgorgement, consider exclusion from participation in Medicare, Medicaid and other federal healthcare programs and require curtailment or restructuring of our operations;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending NDA or supplements to an NDA submitted by us;
- seize product; or
- refuse to allow us to enter into government contracts.

Similar post-market requirements may apply in foreign jurisdictions in which we may seek approval of our products. Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize our products and generate revenues.

In addition, the FDA's regulations, policies or guidance may change and new or additional statutes or government regulations in the United States and other jurisdictions may be enacted that could prevent or delay regulatory approval of our product candidates or further restrict or regulate post-approval activities. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from pending or future legislation or administrative action, either in the United States or abroad. If we are not able to achieve and maintain regulatory compliance, we may not be permitted to market our products and/or product candidates, which would adversely affect our ability to generate revenue and achieve or maintain profitability.

We are required to obtain regulatory approval for each of our products in each jurisdiction in which we intend to market such products, and the inability to obtain such approvals would limit our ability to realize their full market potential.

In order to market products outside of the United States, we must comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. However, the failure

to obtain regulatory approval in one jurisdiction may adversely impact our ability to obtain regulatory approval in another jurisdiction. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval could result in difficulties and costs for us and require additional non-clinical studies or clinical trials which could be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, or if regulatory approval in international markets is delayed, our target market will be reduced and our ability to realize the full market potential of our products will be harmed.

If we fail to develop, acquire or in-license other product candidates or products, our business and prospects will be limited.

Our long-term growth strategy is to develop and commercialize a portfolio of product candidates in addition to our existing product candidates. We may also acquire or in-license early to mid-stage new chemical entities, or NCEs. Although we have internal research and development capacity that we believe will enable us to make improvements to existing compounds or active ingredients, we do not have internal drug discovery capabilities to identify and develop entirely new chemical entities or compounds. As a result, our primary means of expanding our pipeline of product candidates is to develop improved formulations and administration methods for existing FDA-approved products and/or select and acquire or in-license product candidates for the treatment of therapeutic indications that complement or augment our current targets, or that otherwise fit into our development or strategic plans on terms that are acceptable to us. Developing new formulations of existing products or identifying, selecting and acquiring or in-licensing promising product candidates requires substantial technical, financial and human resources expertise. Efforts to do so may not result in the actual development, acquisition or in-license of a particular product candidate, potentially resulting in a diversion of our management's time and the expenditure of our resources with no resulting benefit. If we are unable to add additional product candidates to our pipeline, our long-term business and prospects will be limited.

Risks Related to Our Intellectual Property

If we are unable to obtain or protect intellectual property rights related to any of our product candidates, we may not be able to compete effectively in our market.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our products and our product candidates. The issuance, scope, validity, enforceability, strength and commercial value of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that we own or in-license may fail to result in issued patents with claims that cover the products, if approved, or product candidates in the United States or in foreign countries or territories. If this were to occur, early generic competition could be expected against our products, if approved, and our product candidates in development. There may be relevant prior art relating to our patents and patent applications which could invalidate a patent or prevent a patent from issuing based on a pending patent application. In particular, because the active pharmaceutical ingredients in many of our product candidates have been on the market as separate products for many years, it is possible that these products have previously been used off-label in such a manner that such prior usage would affect the validity of our patents or our ability to obtain patents based on our patent applications.

The patent prosecution process is expensive and time-consuming. We or our licensors may not be able to prepare, file and prosecute all necessary or desirable patent applications for a commercially reasonable cost or in a timely manner or in all jurisdictions. It is also possible that we or our licensors may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Moreover, depending on the terms of any future in-licenses to which we may become a party, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology in-licensed from third parties. Therefore, these patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, processes for which patents are difficult to enforce and any other elements of our drug development and reformulation processes that involve proprietary know-how, information or technology that is not covered by patents. Although we generally require all of our employees to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed or that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our trade secrets and proprietary information. For example, the FDA is considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future, if at all. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

We may enjoy only limited geographical protection with respect to certain patents and we may not be able to protect our intellectual property rights throughout the world.

Filing and prosecuting patent applications and defending patents covering our products, if approved, or product candidates in all countries throughout the world would be prohibitively expensive. Competitors may use our and our licensors' technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we and our licensors have patent protection, but enforcement rights are not as strong as that in the United States or Europe. These products may compete with our products or product candidates, and our and our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

In addition, we may decide to abandon national and regional patent applications before grant. The examination of each national or regional patent application is an independent proceeding. As a result, patent applications in the same family may issue as patents in some jurisdictions, such as in the United States, but may issue as patents with claims of different scope or may even be refused in other jurisdictions. It is also quite common that depending on the country, the scope of patent protection may vary for the same product candidate or technology.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States and Europe, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or

license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our product candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our product candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions.

Some countries also have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In those countries, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

Our ability to obtain patents is highly uncertain because, to date, some legal principles remain unresolved, there has not been a consistent policy regarding the breadth or interpretation of claims allowed in patents in the United States and the specific content of patents and patent applications that are necessary to support and interpret patent claims is highly uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection. For example, on September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to United States patent law. These include provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. The United States Patent and Trademark Office, or USPTO, has developed new and untested regulations and procedures to govern the full implementation of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective in March 2013. The Leahy-Smith Act has also introduced procedures making it easier for third parties to challenge issued patents, as well as to intervene in the prosecution of patent applications. Finally, the Leahy-Smith Act contains new statutory provisions that still require the USPTO to issue new regulations for their implementation and it may take the courts years to interpret the provisions of the new statute.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce existing patents or patents that we might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce existing patents or patents that we may obtain in the future. Accordingly, it is too early to tell what, if any, impact the Leahy-Smith Act will have on the operation of our business and the protection and enforcement of our intellectual property. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. An inability to obtain, enforce and defend patents covering our proprietary technologies would materially and adversely affect our business prospects and financial condition.

Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. For example, if the issuance to us, in a given country, of a patent covering an invention is not followed by the issuance, in

other countries, of patents covering the same invention, or if any judicial interpretation of the validity, enforceability, or scope of the claims in, or the written description or enablement, in a patent issued in one country is not similar to the interpretation given to the corresponding patent issued in another country, our ability to protect our intellectual property in those countries may be limited. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may materially diminish the value of our intellectual property or narrow the scope of our patent protection.

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

Competitors may infringe our patents or the patents of any potential licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. For example, beginning in August 2013, we filed patent infringement lawsuits against six generic companies in the U.S. District Court for the District of Delaware for the approval by the FDA of generic versions of Suboxone Sublingual Film in the United States. Of these, cases against two of the six generic companies have been resolved. We are also seeking to enforce our patent rights in multiple cases as further described in the section titled “Business — Legal Proceedings.”

In an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Interference proceedings provoked by third parties or brought by us may be necessary to determine the priority of inventions with respect to our patents or patent applications or those of our collaborators or licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may not be able to prevent, alone or with our licensors, misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

As described in the section titled “Business — Legal Proceedings,” several of our issued patents are involved in litigations. In addition to the challenges we face in those litigations, a number of our issued patents are or have been involved in administrative proceedings, such as reexamination and *inter partes* review at the USPTO and opposition at the EPO. We cannot be certain that all claims of the challenged patents will be upheld or that the challenged patents will be found infringed. We may lose any of the challenged patents entirely, or we may have to amend the scope of claims to the extent which may be considered insufficient to cover our products or product candidates. If any of those scenarios were to occur, we might lose our competitive advantage in our market, and our business could be materially affected.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. For more information, please see the subsection “Patent-Related Litigation” under the section titled “Business – Legal Proceedings.”

***The patents and patent applications that we have covering our products and product candidates are limited to specific formulations and manufacturing processes, and our market opportunity for our products and product candidates may be limited by the lack of patent protection for the active ingredients and by competition from other formulations and manufacturing processes, as well as administration methods that may be developed by competitors*.**

We have obtained, and continue to seek to obtain patent protection for our manufacturing technology, drug administering technology and our products and product candidates, including specific formulations and manufacturing processes, which may not be as effective as composition of matter coverage in preventing work-arounds by competitors. As a result, generic products that do not infringe the claims of our issued patents covering formulations and processes are, or may be, available while we are marketing our products. Competitors who obtain the requisite regulatory approval will be able to commercialize products with the same active ingredients as our products or product candidates so long as the competitors do not infringe any process, use or formulation patents that we have developed for our products or product candidates, subject to any regulatory exclusivity we may be able to obtain for our products.

The number of patents and patent applications covering products containing the same active ingredient as our products or product candidates indicates that competitors have sought to develop and may seek to commercialize competing formulations that may not be covered by our patents and patent applications. The commercial opportunity for our products or product candidates could be significantly harmed if competitors are able to develop and commercialize alternative formulations of our products or product candidates that are different from ours and do not infringe our issued patents covering our products or use of our products.

Suboxone and Zuplenz have been approved by the FDA, and we anticipate that other product candidates will be approved by the FDA in the future. As additional products of ours are on the market, one or more third parties may also challenge the patents that we control covering our products, which could result in the invalidation or unenforceability of some or all of the relevant patent claims of our issued patents covering our products.

Suboxone and Zuplenz have been approved by the FDA, and we anticipate that other product candidates will be approved by the FDA in the future. Once our products are on the market, one or more third parties may challenge the patents that we control covering our products in court or the USPTO, which could result in the invalidation or unenforceability of some or all of the relevant patent claims of our issued patents covering our products.

If we or one of our licensing partners initiated legal proceedings against a third party to enforce a patent covering one of our products or product candidates, the defendant could counterclaim that the patent covering our product or product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are common, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, and equivalent proceedings in foreign jurisdictions (*e.g.,* opposition proceedings). Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer cover our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we, our patent counsel and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates. Such a loss of patent protection could have a material adverse impact on our business.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned and licensed patents and/or applications and any patent rights we may own or license in the future. We rely on our outside counsel or our licensing partners to pay these fees due to non-U.S. patent agencies. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply and we are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patents or patent applications, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market and this circumstance could harm our business.

Our drug development strategy relies heavily upon the 505(b)(2) regulatory pathway, which requires us to certify that we do not infringe upon third-party patents covering approved drugs. Such certifications typically result in third-party claims of intellectual property infringement, the defense of which will be costly and time consuming, and an unfavorable outcome in any litigation may prevent or delay our development and commercialization efforts which would harm our business.

Litigation or other proceedings to enforce or defend intellectual property rights are often complex in nature, may be very expensive and time-consuming, may divert our management's attention from other aspects of our business and may result in unfavorable outcomes that could adversely impact our ability to launch and market our product candidates, or to prevent third parties from competing with our products and product candidates.

There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and inter party reexamination proceedings before the USPTO. Numerous United States and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our collaborators are developing product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties.

In particular, our commercial success depends in large part on our avoiding infringement of the patents and proprietary rights of third parties for existing approved drug products. Because we utilize the 505(b)(2) regulatory pathway for the approval of our products and product candidates, we rely in whole or in part on studies conducted by third parties related to those approved drug products. As a result, upon filing with the FDA for approval of our product candidates, we will be required to certify to the FDA that either: (1) there is no patent information listed in the FDA's Orange Book with respect to our NDA; (2) the patents listed in the Orange Book have expired; (3) the listed patents have not expired, but will expire on a particular date and approval is sought after patent expiration; or (4) the listed patents are invalid or will not be infringed by the manufacture, use or sale of our proposed drug product. When we submit a paragraph IV certification to the FDA, a notice of the paragraph IV certification must also be sent to the patent owner once our 505(b)(2) NDA is accepted for filing by the FDA. The third party may then initiate a lawsuit against us to defend the patents identified in the notice. The filing of a patent infringement lawsuit within 45 days of receipt of the notice automatically prevents the FDA from approving our NDA until the earliest of 30 months or the date on which the patent expires, the lawsuit is settled, or the court reaches a decision in the infringement lawsuit in our favor. If the third party does not file a patent infringement lawsuit within the required 45-day period, our NDA will not be subject to the 30-month stay.

In addition to paragraph IV litigation noted above, third-party owners of patents may generally assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations or methods of manufacture related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be currently pending or subsequently filed patent applications which may later result in issued patents that may be infringed by our products or product candidates. If any third-party patents were held by a court of competent jurisdiction to cover aspects of our product candidates, including the formulation, any method or process involved in the manufacture of any of our product candidates, any molecules or intermediates formed during such manufacturing process or any other attribute of the final product itself, the holders of any such patents may be able to block our ability to commercialize our product candidates unless we obtain a license under the applicable patents, or until such patents expire. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties making claims against us may request and/or obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates on a temporary or permanent basis. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties or redesign our infringing products or manufacturing processes, which may be impossible or require substantial time and monetary expenditure. We cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, we may need to obtain licenses from third parties to advance our research, manufacture clinical trial supplies or allow commercialization of our product candidates. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our products or product candidates, resulting in either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties.

We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.

We employ individuals who were previously employed at other biotechnology or pharmaceutical companies. We may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third parties. We may also be subject to claims that former employers or other third parties have an ownership interest in our patents. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and even if we are successful, litigation could result in substantial cost and be a distraction to our management and other employees.

We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We may also be subject to claims that former employees, collaborators or other third parties have an ownership interest in our patents or other intellectual property. We may be subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our product candidates and companion diagnostic. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make products that are similar to our products or product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed;
- we or any potential future licensors or might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or have exclusively licensed may be held invalid or unenforceable as a result of legal challenges by our competitors;
- issued patents that we own or have exclusively licensed may not provide coverage for all aspects of our products or product candidates in all countries;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, they could significantly harm our business, results of operations and prospects.

Risks Related to this Offering and Ownership of Our Common Stock

No public market for our common stock currently exists, and a public market may not develop or be liquid enough for you to sell your shares quickly or at market price.

Prior to this offering, there has not been a public market for our common stock. If an active trading market for our common stock does not develop following this offering, you may not be able to sell your shares quickly or at the market price. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares of our common stock and may impair our ability to acquire other companies or technologies by using our common stock as consideration. The initial public offering price of our common stock will be determined by negotiations between us and representatives of the underwriters, and may not be indicative of the market prices of our common stock that will prevail in the trading market.

The market price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses for purchasers of our common stock in this offering.

The market price of our common stock is likely to be volatile. The stock market in general and the market for biopharmaceutical or pharmaceutical companies in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above the initial public offering price. The market price for our common stock may be influenced by many factors, including:

- sales of our approved products;
- results of clinical trials of our current and any future product candidates or those of our competitors;
- the success of competitive drugs or therapies;

- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to our current and any future product candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- our inability to obtain or delays in obtaining adequate drug supply for any approved drug or inability to do so at acceptable prices;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including patent or stockholder litigation;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this “Risk Factors” section.

Our quarterly operating results may fluctuate significantly, and these fluctuations could cause our stock price to decline.

We expect our operating results to be subject to quarterly, and possibly annual fluctuations. These fluctuations could cause our stock price to decline. Our net loss and other operating results will be affected by numerous factors, including:

- whether the FDA requires us to complete additional, unanticipated studies, trials or other activities prior to approving any of our current and future product candidates, which would likely delay any such approval;
- our execution of other collaborative, licensing or similar arrangements and the timing of payments we may make or receive under these arrangements;
- variations in the level of expenses related to our future development programs;
- any product liability or intellectual property infringement lawsuit in which we may become involved;
- regulatory developments any of our other current and future product candidates, or the product candidates of our competitors; and
- if any of our current or future product candidates receive regulatory approval, the level of underlying demand for such product candidate and wholesaler buying patterns.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly or annual fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As of , our executive officers, directors, 5% or greater stockholders and their affiliates beneficially own approximately % of our voting stock. Based upon the assumed number of shares to be sold in this offering as set forth on the cover page of this prospectus, upon the closing of this

offering, that same group will beneficially own approximately % of our outstanding voting stock. Bratton Capital Management L.P., which controls certain of our major stockholders, has beneficial ownership of approximately % of our common stock as of . Therefore, even after this offering these stockholders will have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders, acting together, may be able to control elections of directors, amendments of our organizational documents or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may believe are in your best interest as one of our stockholders.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock will rely, in part, on the research and reports that industry or financial analysts publish about us or our business. We do not currently have, and may never obtain, research coverage by industry or financial analysts. If no, or few, analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

We may incur substantial costs relating to "excess parachute payments" under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended.

We entered into employment agreements with Keith J. Kendall, our Chief Executive Officer, and A. Mark Schobel, our Chief Innovation and Technology Officer, pursuant to which they are each entitled to receive an additional tax indemnification payment, or a "gross-up" payment, if the payments and benefits under their respective employment agreements or any other benefits plans and programs trigger excise tax liability under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, or the Code for "excess parachute payments." Under Sections 280G and 4999 of the Code, the excise tax is triggered by change in control-related payments that equal or exceed three times Mr. Kendall's or Mr. Schobel's, as applicable, average annual taxable compensation over the five calendar years preceding the change in control. The excise tax equals 20% of the amount of the payment in excess of one times Mr. Kendall's or Mr. Schobel's, as applicable, average taxable compensation over the preceding five calendar year period (*i.e.,* the excess parachute payments). We may not take a federal tax deduction for Mr. Kendall's and/or Mr. Schobel's excess parachute payments.

If an "excess parachute payment" is made to Mr. Kendall and/or Mr. Schobel, we would incur substantial costs related to a change in control of the Company due to the gross-up payment and the lost federal tax deduction for Mr. Kendall's and/or Mr. Schobel's excess parachute payments.

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

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least $1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last day business day of our most recently completed second fiscal quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements including exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. As an emerging growth company, we have elected to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public emerging growth companies.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

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

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, and Nasdaq have imposed various requirements on public companies. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that required the SEC to adopt additional rules and regulations in these areas such as "say on pay" and proxy access. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact (in ways we cannot currently anticipate) the manner in which we operate our business. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain our current levels of such coverage.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

Investors purchasing common stock in this offering will pay a price per share that substantially exceeds the pro forma as adjusted book value (deficit) per share of our tangible assets after subtracting our liabilities. As a result, investors purchasing common stock in this offering will incur immediate dilution of $ per share, based on an assumed initial public offering price of $ per share (the

mid-point of the price range set forth on the cover page of this prospectus) and our pro forma as adjusted net tangible book value (deficit) as of March 31, 2018. For more information on the dilution you may suffer as a result of investing in this offering, see “Dilution.”

This dilution is due to the substantially lower price paid by our investors who purchased shares prior to this offering as compared to the price offered to the public in this offering and the exercise of stock options granted to our employees. The exercise of any of these options would result in additional dilution. As a result of the dilution to investors purchasing shares in this offering, investors may receive significantly less than the purchase price paid in this offering, if anything, in the event of our liquidation.

Sales of a substantial number of shares of our common stock in the public market by our existing stockholders could cause our stock price to fall.

Sales of a substantial number of shares of our common stock by our existing stockholders, including shares issued to employees and directors in respect of the intended termination of our Performance Unit Plans, or PUP Plans, in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

Substantially all of our existing stockholders are subject to lock-up agreements with the underwriters of this offering that restrict the stockholders’ ability to transfer shares of our common stock for at least 180 days after the date of this prospectus. The lock-up agreements limit the number of shares of common stock that may be sold immediately following the public offering. Subject to certain limitations, including sales volume limitations with respect to shares held by our affiliates, substantially all of our outstanding shares prior to this offering will become eligible for sale upon expiration of the lock-up period, as calculated and described in more detail in the section of this prospectus entitled “Shares Eligible for Future Sale.” In addition, shares issued or issuable upon exercise of options and warrants vested as of the expiration of the lock-up period will be eligible for sale at that time. Sales of stock by these stockholders could have a material adverse effect on the trading price of our common stock.

Certain holders of our securities are entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up arrangement described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

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

As of June 27, 2018, we currently have options to purchase 1,000,376 shares of our common stock outstanding pursuant to grants made to certain of our employees, consultants and directors. Additionally, we have adopted a new equity incentive plan and, following consummation of this offering, we intend to grant options to purchase shares of our common stock or other forms of equity compensation to our employees and directors. We intend to register all shares of common stock that we may issue under our stock-based compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to any applicable lock-up agreements and the restrictions imposed under Rule 144 under the Securities Act, which may cause our stockholders to experience additional dilution.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in the section of this prospectus entitled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Investors will be relying on our judgment regarding the application of the net proceeds from this offering. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders.

Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Such determining factors include our ability to obtain additional financing, the progress, cost and results of our proprietary commercialized product candidate programs, including our planned clinical trials, and whether we are able to enter into future collaborative arrangements. In addition, as part of our strategic plan, we might also devote more resources to other potential drug candidates in our pipeline or we might identify and develop other drug candidates not yet in our pipeline. We believe opportunities may exist from time to time to expand our current business through acquisitions or in-licenses of complementary companies, medicines or technologies. While we have no existing agreements, commitments or understandings for any specific future acquisitions or in-licenses at this time, we may use a portion of the net proceeds for these purposes.

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

We have incurred substantial losses since inception and do not expect to become profitable in the near future, if ever. Under the newly enacted federal income tax law, to the extent that we continue to generate taxable losses in 2018 and in future years, such unused losses will carry forward to offset future taxable income, if any, but our deductibility of such losses in a future year is generally limited to 80% of taxable income. Furthermore, under Section 382 of the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income may be further limited. We believe that, with our initial public offering, we may have triggered an "ownership change" limitation. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, including an ownership change as a result of the combined effect of our initial public offering and future equity offerings. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset United States federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

We do not intend to pay dividends on our common stock so any returns will be limited to the value of our stock.

We have never declared or paid any cash dividend on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

Provisions in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders or remove our current management.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- limiting the removal of directors by the stockholders;
- creating a classified board of directors;
- establishing a supermajority stockholder vote requirement for amending certain provisions of our amended and restated certificate of incorporation, or certificate of incorporation, or our amended and restated bylaws, or bylaws;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;

- eliminating the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such transactions are approved by our board of directors. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders. Further, other provisions of Delaware law may also discourage, delay or prevent someone from acquiring us or merging with us.

Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws or any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward-looking statements. The forward-looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” These forward-looking statements involve a number of risks and uncertainties. We caution readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. These statements are based on current expectations of future events. Such statements include, but are not limited to, statements about future financial and operating results, plans, objectives, expectations and intentions, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, cost savings, objectives of management, business strategies, success of competing drugs, financing, potential growth and market opportunities, product pipeline, clinical trial timing and plans, clinical and regulatory pathways for our development programs, the achievement of clinical and commercial milestones, the advancement of our technologies and our proprietary, co-developed and partnered products and product candidates, and other statements that are not historical facts. In some cases, you can identify these statements by terms such as “anticipate,” “believe,” “could,” “estimate,” “expects,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or the negative of those terms, and similar expressions.

These forward-looking statements are based on the current beliefs and expectations of our management with respect to future events and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results may differ materially from current expectations and projections. We discuss many of these risks in greater detail under the heading “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements, which speak only as of the date made.

All subsequent written or oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events, except as may be required under applicable United States securities law. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this prospectus by these cautionary statements.

MARKET AND INDUSTRY DATA

Certain market and industry data included in this prospectus were obtained from independent third-party surveys, market research, publicly available information, reports of governmental agencies and industry publications and surveys. All of the market and industry data used in this prospectus involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we are responsible for all of the disclosure contained in this prospectus and we believe the information from the industry publication and other third-party sources included in this prospectus is reliable, such information is inherently imprecise. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ million (or approximately $ million if the underwriters' option to purchase additional shares is exercised in full) from the sale of the shares of common stock offered by us in this offering, based on an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus) would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase (decrease) of shares in the number of shares offered by us, as set forth on the cover of this prospectus, would increase (decrease) the net proceeds to us by $ million, assuming the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus) remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital to support our operations, to create a public market for our common stock and to facilitate our future access to the public equity markets. We intend to use the net proceeds of this offering, together with our existing cash and cash equivalents and cash generated from existing partnerships, as follows:

- approximately $ million to fund pre-launch commercialization investments for our late-stage epilepsy products, Libervant and Sympazan, as well as our ALS product candidate, AQST-117;
- approximately $ million to fund the commencement of our clinical trials for our complex molecules AQST-108 and AQST-305;
- approximately $ million to identify our new pipeline candidates in CNS diseases and other therapeutic categories and indications; and
- the remainder for general corporate purposes, including working capital and capital expenditures.

We believe that the net proceeds from this offering, combined with the revenue from partnered product activities and our existing cash and cash equivalents, will be sufficient to fund our operations at least through the next 24 months, including the investments identified above. Our expected use of net proceeds from this offering represents our current intentions based upon our present plans and business condition, which could change in the future as our plans and business conditions evolve. For example, we may change our priorities due to the success or failure of certain of our clinical trials or what we perceive the market for our product candidates to be and as such may reallocate resources to other product candidates in our pipeline ahead of those we currently intend to prioritize with the use of proceeds from this offering. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the consummation of this offering, or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual use of the net proceeds will vary depending on numerous factors, including our ability to obtain additional financing, the progress, cost and results of our proprietary commercialized product candidate programs, including our planned clinical trials, and whether we are able to enter into future collaborative arrangements. As a result, our management will have broad discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the net proceeds from this offering.

Our strategic plan includes the intent to expand our portfolio of product candidates through business development with a focus on CNS and other diseases where patients are significantly underserved by current medicines. Consequently, we might also devote more resources to other potential drug candidates in our pipeline or we might identify and develop other drug candidates not yet in our pipeline. We believe opportunities may exist from time to time to expand our current business through acquisitions or in-licenses of complementary companies, medicines or technologies. While we have no existing agreements, commitments or understandings for any specific future acquisitions or in-licenses at this time, we may use a portion of the net proceeds for these purposes.

Pending their use, we plan to invest the net proceeds from this offering in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the United States government.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2018:

- on an actual basis;
- on a pro forma basis to give effect to: (i) conversion of PUPs and valuation thereof to shares of common stock; and (ii) conversion of Perceptive Warrants outstanding into shares of common stock; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of our common stock offered in the offering, assuming an initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as adjusted information below is illustrative only and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with our audited consolidated financial statements and the related notes appearing elsewhere in this prospectus, the sections entitled “Selected Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information contained in this prospectus.

	As of March 31, 2018		
(In thousands, except share and per share data)	Actual	Pro Forma	Pro Forma As Adjusted[1]
		(unaudited)	
Cash and cash equivalents	$ 16,488	$ 16,488	$
Long-term debt	45,965	45,965	
Stockholders’ equity:			
Common stock, $0.001 par value per share: Authorized 350,000,000 shares; 186,061,577 shares issued and outstanding at March 31, 2018; authorized 350,000,000 shares; 246,768,153 issued and outstanding, pro forma; authorized shares; and shares issued and outstanding, pro forma as adjusted	186	247	
Additional paid-in capital	93,412	111,827	
Accumulated deficit	(115,994)	(134,894)	—
Total stockholders’ deficit	(22,396)	(22,820)	—
Total capitalization	$ 23,569	$ 23,145	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus) would increase (decrease) each of cash, additional paid-in capital, total stockholders’ (deficit) equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of shares in the number of shares we are offering would increase (decrease) cash, additional paid-in capital, total stockholders’ (deficit) equity and total capitalization by approximately $ million, assuming the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The table above includes the following:

- shares of common stock issuable immediately prior to the consummation of this offering pursuant to the automatic exercise of the Perceptive Warrants; but excludes
- shares of common stock reserved for future issuance under the 2018 Plan.

DILUTION

If you invest in our common stock in this offering, your interest will be diluted immediately to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock upon consummation of this offering. Dilution results from the fact that the initial public offering price is substantially in excess of the book value per share attributable to the existing stockholders for the presently outstanding stock.

Our historical net tangible book value (deficit) in our common stock as of March 31, 2018 was approximately $(22.6) million, or $(0.09) per share of common stock. Our historical net tangible book value (deficit) is the amount of our total tangible assets less our liabilities and preferred stock which is not included within equity. Net historical tangible book value (deficit) per share is our historical net tangible book value (deficit) divided by the number of shares of common stock outstanding as of March 31, 2018. Our pro forma net tangible book value (deficit) as of March 31, 2018 was approximately $ ____ million, or $____ per share of common stock. Pro forma net tangible book value (deficit) gives effect to the conversion of all of our outstanding preferred units and common units into an aggregate of shares of our common stock, assuming an initial public offering price of $ per share (the mid-point of the range set forth on the cover of this prospectus).

Pro forma as adjusted net tangible book value is our pro forma net tangible book value (deficit), plus the effect of the sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share (the mid-point of the range set forth on the cover of this prospectus), and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders, and an immediate dilution of $ per share to new investors participating in this offering.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of March 31, 2018	$ (0.09)	
Pro forma decrease in net tangible book value per share as of March 31, 2018, attributable to pro forma transactions and other adjustments described above		
Pro forma net tangible book value per share as of March 31, 2018		
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution in net tangible book value per share to new investors participating in this offering		$

The dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus) would increase (decrease) the pro forma as adjusted net tangible book value (deficit) per share after this offering by approximately $ per share and the pro forma dilution per share to investors participating in this offering would be approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. A share increase in the number of shares offered by us, as set forth on the cover of this prospectus, would increase the pro forma as adjusted net tangible book value (deficit) per share after this offering by approximately $ and the pro forma dilution per share to investors participating in this offering would be approximately $, assuming the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus) remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, a share decrease in the number of shares offered by us, as set forth on the cover of this prospectus, would decrease the pro forma as adjusted net tangible book value (deficit) per share after this offering by approximately $ and the pro forma

dilution per share to investors participating in this offering would be approximately $, assuming the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus) remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option in full to purchase additional shares of our common stock in this offering, the pro forma as adjusted net tangible book value will increase to $ per share, representing an immediate increase to existing stockholders of $ per share and an immediate dilution of $ per share to new investors participating in this offering.

The following table summarizes, as of March 31, 2018, on a pro forma as adjusted basis as described above, the total number of shares of common stock purchased from us on an as converted to common stock basis, the total consideration paid or to be paid, and the average price per share paid or to be paid by existing stockholders and by new investors in this offering at an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus), before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. As the table below shows, investors participating in this offering will pay an average price per share substantially higher than our existing stockholders paid.

	Shares purchased		Total consideration		
	Number	Percent	Amount (in thousands)	Percent	Average price per share
Existing stockholders before this offering		%	$	%	$
Investors participating in this offering					
Total		100%	$	100%	

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover page of this prospectus) would increase (decrease) the total consideration paid by investors participating in this offering and total consideration paid by all stockholders by $ million and, in the case of an increase, would increase the percentage of total consideration paid by new investors by percentage points and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors by percentage points, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

Similarly, each share increase (decrease) in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by investors participating in this offering and total consideration paid by all stockholders by $ million, and, in the case of an increase, would increase the percentage of total consideration paid by new investors by percentage points and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors by percentage points, assuming the assumed initial public offering price remains the same.

If the underwriters exercise their option to purchase additional shares in full in this offering, the number of shares of common stock held by existing stockholders will be reduced to % of the total number of shares of common stock to be outstanding after this offering, and the number of shares of common stock held by investors participating in this offering will be further increased to , or % of the total number of shares of common stock to be outstanding after this offering.

The foregoing discussion is based on shares of common stock outstanding as of March 31, 2018, assuming an initial public offering price of $ (the mid-point of the range set forth on the cover of this prospectus) and includes:

- shares of common stock issuable immediately prior to the consummation of this offering pursuant to the automatic exercise of the Perceptive Warrants; but excludes
- shares of common stock reserved for future issuance under our 2018 Plan.

New investors will experience further dilution if any new options are issued and exercised under our equity incentive plans or we issue additional shares of common stock, other equity securities or convertible debt securities in the future.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected financial data should be read together with our consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The selected financial data in this section is not intended to replace our consolidated financial statements and the accompanying notes and are qualified in their entirety by the consolidated financial statements and the related notes included elsewhere in this prospectus.

The following tables set forth our financial data for and as of the years ended December 31, 2017 and 2016, all of which has been derived from our audited consolidated financial statements appearing elsewhere in this prospectus. The accompanying unaudited interim consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") and with Article 10 of Regulation S-X for interim financial reporting. The statements of operations data for the three months ended March 31, 2018 and 2017 and the balance sheet data as of March 31, 2018 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus and have been prepared in accordance with generally accepted accounting principles in the United States of America on the same basis as the annual audited consolidated financial statements and, in the opinion of management, the unaudited data reflects 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 that may be expected for any period in the future and results from our interim period may not necessarily be indicative of the results of the entire year or any future period.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2016	2018	2017
(In thousands, except per membership interest and per share data)				
Consolidated Statements of Operations and Comprehensive Income (Loss):				
Revenues	$ 66,918	$ 51,785	$ 23,411	$ 16,436
Costs and expenses:				
Manufacture and supply	19,820	16,378	5,636	4,184
Research and development	22,133	15,450	4,901	5,343
Selling, general and administrative	25,078	20,804	7,569	6,128
Total costs and expenses	67,031	52,632	18,106	15,655
Operating (loss) income	(113)	(847)	5,305	781
Other expenses:				
Interest expense	(7,707)	(6,143)	(1,927)	(1,818)
Loss on extinguishment of debt	—	(757)	—	—
Loss on impairment of investment	—	(1,006)	—	—
Change in fair value of warrant	(1,123)	(750)	697	(420)
Other (expense) income	—	(99)	24	—
Net (loss) income before income taxes	(8,943)	(9,602)	4,099	(1,457)
Income taxes	—	—	—	—
Net income (loss)	(8,943)	(9,602)	4,099	(1,457)
Dividends on redeemable preferred interests	(2,480)	(2,342)	—	(613)
Net income (loss) attributable to shares of common stock / members' interests	(11,423)	(11,944)	4,099	(2,070)
Comprehensive (loss) income	$ (11,423)	$ (11,944)	$ 4,099	$ (2,070)
Net income / Net (loss) per membership / shareholder interest	$ (0.09)	$ (0.10)	$ 0.02	$ (0.02)
Weighted-average number of shares of common stock / membership interests outstanding — basic and diluted	121,228,353	118,785,104	186,061577	121,228,353
Unaudited pro forma net loss[(1)]	$ (8,943)		$ (14,801)	
Unaudited pro forma net loss per share of common stock[(1)]	$ (0.04)		$ (0.06)	
Unaudited pro forma weighted-average number of shares of common stock outstanding used to compute net loss per share of common stock[(1)]	246,768,153		246,768,153	

(1) See Note 2 of our notes to the unaudited interim financials statements included elsewhere in this prospectus for an explanation of the method used to calculate the pro forma net loss, net loss per share and the weighted-average number of shares used in the computation of the per share amounts

(In thousands)	As of December 31, 2017	As of December 31, 2016	As of March 31, 2018 Actual	As of March 31, 2018 Pro Forma[1] (unaudited)	Pro Forma As Adjusted[2][3]
Balance Sheet Data:					
Cash and cash equivalents	$ 17,379	$ 9,209	$ 16,488	$ 16,488	
Working capital[4]	12,813	12,526	14,349	6,949	
Total assets	43,116	39,389	46,082	46,082	
Total debt	45,507	38,650	45,965	45,965	
Accumulated deficit	(120,093)	(108,670)	(115,994)	(134,894)	
Total members' / stockholders' deficit	(68,596)	(57,197)	(22,396)	(22,820)	

(1) The pro forma column reflects the charge of $18.9 million for the termination of the Performance Unit Plan, effective January, 2018. Also included is the conversion of the warrant liability of $6,976 as an addition to additional paid-in capital and a reduction in the warrant liability.

(2) The pro forma as adjusted column reflects the pro forma adjustments discussed above and sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity on a pro forma as adjusted basis by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each 1.0 million increase (decrease) in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity on a pro forma as adjusted basis by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

(4) Working capital is defined as current assets less current liabilities. See our consolidated financial statements for additional information regarding our current assets and current liabilities.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing at the end of this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a specialty pharmaceutical company focused on identifying, developing and commercializing differentiated products to address unmet medical needs. We have a late-stage proprietary product pipeline focused on the treatment of CNS diseases. We believe that the characteristics of these patient populations and shortcomings of available treatments create opportunities for the development and commercialization of meaningfully differentiated medicines. Our most advanced proprietary product candidates, which we intend to commercialize ourselves, include (i) Libervant, a buccal soluble film formulation of diazepam for the treatment of recurrent epileptic seizures, for which we expect to submit an NDA in 2018; (ii) Sympazan, an oral soluble film formulation of clobazam for the treatment of seizures associated with a rare, intractable form of epilepsy known as LGS, for which we submitted an NDA in October 2017 and have been given an August 31, 2018 PDUFA date, and (iii) AQST-117, an oral soluble film formulation of riluzole for the treatment of Amyotrophic Lateral Sclerosis, or ALS, for which we expect to submit an NDA in 2018. We have also developed a proprietary pipeline of complex molecule-based products addressing large market opportunities beyond CNS indications, which include (i) AQST-108, a sublingual film formulation of epinephrine for the treatment of anaphylaxis, for which we expect to begin additional Phase 1 trials in 2018 and (ii) AQST-305, a buccal film formulation of octreotide for the treatment of acromegaly and neuroendocrine tumors, for which we expect to begin human proof of concept trials in 2018.

In addition to these product candidates, we have a portfolio of commercialized and development-stage partnered products. These products include Suboxone, a sublingual film formulation of buprenorphine and naloxone, which is the market leader for the treatment of opioid dependence. We manufacture all of our partnered and proprietary products at our FDA- and DEA-inspected facilities and anticipate that our current manufacturing capacity is sufficient for commercial quantities of our products and product candidates currently in development. We have produced over 1.1 billion doses of Suboxone in the last four years and over three billion commercial doses or dose equivalents for all customers since 2008. Our products are developed using our proprietary PharmFilm technology and know-how. Our patent portfolio currently comprises at least 200 issued patents worldwide, of which at least 40 are U.S. patents, and more than 75 pending patent applications worldwide.

We were originally formed in Delaware in January 2004 and until December 31, 2017, we conducted our business through MonoSol Rx, LLC, a Delaware limited liability company, or MonoSol. From the period of organization through October 31, 2017, our predecessor was a limited liability company, or LLC, treated as a partnership for income tax purposes. From November 1, 2017 through December 31, 2017, MonoSol elected to be taxed as a C corporation. On January 1, 2018, MonoSol converted from a Delaware LLC into a Delaware corporation pursuant to a statutory conversion and changed its name to Aquestive Therapeutics, Inc. In a corporate reorganization conducted following the conversion of MonoSol into a Delaware corporation, the holders of units of MonoSol contributed their interests in MonoSol to Aquestive Partners, LLC, or APL, in exchange for identical interests in APL and following such exchange APL became our parent and sole stockholder. Aquestive Therapeutics, Inc., our current corporate form, was formed effective on January 1, 2018 via the conversion of MonoSol Rx, LLC to, a Delaware corporation. As part of this conversion our charter approved the authorization of 25,000 shares of common stock and 5,000 shares of common stock were issued and outstanding as of March 31, 2018. As of March 31, 2018 our shares were 100% owned by APL. On April 16, 2018, we terminated our performance unit plans, or the PUP Plans, and as a result, we accelerated the vesting of any unvested

performance units and issued non-voting shares of common stock to the holders of our performance units in order to compensate the such holders of record on January 1, 2018. In April 2018, our board of directors approved a Certificate of Amendment to the Certificate of Incorporation in order to: (i) increase the authorized number of capital stock from 25,000 to 350,000,000 shares, (ii) authorize the issuance of non-voting common stock, and (iii) to effect a stock split of shares of our common stock. For purposes of our unaudited interim consolidated financial statements, the stock split has been presented as if it has occurred on January 1, 2018. Upon consummation of this offering, our shares held by APL will be distributed to the holders of interests APL in exchange for such interests, and APL will be liquidated.

We generated revenue of $23.4 million and $16.4 million for the three months ended March 31, 2018 and 2017, respectively, and $66.9 million and $51.8 million in 2017 and 2016, respectively, largely from commercial products marketed by our partners that generated manufacturing and supply revenues, and licensing, royalty and co-development and research fees. Suboxone, which was launched in 2010, was our first partnered pharmaceutical product to be commercialized, and we have multiple other partner relationships that contribute significantly to our revenue and future revenue opportunities from partnered products.

In 2013, we made a strategic decision to develop our own pipeline of proprietary pharmaceutical products and to pursue commercialization of these products. We expect revenues from these development efforts to start being realized in 2019, subject to applicable regulatory approval. Substantial investments have been made since 2013 in the development of our proprietary pipeline. We expect to continue these investments and invest in pre-launch commercialization initiatives throughout 2018 and 2019 in advance of the planned commercial launches of our CNS products. A portion of these development and commercialization investments has been funded by partner-related revenues, which we expect to continue. In addition, we have funded our activities with a $50.0 million senior credit facility with Perceptive (as defined below) (see Liquidity and Capital Resources), and equity investments, most of which were made prior to 2009.

As of March 31, 2018, we had $16.5 million in cash and cash equivalents. As a result of our investments in product development and recent investments in pre-launch commercialization initiatives, as of March 31, 2018, we had an accumulated deficit of $116.0 million. We recorded net income of $4.1 million and a net loss of $1.5 million for the three months ended March 31, 2018 and 2017, respectively. For the years ended December 31, 2017 and 2016, we recorded net losses of $8.9 million and $9.6 million respectively.

We expect to continue to incur net losses for the next few years as we pursue the development and commercialization of our proprietary product candidates. Our net losses may fluctuate significantly from period to period, depending on the timing of our planned clinical trials and expenditures on our other research and development and commercial development activities. We expect our expenses will increase substantially over time as we:

- fund commercialization investments for our epilepsy products, Libervant and Sympazan, and our ALS product, AQST-117;
- continue clinical development of our complex molecules, AQST-108 and AQST-305;
- identify new pipeline candidates in CNS diseases and other indications; and
- fund working capital requirements and possible capital expenditures as a result of the launch of proprietary products and related growth.

Our business has been financed through a combination of revenue from partnered product activities, equity investments from our stockholders and debt proceeds from our credit facilities. In addition to proceeds from this offering, we may require additional financing to execute our business strategy.

We believe that the net proceeds from this offering, combined with our existing cash and cash equivalents and expected revenue from our partnered product activities, will be sufficient to fund our operations at least through the next 24 months of operations, including our planned investments in the pre-launch commercialization of our late stage CNS product candidates, research and development investments in our complex molecule product pipeline candidates, capital expenditures and investments

in new product candidates in epilepsy and other CNS diseases. We have based this estimate on assumptions that could change, and we could utilize our available financial resources sooner than we currently expect. The key assumptions underlying this estimate include:

- the costs necessary to successfully complete our development efforts of our proprietary product candidates;
- continued revenue from our partnered products at levels similar to or above recent years' results;
- the levels and timing of revenues and costs of commercialization of our late stage CNS product candidates; and
- the infrastructure costs to support a public company.

We have no committed sources of additional capital. We may attempt to raise additional capital due to favorable market conditions or other strategic considerations even if we have sufficient funds for planned operations. Until we become profitable, if ever, we may need to raise additional capital in the future to further the development and commercialization of our epilepsy products, Libervant and Sympazan, our ALS product, AQST-117, and our other product candidates. We may seek to obtain additional financing in the future through the issuance of our common stock, through other public or private equity or debt financings, through collaborations or partnerships with other companies or other means, if available. We may not be able to raise additional capital on terms acceptable to us, or at all, and any failure to raise capital as and when needed could compromise our ability to execute on our business plan and cause us to delay or curtail our operations until such funding is received. To the extent that we raise additional funds by issuance of equity securities, our stockholders may experience dilution, and debt financings, if available, may involve restrictive covenants or may otherwise constrain our financial flexibility. To the extent that we raise additional funds through collaborative arrangements, it may be necessary to relinquish some rights to our intellectual property or grant licenses on terms that are not favorable to us. In addition, payments made by potential collaborators or licensors generally will depend upon our achievement of negotiated development and regulatory milestones. Failure to achieve these milestones may harm our future capital position.

Financial Operations Overview

Revenues

Our revenues to date have been earned from partnered pipeline and marketed product activities. These activities generate revenues in three primary categories: co-development and research fees, license and royalty revenue and manufacturing and supply revenue.

Co-development and Research Fees

We work with our partners to co-develop pharmaceutical products. In this regard, we earn fees through performance of specific tasks, activities, or completion of stages of development defined within a contractual arrangement with the relevant partner. The nature and extent of these performance obligations, broadly referred to as milestones or deliverables, are usually dependent on the scope and structure of the project as contracted, as well as the complexity of the product and the specific regulatory approval path necessary for that product.

License and Royalty Revenue

Once a viable product opportunity is identified from our co-development and research activities with our partners, we may out-license to our partners the rights to utilize our intellectual property related to their marketing of such products globally. As a result, we earn revenue from up-front license fees received under such license, development and supply agreements. We also may earn royalties based on our partners' sales of products that use our intellectual property that are marketed and sold in the countries where we hold royalty rights pursuant to such arrangements.

Manufacture and Supply Revenue

Currently, we produce two of our partners' pharmaceutical products: Suboxone and Zuplenz. We are the exclusive manufacturer for these products. We manufacture based on receipt of purchase orders from our partners, and our partners accept delivery of these orders at shipping point. As a result, we record

revenues when product is shipped and title passes to the customers. Our partners are responsible for all other aspects of commercialization of these products.

We expect future revenue from partnered activities to increase based on growing production volumes of partnered products, new product development with partners, and additional licensing of our intellectual property.

As we commercialize our proprietary CNS product candidates, beginning with Libervant and Sympazan, subject to regulatory approval, we expect to directly sell our products to consumers in the United States, resulting in an additional source of revenue which will be referred to as Product Sales, net. Additionally, we may choose to select a collaborator to commercialize our product candidates in certain markets outside of the United States. To date, we have not generated any revenues from product sales.

Costs and Expenses

Our costs and expenses are primarily the result of the following activities: generation of partnered revenues; development of our pipeline of proprietary product candidates; selling, general and administrative, including pre-launch commercialization efforts related to our CNS product candidates, intellectual property development and maintenance, and corporate management functions; and interest on our corporate borrowings. We primarily record our costs and expenses in the following categories:

Manufacture and Supply Costs and Expenses

Manufacture and supply costs and expenses are comprised of costs and expenses related to manufacturing our proprietary dissolving film products for our marketed partnered pharmaceutical products and for clinical trial batches of our proprietary and partnered product candidates, including raw materials, direct labor and fixed overhead principally in our Portage, Indiana facility. Our material costs include the costs of raw materials used in the production of our proprietary dissolving film and primary packaging materials. Direct labor costs consist of payroll costs (including benefits) of employees engaged in production activities. Fixed overhead principally consists of indirect payroll, facilities rent, utilities and depreciation for production machinery and equipment.

Our manufacture and supply costs and expenses are impacted by our customers' supply requirements; costs of production, which includes raw materials, which we purchase at market prices and production efficiency (measured by the cost of a salable unit) which can increase or decrease based on the amount of direct labor and materials required to produce a product and the allocation of fixed overhead, which is dependent on the levels of production.

We expect our manufacture and supply costs and expenses to increase over the next several years as we commercialize and begin to market, following regulatory approval, our product candidates, including Libervant and Sympazan, our ALS product candidate, AQST-117, and our other product candidates. Additionally, we expect to incur increased costs associated with hiring additional personnel to support the increased manufacturing and supply costs arising from our commercialization of these products and product candidates. As such, we expect our manufacturing and supply costs and expenses to increase as our product candidates receive regulatory approval and can be commercialized both in and outside the United States.

Research and Development Expenses

Research and development expenses primarily consist of:

- employee-related expenses, including salaries, benefits, and travel expense;
- external research and development expenses incurred under arrangements with third parties, such as contract research organizations, investigational sites and consultants;
- the cost of acquiring, developing and manufacturing clinical study materials; and
- costs associated with preclinical and clinical activities and regulatory operations.

We expense research and development costs as incurred.

Clinical development timelines, likelihood of success and total costs vary widely. We do not currently track our research and development costs or our personnel and related costs on an individual product

basis. Furthermore, we use our research and development resources, including employees and proprietary dissolving film technology, across multiple drug development and other programs. As a result, we cannot state precisely the costs incurred for each of our research and development programs of our product candidates.

We expect our research and development expenses to increase over the next several years as we continue to implement our business strategy, expanding our research and development efforts, seeking regulatory approvals for any product candidates that successfully complete clinical trials, accessing and developing additional product candidates, and costs associated with hiring additional personnel to support our research and higher development efforts. In addition, product candidates in later stages of clinical development generally incur higher development costs that those in earlier stages of clinical development, primarily attributable to the increased size and duration of later-stage clinical trials. As such, we expect our research and development expenses to increase as our product candidates advance into later stages of clinical development, and as we add new candidates to our pipeline.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, benefits and other related costs for executive, finance, selling and operational personnel. Other significant costs include facility and related costs not otherwise included in research and development expenses such as: professional fees for legal, consulting, tax and accounting services; insurance; selling; market research; advisory board and key opinion leaders; depreciation; and general corporate expenses.

Historically, our selling, general and administrative expenses have been focused primarily on partnered selling activities and corporate management functions. However, costs related to commercialization of our CNS product candidates began in the second half of 2017 and are expected to accelerate in 2018, as we approach planned commercial launches. In addition, our general and administrative costs will increase as a public company, including costs related to additional personnel and accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs, and investor and public relations costs.

Interest Expense

Interest expense consists of interest expense related to the Loan Agreement. Our interest is subject to changes in one-month LIBOR, and represents a monthly cash payment obligation. This debt facility is discussed in more depth in Liquidity and Capital Resources.

Other Expense

Other expense consists of non-cash changes in the fair value of the Perceptive Warrants issued to Perceptive in connection with the Loan Agreement, loss on extinguishment of debt and loss on disposal of investment in Midatech.

Results of Operations

Comparison of the Three Months Ended March 31, 2018 and 2017

We recorded revenue of $23.4 million and $16.4 million in the three months ended March 31, 2018 and March 31, 2017, respectively, generating net income of $4.1 million and a net loss of $1.5 million for each of those quarters, respectively.

The following discussion of our results of operations explains the material drivers of these results of operations.

Revenues

The following table sets forth our revenue data for the periods indicated.

(In thousands, except %)	Three Months Ended March 31, 2018	2017	Change $	%
Manufacture and supply revenue	$ 11,560	$ 10,155	$1,405	14%
License and royalty revenue	9,500	5,223	4,277	82%
Co-development and research fees	2,351	1,058	1,293	122%
Revenues	$ 23,411	$ 16,436	$6,975	42%

Our revenue increased 42% from $16.4 million in 2017 to $23.4 million in 2018.

Manufacture and supply revenue increased approximately 14% from $10.2 million in 2017 to $11.6 million in 2018 due to higher volume demand attributable to Suboxone and Zuplenz product sales.

License and royalty revenue increased 82% from $5.2 million in 2017 to $9.5 million in 2018. This increase was primarily related to license fees on our partnered products Suboxone and APL-130277, and royalties on Suboxone and Zuplenz. License fees were higher in 2018 as a result of the timing of milestones in these agreements, and royalties rose year-over-year on higher product sales volumes. License fees are milestone driven and may fluctuate significantly from quarter-to-quarter.

Co-development and research fees rose 122% from $1.1 million in 2017 to $2.4 million in 2018. These fees are highly dependent on the timing of partnered product research and development activities and related milestones, and may fluctuate significantly quarter-to-quarter.

Expenses:

The following table sets forth our expense data for the periods indicated:

(In thousands, except %)	Three Months Ended March 31, 2018	2017	Change $	%
Manufacturing and supply	$ 5,636	$ 4,184	$ 1,452	35%
Research and development	4,901	5,343	(442)	(8)%
Selling, general and administrative	7,569	6,128	1,441	24%
Interest	1,927	1,818	109	6%
Other	(721)	420	(1,141)	NM%

Manufacturing and supply costs and expenses increased 35% from $4.2 million in 2017 to $5.6 million in 2018, driven by an increase in related partnered product volumes.

Research and development expenses decreased 8% from $5.3 million in 2017 to $4.9 million in 2018 primarily due to timing of expenses for direct project costs associated with our CNS product candidates (Libervant and AQST-117) and early clinical trial activity for our complex molecule product candidate AQST-108. Below is a depiction of research and development expenses by type of cost for each period presented:

in 000's	Three Months Ended March 31, 2018	2017
Clinical Trials	$ 2,364	$ 3,054
Labor - R&D staff	1,118	1,302
Miscellaneous R&D	1,419	987
Total	$ 4,901	$ 5,343

Selling, general and administrative expenses increased 24% from $6.1 million in 2017 to $7.6 million in 2018 primarily due to initial investments in our commercialization capabilities in preparation for the expected launch of Libervant, Sympazan and AQST-117. These higher costs included personnel, external

consultants and other resources that enabled us to establish the key commercial functions such as sales and marketing, market access and medical affairs. We also have added additional personnel and other external resources to prepare our company for going public.

Interest expense increased 6% from $1.8 million in 2017 to $1.9 million in 2018 as a result of a longer period of outstanding borrowings in 2018 compared to 2017 as the $5.0 million borrowing was outstanding for all the 2018 while in 2017 the borrowing was outstanding for a few days, along with higher interest rates year-over-year. Our interest expense is subject to adjustment based on one-month LIBOR.

Other (income) expenses decreased, principally due to the change in fair value of warrants. The decrease in expense associated with the fair value of the warrants in March 31, 2018 is attributable to our performance of a valuation prepared in accordance with the AICPA Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as compensation, and evaluated as part of its fair value exercise using best available information.

Comparison of Years Ended December 31, 2017 and 2016

We recorded revenue of $66.9 million and $51.8 million in 2017 and 2016, respectively, generating net losses of $8.9 million and $9.6 million for each of those years, respectively.

The following discussion of our results of operations explains the material drivers of these results of operations.

Revenues

The following table sets forth our revenue data for the periods indicated.

			Change	
	2017	2016	$	%
(In thousands, except %)				
Manufacture and supply revenue	$ 40,092	$ 37,324	$ 2,768	7%
License and royalty revenue	23,133	11,320	11,813	104%
Co-development and research fees	3,693	3,141	552	18%
Revenues	$ 66,918	$ 51,785	$ 15,133	29%

Our revenue increased 29% from $51.8 million in 2016 to $66.9 million in 2017. This increase came primarily from increases in license and royalty revenue, followed by an increase in manufacturing and supply revenue.

Manufacture and supply revenue increased approximately 7% from $37.3 million in 2016 to $40.1 million in 2017 due to higher volume demand attributable to Suboxone product sales and the launch of Zuplenz in late 2016.

License and royalty revenue increased 104% from $11.3 million in 2016 to $23.1 million in 2017. This increase was primarily related to license fees on our partnered products Suboxone and APL-130277, and royalties on Suboxone and Zuplenz. License fees were higher in 2017 as a result of the timing of milestones in these agreements, and royalties rose year-over-year on higher product sales volumes. License fees are milestone driven and may fluctuate significantly from quarter-to-quarter.

Co-development and research fees rose 18% from $3.1 million in 2016 to $3.7 million in 2017. These fees are highly dependent on the timing of partnered product research and development activities and related milestones, and may fluctuate significantly quarter-to-quarter.

Expenses:

The following table sets forth our expense data for the periods indicated:

	2017	2016	Change $	Change %
(In thousands, except %)				
Manufacturing and supply	$ 19,820	$ 16,378	$ 3,442	21%
Research and development	22,133	15,450	6,683	43%
Selling, general and administrative	25,078	20,804	4,274	21%
Interest	7,707	6,143	1,564	25%
Other	1,123	2,612	(1,489)	(57%)

Manufacturing and supply costs and expenses increased 21% from $16.4 million in 2016 to $19.8 million in 2017, driven by an increase in related partnered product volumes.

Research and development expenses increased 43% from $15.5 million in 2016 to $22.1 million in 2017 primarily due to increased direct project costs associated with our CNS product candidates (Libervant, Sympazan and AQST-117) and early clinical trial activity for our complex molecule product candidate AQST-108. The primary reason for the increases in costs was due to additional clinical studies of epilepsy patients at EMUs related to Libervant. Below is a depiction of research and development expenses by type of cost for each period presented:

	Year Ended December 31,	
in 000's	2017	2016
Clinical Trials	$ 10,486	$ 2,401
Labor - R&D staff	5,114	4,872
Regulatory Submission Costs & Support	2,330	1,377
All Other R&D	4,202	6,800
Total	$ 22,133	$ 15,450

Selling, general and administrative expenses increased 21% from $20.8 million in 2016 to $25.1 million in 2017 primarily due to initial investments in our commercialization capabilities in preparation for the expected launch of Libervant, Sympazan and AQST-117. These higher costs included personnel, external consultants and other resources that enabled us to establish the key commercial functions such as sales and marketing, market access and medical affairs. We also have added additional personnel and other external resources to prepare our company for going public.

Interest expense increased 25% from $6.1 million in 2016 to $7.7 million in 2017 as a result of higher borrowings in 2017 compared to 2016, along with higher interest rates year-over-year. Our interest expense is subject to increases based on one-month LIBOR.

Other expenses decreased by 57% in 2017 compared to 2016, principally due to the change in fair value of warrants of $0.4 million, offset by one-time expense items in 2016 related to the $1.0 million loss on impairment of our Midatech investment, $0.8 million loss on the extinguishment of debt and $0.1 million of other expenses in the 2016 period that did not occur in 2017.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception in January 2004, we have incurred significant losses and as of March 31, 2018, we had an accumulated deficit of $116.0 million. We have funded our operations primarily with equity and debt financings and milestone and royalty payments from our collaboration partners. Through March 31, 2108, we received net proceeds from debt and equity issuances of $125.6 million as follows:

- $50.0 million of these proceeds are from debt facilities further described below; and
- $75.6 million of these proceeds are from equity financings, with most of these proceeds received in 2008 and prior years.

We generate revenue from partnered products and related activities, but the costs to generate these revenues and the costs and expenses of our proprietary CNS and complex molecule development programs and related commercialization efforts have resulted in the deficit we have accumulated since our inception.

We had $16.5 million in cash as of March 31, 2018. We have no committed sources of capital and our borrowing capability under the Loan Agreement is fully drawn.

Credit Agreement and Guaranty

On August 16, 2016, we entered into a Credit Agreement and Guarantee with Perceptive, which we amended on May 21, 2018, or, as so amended, the Loan Agreement. At closing, we borrowed $45.0 million under the Loan Agreement and were permitted to borrow up to an additional $5.0 million within one year of the closing date based on achievement of a defined milestone. In March 2017, we met our performance obligations under the terms of the Loan Agreement and received the remaining $5.0 million available to us under the Loan Agreement. Proceeds under the Loan Agreement were used to repay an existing debt obligation of $37.5 million, with the balance available for general corporate purposes. The loan from Perceptive will mature on August 16, 2020, however, following the consummation of this offering, the maturity date will be automatically extended to December 16, 2020. The loan bears interest, payable monthly, at one-month LIBOR or 2% plus 9.75%, subject to a minimum rate of 11.75%. The loan is interest-only through December 2018.

Additionally, pursuant to the Loan Agreement, as amended, commencing on May 1, 2019, seven monthly principal payments are due in the amount of $550 thousand. Thereafter, monthly principal payments in the amount of $750 thousand are due through the maturity date (as extended), at which time the full amount of the remaining outstanding loan balance is due. Our tangible and intangible assets are subject to first priority liens to the extent of the outstanding debt. Other significant terms include financial covenants, change of control triggers and limitations on additional indebtedness, asset sales, acquisitions and dividend payments. The Loan Agreement contains certain financial covenants, which include (1) a minimum liquidity requirement pursuant to which we must maintain a monthly cash balance of $4.0 million at all times and (2) a minimum revenue requirement pursuant to which on a quarterly basis (calculation date) we must maintain minimum revenues for the twelve consecutive months ended prior to the calculation date. Further, under the Loan Agreement, as amended, we are allowed, subject to Perceptive's consent, to monetize the royalty and fees associated with APL-130277 and, in connection with such monetization Perceptive has agreed to release liens related to these royalties and fees.

As of March 31, 2018, we were compliant with all financial and other covenants under the Loan Agreement.

In addition, at closing, Perceptive received the Perceptive Warrants to purchase shares of our common stock representing 4.5% of our fully diluted common stock on an as converted basis. The Perceptive Warrants have certain rights and preferences including anti-dilution adjustments so that, upon exercise, they will represent 4.5% of our fully diluted common stock on an as converted basis, subject to dilution for certain financing transactions including the issuance of shares upon termination of our PUP Plans.

The Loan Agreement originally contained a requirement that we make a mandatory prepayment in the amount of 25% of the net cash proceeds to us upon consummation of our initial public offering; however, as amended, upon consummation of this offering such requirement shall not apply.

Cash Flows

The following table provides information regarding our cash flows for the three months ended March 31, 2018 and 2017:

(In thousands)	2018	2017
Net cash provided by operating activities	$ 785	$ 3,908
Net cash used in investing activities	(259)	(657)
Net cash (used in) provided by financing activities	(1,417)	5,024
Net (decrease) increase in cash and cash equivalents	$ (891)	$ 8,275

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2018 was $0.8 million, and was primarily attributed to net income of $4.1 million that was offset by $4.1 million of changes in operating assets and liabilities that had the effect of providing cash in 2018 and $0.8 million in non-cash charges such as depreciation, amortization, amortization of debt issuance costs and discounts and changes in warrant valuation. Net cash provided by operating activities for the three months ended March 31, 2017 was $3.9 million, and was primarily attributed to our $1.5 million net loss and $3.6 million of changes in operating assets and liabilities that had the effect of providing cash in 2017, offset by $1.8 million in non-cash charges such as depreciation, amortization, amortization of debt issuance costs and changes in warrant valuation.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2018 was attributable to capital expenditures for property, plant and equipment. We expect our capital expenditures to increase in future periods as we launch additional proprietary and partnered products, and as we make additional investments in corporate infrastructure mostly related to information technology investments, and we expect to fund these additional investments with cash from operations.

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities for the three months ended March 31, 2018 represents payments related to this offering offset in part by debt issuance costs. Net cash provided by financing activities for the three months ended March 31, 2017 represents the proceeds of $5.0 million from the Loan Agreement.

The following table provides information regarding our cash flows for the years ended December 31, 2017 and 2016:

(In thousands)	2017	2016
Net cash provided by (used in) operating activities	$ 5,824	$ (8,175)
Net cash (used in) provided by investing activities	(2,068)	190
Net cash provided by financing activities	4,414	5,689
Net increase (decrease) in cash and cash equivalents	$ 8,170	$ (2,296)

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities for the year ended December 31, 2017 was $5.8 million, and was primarily attributed a net loss of $8.9 million that was offset by $7.9 million of changes in operating assets and liabilities that had the effect of providing cash in 2017 and $6.9 million in non-cash charges such as depreciation, amortization, amortization of debt issuance costs and discounts. Net cash used in operating activities for the year ended December 31, 2016 was $8.2 million, and was primarily attributed to our $9.6 million net loss and $6.3 million of changes in operating assets and liabilities that had the effect of using cash in 2016, offset by $7.7 million in non-cash charges such as depreciation, amortization, impairment of investment, amortization of debt issuance costs and loss on extinguishment of debt and changes in warrant valuation.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities for the year ended December 31, 2017 was attributable to capital expenditures for property, plant and equipment. Net cash provided by investing activities for the year ended December 31, 2016 was attributable to proceeds from the sale of an investment in Midatech offset by capital expenditures for property, plant and equipment. We expect our capital expenditures to increase in future periods as we launch additional proprietary and partnered products, and as we make additional investments in corporate infrastructure mostly related to information technology investments, and we expect to fund these additional investments with cash from operations.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the year ended December 31, 2017 represents the proceeds of $5.0 million from the Loan Agreement, offset by debt issuance costs. Net cash provided by financing activities for the year ended December 31, 2016 represents the proceeds from the Loan Agreement of $45.0 million, offset by the paydown of $37.5 million of existing debt and early debt extinguishment costs along with debt issuance costs on the Loan Agreement.

Funding Requirements

We believe that the net proceeds from this offering, combined with our existing cash and expected revenue from our partnered product activities, will be sufficient to fund our operations at least through the next 24 months of operations, including our planned investments in the pre-launch commercialization of our late stage CNS product candidates, research and development investments in our complex molecule product pipeline candidates, capital expenditures and investments in new product candidates in epilepsy and other CNS diseases. We have based this estimate on assumptions that could change, and we could utilize our available financial resources sooner than we currently expect. The key assumptions underlying this estimate include:

- the costs necessary to successfully complete our development efforts of our proprietary product candidates;
- continued revenue from our partnered products at levels similar to or above recent years' results;
- the levels and timing of revenues and costs to commercialize our late stage CNS product candidates; and
- the infrastructure costs to support being a public company.

We have no committed sources of additional capital. We may attempt to raise additional capital due to favorable market conditions or other strategic considerations even if we have sufficient funds for planned operations. Until we become profitable, if ever, we may need to raise additional capital in the future to further the development and commercialization of our epilepsy products, Libervant and Sympazan, our ALS product, AQST-117, and our other product candidates. We may seek to obtain additional financing in the future through the issuance of our common stock, through other public or private equity or debt financings, third-party funding, marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. We may not be able to raise additional capital on terms acceptable to us, or at all, and any failure to raise capital as and when needed could compromise our ability to execute on our business plan and cause us to delay or curtail our operations until such funding is received. To the extent that we raise additional funds by issuance of equity securities, our stockholders may experience dilution, and debt financings, if available, may involve restrictive covenants or may otherwise constrain our financial flexibility. To the extent that we raise additional funds through collaborative arrangements, it may be necessary to relinquish some rights to our intellectual property or grant licenses on terms that are not favorable to us. In addition, payments made by potential collaborators or licensors generally will depend upon our achievement of negotiated development and regulatory milestones. Failure to achieve these milestones may harm our future capital position.

If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate our research and development programs, or reduce our planned commercialization efforts. We also may be required to evaluate partnering aspects of our proprietary product candidate programs that we currently plan to self-commercialize.

We expect to incur significant additional costs to support the obligations of a public company to various regulatory agencies, to investors and in order to comply with certain legislation and regulations, such as the Sarbanes-Oxley Act of 2002. These expenditures will include the costs of additional employees with specific skills and experiences such as SEC reporting or internal controls as well as additional costs to outside service providers such as audit, tax and legal fees.

Contractual Obligations and Commitments

Our contractual obligations relate to our debt agreement and operating leases for our facilities. The following table sets forth a summary of our contractual obligations as of March 31, 2018:

Contractual Obligations (In thousands)	Total	Less than one year	One to three years	Four to five years	After five years
Perceptive debt principal and interest	$ 63,047	$ 7,590	$ 55,457	$ —	$ —
Operating lease obligations	4,575	1,204	2,829	542	—
Total contractual obligations	$ 67,622	$ 8,794	$ 58,286	$ 542	$ —

Operating Lease Obligations

We have entered into various lease agreements for production and research facilities and offices. Most leases contain renewal options. Certain leases contain purchase options and require us to pay for taxes, maintenance and operating expenses. All of our leases are classified as operating leases.

Production and Research Facilities, Portage, Indiana

We lease our current production facilities in Portage, Indiana, which house certain research and development offices and current good manufacturing practices, or cGMP, manufacturing operations. The leases contain an option to purchase the facility at any time during the lease term and/or a right of first refusal to purchase the facility. In October 2017, we extended the lease in our 8,400-square-foot facility (Melton) such that it will expire in March 2023. Our second facility, a 73,000-square-foot facility (Ameriplex), has a lease, as amended, that extends through September 30, 2022 and contains a renewal option that could extend the lease through September 30, 2026.

Office and Research Facilities, Warren, New Jersey

We lease our 16,454 square-foot headquarters and principal laboratory facility in Warren, New Jersey. Through various amendments and extensions, the lease extends through February 28, 2020.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk due to changes in interest rates relates primarily to the increase or decrease in the amount of interest expense from fluctuations in one-month LIBOR associated with the Loan Agreement. For each 1% increase in one-month LIBOR in excess of 2%, our annual interest expense would increase by approximately $0.5 million. Our cash and cash equivalents are maintained in FDIC protected accounts with no exposure to material changes in interest rates. We do not purchase, sell or hold derivatives or other market risk sensitive instruments to hedge interest rate risk or for trading purposes.

Critical Accounting Policies and Estimates

Our management’s discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of the consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements appearing elsewhere in this prospectus. We believe that the following accounting policies relating to revenue recognition, research and development expenses, inventory valuation and impairment of long-lived assets are most critical to aid you in fully understanding and evaluating our reported financial results.

Revenue Recognition

Our principal source of revenue is currently derived from marketed products out-licensed to our partners. In the future, as our proprietary product candidates are approved, an additional revenue category will be product sales, net.

Revenues include the sale of our two commercialized partnered products, fees from co-development and research services, fees from licensed proprietary technologies and patent rights, and royalties based on specified product sales. Related contractual arrangements may include up-front payments, milestone payments linked to specified performance obligations, fixed monthly payments, or payments due for delivered products or services. Contracts may also include multiple-element arrangements. These are evaluated to identify deliverables and separate units of accounting. Deliverables generally represent obligations to provide analytical or testing services and reports, licenses for the use of intellectual property, manufactured products, or other performance obligations. Pursuant to FASB ASC Topic 605, *Revenue Recognition*, revenue is recognized when there is persuasive evidence of an agreement, title has passed or delivery has occurred, the price is fixed or determinable, and collection is reasonably assured.

We may enter into licensing, development and supply agreements that contain multiple deliverables. Under the provisions of FASB ASC Subtopic 605-25, *Revenue – Multiple Deliverables, Accounting for Revenue Arrangements with Multiple Deliverables*, we will evaluate whether these deliverables constitute separate units of accounting. A deliverable qualifies as a separate unit of accounting when the item delivered to the customer has standalone value and, if there is a general right of return for the items delivered to the customer, delivery or performance of the undelivered elements is considered probable and substantially in our control. Revenue from such arrangements is recognized when we have substantially completed our obligations under the terms of the arrangement and our remaining involvement is inconsequential and perfunctory. If we have significant continuing involvement under such an arrangement, fees are recognized over the estimated performance period. We recognize revenue derived from milestone payments for its research and development activities upon the achievement of specified milestones if (i) the milestone is substantive in nature, the achievement of the milestone was not reasonably assured at the inception of the agreement and achievement is linked to our performance, (ii) consideration earned relates to past and complete performance and (iii) the milestone payment is nonrefundable. Payments received in excess of amounts earned are classified as deferred revenue until earned.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Inventory includes the cost of materials, production labor and overhead. We regularly review our inventories for impairment and reserves are established when necessary. We manufacture to specific orders and do not generally manufacture for inventory or take inventory risk for finished goods and therefore believe it unlikely that significant adjustments for inventory obsolescence will take place. However, the FDA and other regulatory authorities may take action regarding certain active pharmaceutical ingredients that may cause raw material or packaging inventories to become non-usable. If our estimates for excess or obsolete inventory and its potential utility are less favorable than those projected, additional inventory reserves may be required.

Impairment of Long-Lived Assets

In accordance with the Subsections of FASB ASC Subtopic 360-10, *Property, Plant and Equipment – Overall,* long-lived assets, such as property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. That carrying value is considered unrecoverable if it exceeds the sum of the undiscounted cash flows expected from the use and eventual disposition of the asset.

As a result of management's evaluation of the recoverability of the carrying value of long-lived assets subject to ASC 360-10, no impairment charges were recorded for the three months ended March 31, 2018 and 2017 and for the years ended December 31, 2017 and 2016. If these estimates or their related assumptions change the fair value of these assets in the future, we may be required to record additional impairment charges.

Warrant Liability

We classify the Perceptive Warrants as a liability on our balance sheets as they are free-standing financial instruments that may require us to transfer assets upon exercise. The Perceptive Warrants were initially recorded at fair value on date of grant, and are subsequently remeasured to fair value at each balance sheet date. Changes in fair value of the Perceptive Warrants are reported in Other Expense in the statement of operations and comprehensive loss.

Pursuant to the terms of the Perceptive Warrants, the holder thereof has the right to purchase shares of our common stock, which will be automatically exercised immediately prior to the consummation of this offering. The Perceptive Warrants have certain rights and preferences including anti-dilution adjustments so that, upon exercise, they will represent 4.5% of our fully diluted common stock on an as converted basis, subject to dilution for certain financing transactions including the issuance of shares upon termination of our PUP Plans.

Research and Development Costs

We expense costs associated with research and development activities as incurred. Research and development expenses include (i) employee-related expenses, including salaries, benefits, travel and share-based compensation expense, (ii) external research and development expenses incurred under arrangements with third parties, such as contract research and contract manufacturing organizations, investigational sites and consultants, (iii) the cost of acquiring, developing and manufacturing clinical study materials; and (iv) costs associated with preclinical and clinical activities and regulatory operations.

Research and development costs reflect costs for our internal proprietary research and development projects as well as costs incurred under arrangements with third parties from which we generate co-development and research fees.

Income Taxes

On December 22, 2017, the TCJA was enacted into law which overhauled the Internal Revenue Code of 1986, as amended, to revitalize our nation's economy. One significant aspect of this new legislation was to lower the U.S. Corporate tax rate from 35% to 21%. The tax reform legislation did not have a material impact on our provision for income taxes for the year ended December 31, 2017 due to the valuation allowance against our net deferred tax assets. From the period January 1, 2017 through October 31, 2017 and all of 2016, we were a Delaware limited liability company treated as a partnership for income tax purposes. From November 1, 2017 through December 31, 2017, we elected to be taxed as a C corporation. On January 1, 2018, we converted into a Delaware corporation and incorporated as Aquestive Therapeutics, Inc.

Income taxes are recorded in accordance with FASB ASC Topic 740 Income Taxes, or ASC 740, which provides for deferred taxes using an asset and liability approach. Income taxes have been calculated on a separate tax return basis. Certain of our activities and costs have been included in the tax returns filed by our predecessor company, MonoSol LLC. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Tax benefits are recognized when it is more likely than not that a tax position will be sustained during an audit. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We account for uncertain tax positions in accordance with the provision of ASC 740. When uncertain tax positions exist, we recognize the tax benefit of tax provisions to the extent that the benefit of tax

positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position, as well as consideration of the available facts and circumstances. To date, we have not had any significant uncertain tax positions.

Share-Based Payments

We have historically issued share-based payments pursuant to the terms of our Performance Unit Plans, or PUP Plans prior to terminating such plans in April 2018. The cost of employee services received in exchange for equity-based awards is determined based on FASB ASC Topic 718, *Compensation – Stock Compensation* using the grant-date fair value of the awards. Under our PUP Plans, all outstanding equity-based payments are to be recognized as an expense based on their fair value at the measurement date, which approximates our current estimated business enterprise value. Recognition of compensation expense is delayed until achievement of specified performance conditions can be considered probable. At the time that all contingencies are satisfied, the performance units granted to both employees and consultants will be reflected as liability-classified instruments based on the application of FASB ASC Topic 718.

We are a private company with no active public market for our common stock. Prior to this offering, the fair value of our performance units issued to our PUP Plans' participants was estimated on the date of grant by our board of directors. In order to determine the fair value of our performance units, our board of directors considered, among other things, timely valuations of our business enterprise value prepared by a qualified and independent third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the Practice Aide. Given the absence of a public trading market for our common units, our board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of the performance units, including (i) our business, financial condition and results of operations, including related industry trends affecting our operations; (ii) our forecasted operating performance and projected future cash flows; (iii) the illiquid nature of our common stock; (iv) liquidation preferences and other rights and privileges of our Preferred units; (v) market multiples of our most comparable public peers and (vi) market conditions affecting our industry.

There are significant judgments and estimates inherent in the determination of the fair value of our performance units and common stock. These judgments and estimates include assumptions regarding our future operating performance, the time to completing an IPO or other liquidity event and the determinations of the appropriate valuation methods. If we had made different assumptions, our equity-based compensation expense, net loss and net loss per share of common stock could have been significantly different.

No compensation cost was recorded in 2017 and prior years because it was not probable that the specified performance conditions under the PUP Plans would be achieved and payments would be made.

In connection with our conversion from a Delaware limited liability company to a Delaware corporation, we received board of director approval and PUP Plan A participant approval to terminate the PUP Plans on April 16, 2018 effective January 1, 2018. At termination, we accelerated the vesting of any unvested performance units and issued 60.7 million shares of non-voting common stock to compensate the performance unit holders of record on January 1, 2018. We determined the compensation expense associated with the termination of the PUP Plans and the issuance of shares of non-voting common stock by engaging a valuation consultant to prepare an estimate of our enterprise value and the fair value of each series of our capital stock and equity instruments as of the date of termination. Such valuation yielded value of $0.19 per share of non-voting common stock after considering the nature of these shares and the enterprise value of the business. The valuation utilized for this purpose was developed in accordance with the Practice Aide. The shares of non-voting common stock will be automatically converted into voting common stock upon consummation of this offering.

In accordance with guidance ASC 718, *Compensation — Stock Compensation*, we will record a charge to earnings of approximately $11.5 million in the second quarter of 2018 to reflect the compensation cost associated with the issuance of non-voting common stock to compensate the

performance unit holders of record on January 1, 2018. Additionally, pursuant to the provisions of the termination of the Plans, we elected to pay the withholding tax on behalf of the performance unit holders and will record an additional liability and compensation cost in the second quarter of 2018 of approximately $7.4 million. Our aggregate charge related to this transaction will be $18.9 million.

Recent Accounting Pronouncements

Refer to Note 2. “Summary of Significant Accounting Policies” in the accompanying notes to our consolidated financial statements appearing elsewhere in this prospectus for a discussion of recent accounting pronouncements.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act, or the JOBS Act, was enacted. The JOBS Act provides that, among other things, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. As an emerging growth company, we have elected to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public emerging growth companies.

In addition, we intend to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if as an “emerging growth company” we intend to rely on such exemptions, we are not required to, among other things, (i) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, and (iii) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer’s compensation to median employee compensation. These exemptions will apply for a period of five years following the consummation of this offering or until we no longer meet the requirements of being an emerging growth company, whichever is earlier.

BUSINESS

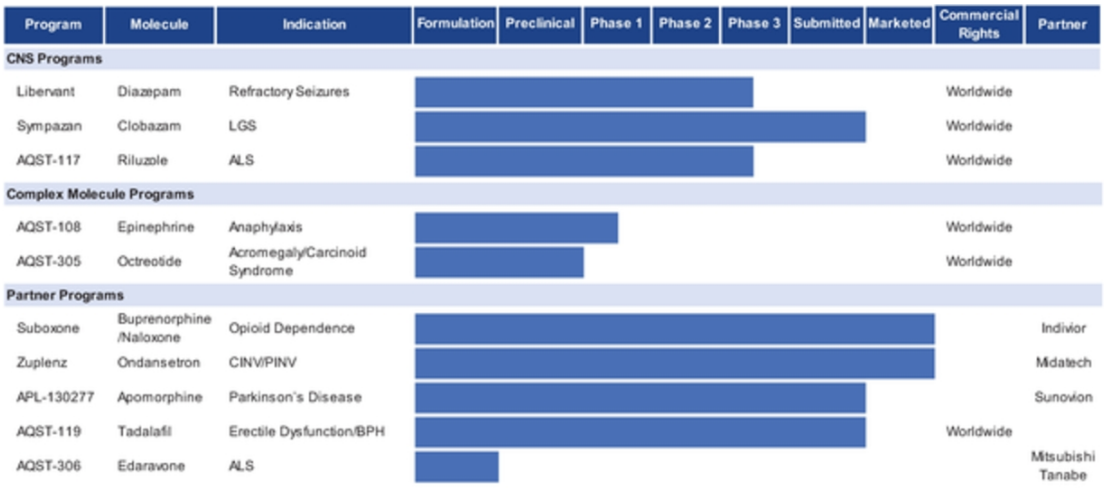
Overview

We are a specialty pharmaceutical company focused on identifying, developing and commercializing differentiated products to address unmet medical needs. We have a late-stage proprietary product pipeline focused on the treatment of diseases of the Central Nervous System, or CNS. We believe that the characteristics of these patient populations and shortcomings of available treatment options create opportunities for the development and commercialization of meaningfully differentiated medicines. Our most advanced proprietary product candidates, which we intend to commercialize ourselves, include (i) Libervant, a buccal soluble film formulation of diazepam for the treatment of recurrent epileptic seizures, for which we expect to submit a New Drug Application, or NDA, in 2018; (ii) Sympazan, an oral soluble film formulation of clobazam for the treatment of seizures associated with a rare, intractable form of epilepsy known as Lennox-Gastaut Syndrome, or LGS, for which we submitted an NDA in October 2017 and have been given an August 31, 2018 Prescription Drug User Fee Act, or PDUFA, date, which is the date the U.S. Food and Drug Administration, or FDA, expects to complete its review of our NDA, and (iii) AQST-117, an oral soluble film formulation of riluzole for the treatment of Amyotrophic Lateral Sclerosis, or ALS, for which we expect to submit an NDA in 2018. We have also developed a proprietary pipeline of complex molecule products addressing large market opportunities beyond CNS indications, which include (i) AQST-108, a sublingual film formulation of epinephrine for the treatment of anaphylaxis, for which we expect to begin additional Phase 1 trials in 2018 and (ii) AQST-305, a buccal film formulation of octreotide for the treatment of acromegaly and neuroendocrine tumors, for which we expect to begin human proof of concept trials in 2018.

In addition to these product candidates, we have a portfolio of commercialized and development-stage partnered products. These products include Suboxone, a sublingual film formulation of buprenorphine and naloxone, which is the market leader for the treatment of opioid dependence. We manufacture all of our partnered and proprietary products at our FDA and Drug Enforcement Agency, or DEA, inspected facilities and anticipate that our current manufacturing capacity is sufficient for commercial quantities of our products and product candidates currently in development. We have produced over 1.1 billion doses of Suboxone in the last four years. Our products are developed using our proprietary PharmFilm technology and know-how. Our patent portfolio currently comprises at least 200 issued patents worldwide, of which at least 40 are U.S. patents, and more than 75 pending patent applications worldwide.

Our Product Portfolio and Pipeline

The following table outlines our pipeline of product candidates:



Proprietary CNS Product Portfolio

We have initially focused our proprietary product pipeline on certain difficult to treat CNS diseases. Our PharmFilm technology allows us to develop medicines that offer non-invasive delivery, customized suitability for patients with dysphagia, or trouble swallowing, can be administered without water and ensure consistent therapeutic dosing. We believe that these characteristics will allow us to achieve the desired patient outcomes, while potentially reducing the total cost of patient care.

The most advanced assets within our proprietary CNS portfolio are as follows:

- **Libervant** – a buccally, or inside of the cheek, administered soluble film formulation of diazepam, a benzodiazepine used as a rescue therapy for breakthrough epileptic seizures and an adjunctive therapy for use in recurrent convulsive seizures. We are developing Libervant as an alternative to Diastat (diazepam rectal gel), the current standard of care rescue therapy for patients with epilepsy, which as a rectal gel, is invasive, inconvenient, and difficult to administer. As a result, a large portion of the patient population does not receive adequate treatment or foregoes treatment altogether. We believe that Libervant will enable a larger share of patients to receive more appropriate treatment by providing consistent therapeutic dosing in a non-invasive and innovative treatment form for epileptic seizures. Libervant is currently completing its final clinical trials. We expect to submit an NDA for Libervant in 2018.
- **Sympazan** – an oral soluble film formulation of clobazam, a benzodiazepine used as an adjunctive therapy for seizures associated with LGS. We are developing Sympazan as an alternative to Onfi (clobazam), currently available in either tablet form or liquid suspension. LGS patients often have difficulty swallowing pills and large volume suspensions leading to uncertain and inconsistent dosing and increasing the burden of care, particularly for patients that may be combative or resistant to treatment. We believe that Sympazan will address these treatment obstacles because it is mucoadhesive, dissolves rapidly in existing saliva and is swallowed along with a patient's natural saliva production, and therefore cannot be easily spit out. In clinical trials, Sympazan has demonstrated bioequivalence to Onfi. We submitted an NDA for Sympazan in October 2017 and were given a PDUFA date of August 31, 2018. If approved by the FDA, we anticipate launching Sympazan by the end of 2018.
- **AQST-117** – an oral soluble film formulation of riluzole, a small molecule glutamate antagonist used as an adjunctive therapy in the treatment of ALS, which has been shown to slow disease progression, increase lifespan and improve quality of life. However, because ALS patients typically have difficulty swallowing, tablet administration is challenging. We are developing AQST-117 as an alternative to Rilutek (riluzole), which is currently available only in tablet form in order to achieve an easier, more reliable and accurate dosing. This may allow patients to continue therapy even after their ability to swallow has become compromised. AQST-117 addresses these treatment obstacles because it is mucoadhesive and dissolves easily on the tongue without the need for water and without a substantial increase in salivary flow. In clinical trials, AQST-117 has demonstrated bioequivalence to Rilutek. We expect to submit an NDA for AQST-117 in 2018.

Proprietary Complex Molecule Portfolio

We are utilizing our technology and know-how to target large market opportunities by developing orally-administered complex molecule therapies as alternatives to invasively-administered standard of care injectable therapeutics. We currently have two active complex molecule programs in clinical development. The first is focused on the oral delivery of the hormone epinephrine. The second is focused on the delivery of a peptide known as octreotide. Octreotide would be the first peptide delivered orally using our technology and may create other opportunities for peptides and biologics.

The two active programs in our complex molecule portfolio are:

- **AQST-108** – a sublingual film formulation of epinephrine that we are developing for the treatment of anaphylaxis, a severe and potentially life-threatening allergic reaction. Epinephrine is the standard of care in the treatment of anaphylaxis and is currently administered via intramuscular injection. The current market leader is EpiPen, a single-dose, pre-filled automatic injection

device. As a result of its administration via intra-muscular injection, many patients and their caregivers are reluctant to use currently available products, resulting in increased hospital visits and overall cost of care to treat anaphylactic events. We are designing AQST-108 to be the first non-injectable form of epinephrine used to treat anaphylaxis. We believe that, as a result of its sublingual administration, AQST-108 will improve patient compliance and lower the total cost of care. AQST-108 has shown promising results in one human proof of concept trial. We are currently optimizing the formulation for Phase 1 trials, which we expect to begin in 2018.

- **AQST-305** – a sublingual film formulation of octreotide, a small peptide that has a similar pharmacological profile to natural somatostatin, for the treatment of acromegaly, as well as severe diarrhea and flushing associated with carcinoid syndrome. Acromegaly is a hormone disorder that results from the overproduction of growth hormone in middle-aged adults. Octreotide is the standard of care for the treatment of acromegaly. The current market leader, Sandostatin, is administered via deep subcutaneous or intramuscular injections once a month. This monthly treatment regimen can result in loss of efficacy towards the end of the monthly treatment cycle. We are developing AQST-305 as a non-invasive, pain-free alternative to Sandostatin to reduce treatment burden, healthcare costs and the potential loss of efficacy over the treatment cycle. AQST-305 has shown promising preclinical results. We initiated a development program to demonstrate human proof-of-concept and expect to dose the first patient in 2018.

Partnered Products

Our portfolio also includes products and product candidates that we have partnered, or will seek to partner, for commercialization. In the year ended December 31, 2017, our partnered product portfolio generated over $1 billion in revenue for our partners, resulting in $66.9 million in revenue to us. Our key partnered products and products that we intend to partner include:

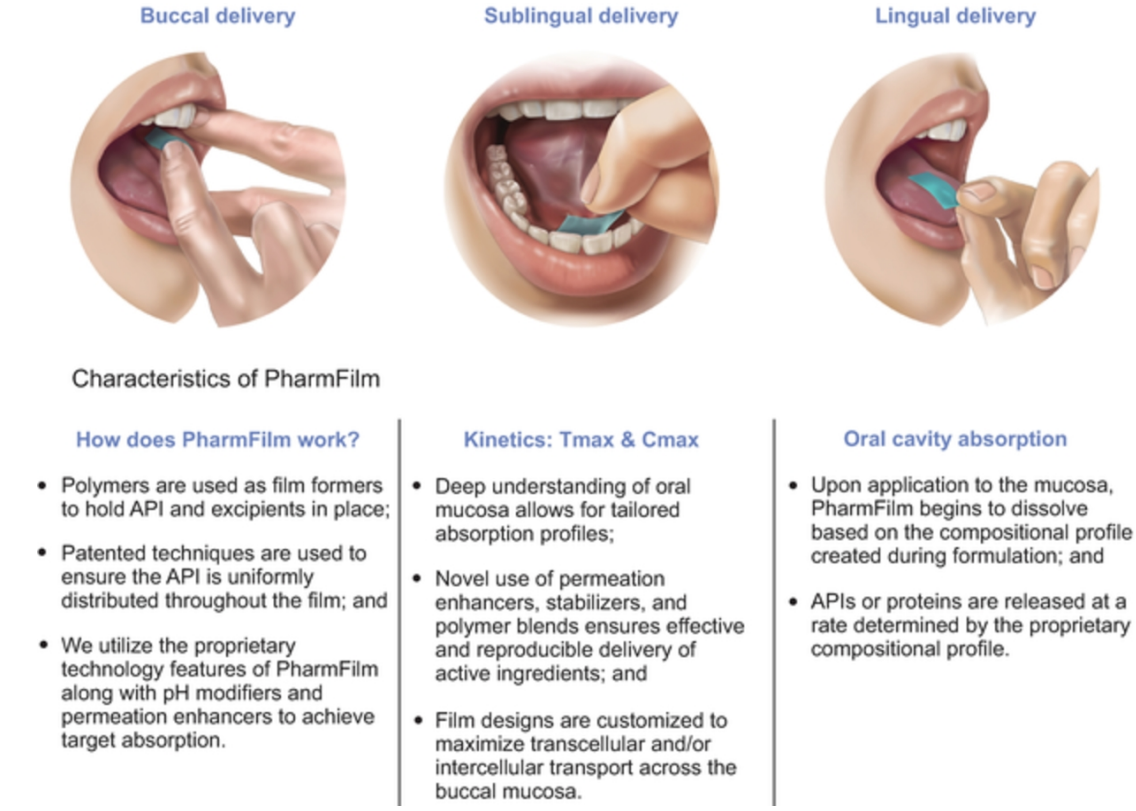
- **Suboxone** – a sublingual film formulation of buprenorphine and naloxone that is marketed in the United States and internationally for the treatment of opioid dependence. Suboxone Sublingual Film was launched in partnership with Indivior Inc., or Indivior, in 2010. Suboxone Sublingual Film is the most prescribed branded product in its category and is the first sublingual film product for the treatment of opioid dependence with approximately 60% market share despite multiple competitors, including alternative dosing formulations. We are the sole supplier and manufacturer of Suboxone Sublingual Film. In the past four years, we have produced over 1.1 billion doses of Suboxone.
- **APL-130277** – a sublingual film formulation of apomorphine, which is a dopamine agonist in development to treat episodic off-periods in Parkinson's disease. APL-130277 is being developed as a sublingual alternative to injectable form of apomorphine. We licensed intellectual property for APL-130277 to Cynapsus Therapeutics, a company that was acquired by Sunovion Pharmaceuticals Inc., or Sunovion. APL-130277 has successfully completed Phase 3 clinical studies. Sunovion, our partner and sponsor of APL-130277, submitted an NDA to the FDA on March 29, 2018. Sunovion has publicly disclosed topline results from their definitive efficacy study, CTH-300, during recent industry events. These results indicate that APL-130277 demonstrated a statistically significant improvement in the Movement Disorder Society Unified Parkinson's Disease Rating Scale Part III score at 30 minutes post-dosing when compared to placebo. Sunovion has also indicated that a statistically significant percentage of patients had a patient-rated full 'on' response within 30 minutes at week 12 when compared to placebo.

PharmFilm – Our Oral Film Technology

We are the worldwide leader in oral film drug delivery and manufacturing. We supply more than 95% of the world's oral films for prescription pharmaceutical use, and we have the capability to produce more than one billion commercial doses a year. We developed our PharmFilm technology to provide meaningful clinical and therapeutic advantages over other existing dosage forms and, in turn, to improve the lives of patients and caregivers. PharmFilm is protected by our patent portfolio, which currently comprises at least 200 issued patents worldwide, of which at least 40 are U.S. patents, and more than 75 pending patent

applications worldwide. Several of the patents in this intellectual property portfolio are utilized in each of our proprietary pipeline products. We are continuing to develop additional intellectual property and know-how related to the applications and engineering of PharmFilm alone or in combination with other technologies to create product capabilities that have compelling value propositions.

PharmFilm is comprised of proprietary polymer compositions that serve as film formers to hold active pharmaceutical ingredients, or APIs, and excipients in place. Proprietary and patent-protected compositions, formulation and manufacturing techniques and technology are employed to ensure that the API is distributed uniformly throughout the film and that target absorption levels are achieved. Our proprietary technology and manufacturing process ensures that PharmFilm can be engineered to fit a variety of target product profiles in order to best address the unmet patient need present within specific disease states. PharmFilm, which is similar in thickness and size to a postage stamp, can be administered via buccal, sublingual or lingual oral delivery.



We believe the innovative nature of our PharmFilm drug delivery platform has the potential to offer a number of meaningful advantages to patients, caregivers and physicians compared to current standard of care therapies, including:

- preferred alternative to more invasive drugs such as injection;
- faster onset of action;
- direct absorption into the bloodstream reducing or avoiding “first pass” effects in the liver;
- reduced gastrointestinal, or GI, side effects;
- positive dosing outcomes, especially for patients with physical (*e.g.*, dysphagia) or psychological barriers to other methods of drug administration;
- stable, durable, portable and quick-dissolving (with or without water);

- customizable delivery routes for tailored pharmacokinetic, or PK, profiles (buccal, sublingual or lingual); and
- customizable taste profiles.

We chose to initially focus our development efforts on the CNS market because we believe the application of PharmFilm is particularly valuable and relevant to patients suffering from certain CNS disorders where there are unmet patient needs or shortcomings in current standards of care. We believe there remains significant opportunity to develop additional products in the CNS market. Additionally, our know-how and proprietary position have broad application beyond CNS, and we plan to explore the applications of PharmFilm in other disease areas.

Our Management Team

Our management team is a critical component to the development of our business model and the execution of our strategy. We are led by executives with an average of over 17 years of relevant senior leadership experience, including developing and commercializing branded and generic pharmaceuticals at large multinational pharmaceutical companies such as Johnson & Johnson, GlaxoSmithKline PLC and Novartis AG. Additionally, our team has significant experience in commercialization of pharmaceutical products, translational science, drug evaluation, clinical development, regulatory affairs and business development. Our management team is supervised and supported by a board of directors with expertise in finance, strategy, medicine and drug development.

Our Strategy

We are a patient-centric pharmaceutical company developing and commercializing products that address unmet needs and improve the lives of patients and their caregivers. We focus on developing medicines for patient populations suffering from the shortcomings of available treatment options, which can create an opportunity for differentiated medicines. Our pipeline is initially focused on developing treatments for CNS diseases, as well as orally administered complex molecules that we believe can be alternatives to invasively-administered standard of care therapies. Our strategy leverages our global intellectual property portfolio, know-how, demonstrated research and development capabilities and proprietary manufacturing platform.

To achieve these goals, our strategy includes the following key elements:

- ***Advance our late stage proprietary portfolio of CNS product candidates to solve critical healthcare problems and make a meaningful improvement in the lives of patients and caregivers.*** We have three proprietary CNS product candidates for which we have completed or are approaching NDA submission. These product candidates address treatment challenges associated with epilepsy and ALS. We have submitted an NDA to the FDA and were given a PDUFA date of August 31, 2018 for Sympazan. We expect to submit NDAs for Libervant and AQST-117 in 2018.
- ***Scale our commercial platform to maximize the value of our proprietary product candidates.*** In order to maximize the value of our proprietary product candidates, we plan to self-commercialize our late stage CNS and other proprietary product candidates through a dedicated and focused commercial organization. We have built expertise in marketing, sales, payor and market access management and medical affairs in anticipation of multiple product launches starting in 2018. Based on overlapping prescriber call points for our initial CNS product candidates, we believe an efficient and dedicated sales force can effectively cover the vast majority of targeted prescribers.
- ***Exploit our technology and know-how to develop oral versions of more complex injectable drugs to address unmet patient needs.*** Based on promising preclinical and early clinical results, we intend to continue to develop oral transmucosal versions of epinephrine and octreotide, products that are currently available only in injectable form. We believe the success of these efforts may lead to additional high value opportunities in developing oral transmucosal versions of some proteins, peptides and other complex molecule drugs, which have historically been administered by means other than oral intake, such as injection or infusion.

- ***Continue to identify product opportunities within CNS and other markets to expand our proprietary product pipeline.*** We intend to identify additional product candidates that provide clinical differentiation and solve unmet needs. In the CNS space, we will leverage our relationships with key stakeholders including patients, caregivers, key opinion leaders and patient advocacy groups to identify new product opportunities. Additionally, we will continue to evaluate other therapeutic areas, indications and products where our expertise and know-how can create differentiation and value.
- ***Acquire products or establish partnerships to develop and market products utilizing new chemical entities.*** We intend to continue to strategically expand our product portfolio by developing products that incorporate new chemical entities to treat disorders with high unmet need. For example in August 2017, we entered into a partnership with Mitsubishi Tanabe relating to edaravone, a treatment for ALS currently marketed only in injectable form.
- ***Continue to expand and solidify our intellectual property portfolio for our products, product candidates and manufacturing processes.*** Our robust global intellectual property portfolio is a significant source of competitive advantage, the strength of which has been demonstrated through multiple successful patent defenses. We have built a two-tier patent estate consisting of composition-of-matter and method of manufacture patents and patent applications. We intend to expand our intellectually property estate as we advance our PharmFilm and other technologies and as we develop new and existing product candidates.

Market Overview

CNS Market

CNS diseases affect the brain or spinal cord, and cause neurological and psychiatric disorders. Driven by an increase in mental health awareness and an aging population, the global market for therapeutics indicated for CNS disorders was estimated by EvaluatePharma to be $80 billion in 2017, with anticipated growth to $96 billion by 2022.

Epilepsy

Epilepsy is a chronic CNS disorder characterized by recurrent seizure activity. There are approximately 3.4 million people in the United States suffering from epilepsy. According to IQVIA, antiepileptic medications generated sales of $4.4 billion in the United States in 2017. The direct (medical) and indirect (lost wages and productivity) annual costs associated with epileptic patients in the United States are estimated to be approximately $15.5 billion.

Epilepsy treatment regimens typically consist of chronic and acute management therapies. Chronic medicines are used on a daily basis to suppress seizure activity. Approximately 1.2 million of those 3.4 million people suffering from epilepsy will continue to suffer with breakthrough seizures and require an acute (rescue) management strategy. Patients are routinely prescribed antiepileptic drugs, or AEDs, as “maintenance” therapy to control chronic seizure activity. Most AEDs specifically target neuronal excitation or neuronal inhibitory pathways. There are currently more than 20 AEDs approved for use in the United States, and therapeutic choice depends on the epileptic syndrome being considered. Patients are routinely prescribed benzodiazepines as “rescue” therapy for the management of acute seizure emergencies.

Rescue therapies are administered as needed in the event of an acute seizure to rapidly terminate seizure activity. One of the most effective benzodiazepines currently available for the treatment of acute seizures is diazepam. Diazepam is currently marketed as Diastat, a product administered rectally. Although Diastat is the preferred drug prescribed by physicians, due to its rectal administration, Diastat presents a particular challenge for patients. As a result, only approximately 100,000 patients out of 1.2 million sufferers currently use this therapy. The remaining sufferers either pursue less effective treatments or forego treatment altogether.

There are multiple epileptic syndromes including LGS, which is a rare, intractable form of epilepsy and affects approximately 55,000 patients in the United States. Patients with LGS are often drug resistant, predisposing them to recurrent seizures, and are typically prescribed a combination of

antiepileptic medications, which often includes clobazam. Clobazam is currently marketed under the brand name Onfi and is available in both a tablet and suspension formulation. Onfi generated combined sales revenue of $753 million with more than 475,000 prescriptions filled in 2017, and is expected to lose patent protection in October 2018.

We are developing our lead product candidates, Libervant and Sympazan, to reduce the burden associated with administering both chronic and rescue therapies, thereby improving patient compliance and lowering the overall cost to the healthcare system for epileptic patients.

Amyotrophic Lateral Sclerosis

ALS is a progressive neurodegenerative disease affecting nerve cells responsible for controlling voluntary muscle movement. Patients suffering from ALS have progressive degeneration of motor neurons, which ultimately leads to death, primarily due to respiratory failure. Diagnosis of ALS typically occurs between the ages of 40 and 60, with more than 13,000 patients diagnosed in the U.S. each year, which corresponds to a prevalence of four cases per 100,000 people. According to IQVIA, ALS medications generated sales of $62 million in the U.S. in 2017.

There are currently no treatments available that reverse the damage caused by ALS. However, there are two treatment molecules that have been shown to slow disease progression, riluzole marketed as Rilutek and edaravone marketed as Radicava. According to IQVIA, the combined market for riluzole generated over 62,000 prescriptions and sales of $7 million in 2017.

In addition to therapeutics aimed at slowing disease progression, patients are often prescribed multiple medications and receive additional therapies, including breathing care, physical therapy, occupational therapy, speech therapy, nutritional support, and psychological and social support, to ease the burden of the disease.

As a result of the degenerative muscle function associated with ALS, patients eventually lose the ability to swallow. Because riluzole may slow disease progression and delay the need for a tracheotomy, dysphagia represents a barrier to treatment for many of these patients. We are developing AQST-117 to allow patients to remain on riluzole therapy for extended periods of time, delaying the need for procedures like tracheotomies, prolonging the quality of life for those patients and lowering the overall cost of treatment.

Other Therapeutic Areas

In addition to products to treat CNS conditions, we are developing a number of product candidates in other therapeutic areas, such as anaphylaxis and acromegaly to create differentiated medicines to address unmet needs.

Anaphylaxis

Anaphylaxis is a systemic allergic reaction caused by a wide range of allergen exposure, estimated to affect one in 50 people in the United States. Anaphylaxis typically occurs quickly once allergen exposure has occurred, and if untreated, can lead to death via airway restriction. According to IQVIA, anaphylaxis treatments generated sales of $1.7 billion in the U.S. in 2017.

Treatment of anaphylaxis typically consists of an intramuscular injection of epinephrine administered at the earliest opportunity, followed by additional intramuscular or intravenous injections as needed. While generic versions of epinephrine are currently available, they are provided as a vial of medication administered via syringes. Due to the inconvenience of this dosing mechanism, a branded form of epinephrine known as the EpiPen, which utilizes a proprietary auto-injector device administered through a deep intramuscular injection, dominates the market. In addition, recent manufacturing issues that resulted in injector malfunctions have led to significant patient concern regarding the reliability of auto-injectors. According to IQVIA, branded and generic versions of epinephrine auto-injectors generated over 3.8 million prescriptions and combined gross sales of $1.5 billion in 2017. EpiPen, which is marketed by Mylan, represents over 74% of the current market on a prescription volume basis.

Proper dosing and the ability to effectively administer epinephrine in a timely, reliable manner is critical for patients experiencing anaphylaxis. However, the inability to administer complex molecules via

oral administration has limited the development of treatments that have the potential to provide significant patient benefit. We designed AQST-108 to offer a more convenient and cost effective oral form of epinephrine as an alternative to the current standard of care.

Acromegaly

Acromegaly is a hormone disorder that results from the overproduction of growth hormone in middle-aged adults. The condition is typically caused by a benign tumor present in the pituitary gland that excretes excessive amounts of growth hormone and leads to exaggerated bone growth over time. Due to the gradual progression of the disorder, patients are often not diagnosed for years. The prevalence of acromegaly is estimated to be 78 cases per million people, indicating approximately 25,000 diagnosed patients within the United States. According to IQVIA, acromegaly treatments generated sales of $1.2 billion in the United States in 2017.

Depending on the placement and size of the tumor, patients may be eligible for endoscopic transnasal transsphenoidal surgery, a procedure in which pituitary tumors are removed through the nose and sphenoid sinus. However, surgeons may be unable to completely remove the tumor, leading to persistently elevated growth hormone levels post-surgery. The standard of care for post-surgery patients includes the use of somatostatin analogues to lower production or block the action of growth hormones. The somatostatin analogues currently available, octreotide and lanreotide, are administered by deep subcutaneous or intramuscular injections once a month, or subcutaneous injections three times daily.

The market leading product for acromegaly is octreotide, which is marketed as Sandostatin LAR by Novartis, and is administered monthly via depot injections. According to IQVIA, Sandostatin generated over 49,000 prescriptions and sales of $843 million in 2017.

Ease of administration has been identified as an unmet patient need within this market, with at least one other company pursing an oral formulation of octreotide. Our PharmFilm formulation has the potential to reduce treatment burden and healthcare costs for patients, and improve clinical differentiation.

Proprietary CNS Product Candidates

Libervant (Diazepam)

Product Overview

Libervant is a buccal soluble film formulation of diazepam in development as a rescue therapy for patients with epilepsy who are already taking antiepileptic medications, and who require occasional use of diazepam to control bouts of increased seizure activity. We expect to submit an NDA for Libervant in 2018. Libervant has been granted orphan drug designation and has been granted fast track designation.

Limitations of Current Therapies

Approximately 1.2 million of the 3.4 million people suffering from epilepsy will continue to suffer with breakthrough seizures and require an acute (rescue) management strategy. Many patients who suffer from severe epilepsy and experience refractory or breakthrough seizures are managed sub-optimally with current therapies, and in some cases chose not to be prescribed any therapies due to the limitations of the currently marketed rectal product. The standard of care therapy, Diastat, is particularly difficult to administer and presents challenges for both patients and caregivers. Difficulties associated with rectal administration of Diastat include patient dignity and respect, inaccurate dosing due to leakage of rectal gel, invasiveness of treatment, inconvenience, time required to administer the drug, and ability of non-primary caregivers to effectively administer Diastat in the event a primary caregiver is not present. As a result of these challenges, only about 250,000 doses of Diastat are prescribed per year, despite a much larger population of patients suffering from epilepsy who would potentially benefit from a rescue therapy.

Additionally, there is a population of epilepsy patients who do not achieve adequate blood plasma concentration of diazepam following administration of Diastat. We refer to these patients as Diastat “non-responders”. Although this population represents a relatively small portion of the market, these patients are similarly underserved, and are currently prescribed therapies that are considered less effective than Diastat.

Our Solution

We are developing Libervant as an alternative to Diastat. As an easily administered buccal film product that quickly dissolves when applied to the buccal mucosa, Libervant has a rapid onset of action and provides a consistent therapeutic dosing. We believe Libervant has the potential to address many of the dosing and administration issues facing patients who are currently prescribed Diastat and to become the standard of care therapy for patients. Libervant also uses less diazepam to achieve desired treatment results. We believe Libervant has the potential to expand the population of epilepsy patients who are prescribed rescue therapies to include high functioning teens and adults who otherwise chose not to use Diastat and instead manage their symptoms with extra maintenance doses of their oral therapies before or after they experience a seizure. An oral product with fast onset of action could be a better rescue therapy option to these patients. In market research studies we have performed, patients, caregivers, and physicians have all indicated high receptivity to an oral alternative to Diastat.

We also believe that Libervant has the potential to be effective in the Diastat “non-responders” population. In studies to date, Libervant has shown consistent blood plasma concentrations in volunteers that did not obtain expected diazepam levels using Diastat.

Clinical Development

Our clinical trials were designed under a Section 505(b)(2) pathway in consultation with the FDA, and included a dose proportionality study in healthy adults designed to demonstrate dose proportional blood plasma levels for Libervant at 5, 10 and 15 mg doses, a pivotal bioavailability study in healthy adults designed to compare the PK and demonstrate bioavailability of Libervant to Diastat, two food effect studies, adult and pediatric Epilepsy Monitoring Unit (EMU) studies in patients with epilepsy designed to compare the PK of Libervant in subjects with epilepsy in the interictal condition (when they are not experiencing seizures) versus the ictal/peri-ictal condition (when they are experiencing seizures), and a long-term safety study in children, adolescents and adults to assess the safety and tolerability of chronic intermittent use of Libervant by examining any pathological changes in the oral mucosa and gustatory cavity.

Our pivotal bioavailability study comparing the pharmacokinetic profile of a 15mg dose of Libervant to a 20mg dose of Diastat when administered to healthy volunteers in a fasted state showed that patients treated with a 15mg dose of Libervant achieved both a higher Cmax and a faster Tmax when compared to patients treated with a 20mg dose of Diastat. Additionally, all subjects treated with Libervant achieved significant blood levels (defined as a Cmax of 100 ng/mL of diazepam or greater for the top dose level). Two subjects administered the 20mg dose of Diastat (identified as subjects #7 and #9) only reached peak concentrations of 25 ng/mL and 15 ng/mL respectively. Both of these subjects have been labeled as ‘non-responders’ since their peak concentrations were below 100 ng/mL. Both subjects were administered four different dosages of diazepam: a 15mg dose of Libervant and 5mg, 12.5mg, and 20mg doses of Diastat. In both subjects the pharmacokinetic profiles for all three doses of Diastat were consistent with a typical Diastat non-responder. In contrast, both patients achieved diazepam blood levels following administration of Libervant that were in-line with the overall mean diazepam concentrations achieved across all Libervant dosings in this study. Based on these results, we believe Libervant has the potential to provide meaningful benefit to these “non-responders.”

In May 2018, we received interim data from our adult EMU clinical study for Libervant. Through February 2018, 22 subjects had completed the study across the two treatment arms. This represents approximately 75% of the 30 subjects needed to complete the study. Preliminary analysis of the data indicates the following:

- A 12.5mg of Libervant administered during an interictal, or non-seizure, state and without regard to food (n=22 patients) provided appropriate maximal plasma concentrations of diazepam (Cmax) within 60 minutes of administration (Tmax). Furthermore, similar Cmax and Tmax levels were obtained during dosing in a peri-ictal state. We believe these results successfully demonstrate that Libervant adequately absorbed into the blood stream regardless of whether it is applied around a seizure or normal state.

- Observed plasma levels of diazepam in patients with epilepsy were lower than plasma levels in healthy volunteers at the same dose level. This is consistent with the effects of multiple concomitant AEDs, which interact with diazepam and are commonly used by these patients.
- Based on these data, we currently anticipate that dose levels of Libervant will be similar or somewhat less than dose levels of Diastat.

Following a face-to-face meeting with the FDA held on June 14, 2018, where these data, along with other clinical data, were presented, we believe that, upon the completion of our clinical studies, we will have the necessary supporting data to submit a marketing application under the 505(b)(2) regulatory pathway to the FDA for Libervant in 2018.

Sympazan (Clobazam)

Product Overview

Sympazan is an oral soluble film formulation of clobazam, a benzodiazepine that is used as an adjunctive therapy for seizures associated with LGS. We submitted an NDA to the FDA in October 2017 and were given a PDUFA date of August 31, 2018. If approved by the FDA, we anticipate launching Sympazan by the end of 2018.

Limitations of Current Therapies

Patients with LGS are often drug resistant, predisposing them to recurrent seizures, and are typically prescribed a combination of antiepileptic medications, which often includes branded clobazam. Clobazam is currently marketed by Lundbeck under the brand name Onfi and is available in both a tablet and suspension formulation.

Medication administration is perceived to be a significant unmet need for LGS caregivers and patients. Approximately 30-40% of LGS patients experience dysphagia making more traditional administration routes a significant burden on the patient. Additionally, some patients refuse to swallow tablets due to physical limitations of the disease, behavioral or compliance issues. While some caregivers will crush the tablets to make dosing easier or use a suspension formulation that is squirted into the mouth, these methods do not always ensure that the patient receives the full, correct dose. Further, suspension dosage forms require significant volume, often result in an unpleasant taste and can be easily spit out by non-compliant patients.

Our Solution

We are developing Sympazan to offer patients a well-known antiepileptic medication in a formulation that could improve ease of use, dosing completeness and tolerability. We believe that Sympazan offers advantages over other clobazam dosage forms in patients with LGS. Specifically, we have developed Sympazan as a mucoadhesive, rapidly dissolving, easy to swallow film that cannot be easily spit out by non-compliant patients once placed in the mouth. We also believe that Sympazan alleviates the concerns of excessive volume and unpalatable taste associated with traditional suspension dosage forms, as well as alleviating the burden of care, potentially for patients that may be combative or resistant to treatment. We believe a significant market opportunity exists for a form of clobazam with these advantages. In various comparison studies of Sympazan, physicians, caregivers and patients have expressed a preference for our soluble film formulation over traditional forms of clobazam.

Clinical Development

Our clinical development of Sympazan has followed the 505(b)(2) regulatory pathway. Beginning in 2016 we conducted three clinical trials studying Sympazan in LGS. The first two studies were both pilot studies that evaluated the pharmacokinetic profile of low and high doses of Sympazan to comparative levels of Onfi. The final study, our definitive pivotal study, compared the pharmacokinetic profile of a 20mg dose of Sympazan to a 20mg dose of Onfi when administered to healthy volunteers in a fasted state. We believe that the data from our pivotal study demonstrated bioequivalence to the reference listed drug Onfi. We submitted an NDA to the FDA, including the data from our study, with a target indication of LGS in October 2017. This NDA has a PDUFA date of August 31, 2018.

Additionally, given the broad applicability of the molecule and strong prescriber preference across a range of indications, we may develop and submit Sympazan for approval in additional indications in the future.

AQST-117 (Riluzole)

Product Overview

AQST-117 is an oral soluble film formulation of riluzole, a small molecule glutamate antagonist used as an adjunctive therapy in the treatment of ALS, which has been shown to slow disease progression, increase lifespan and improve quality of life. AQST-117 has been granted orphan drug designation.

Limitations of Current Therapies

ALS is a neurodegenerative disorder that involves gradual breakdown of motor neurons leading to muscle weakness, disability, and ultimately death. The U.S. prevalence of ALS is 4 cases per 100,000 persons, though higher prevalence rates are seen among specific age and ethnic groups. Disease progression leads to muscle atrophy, including loss of ability to swallow. Riluzole is currently marketed by Covis Pharma under the brand name Rilutek and has been subject to generic competition since June 2013 and is currently available in a tablet formulation.

As a result of the degenerative muscle function associated with ALS, patients eventually lose the ability to swallow. Dysphagia represents a barrier to treatment for many of these patients, with medication administration resulting from dysphagia representing a significant unmet need for ALS caregivers and patients. The longer patients are able to remain on riluzole therapy, which has been shown to slow the progression of ALS, more invasive and costly treatments, such as tracheotomies, can be delayed, thus improving patients' quality of life.

Our Solution

We have developed AQST-117 as an alternative to the existing riluzole therapy (Rilutek), which is currently available only in tablet form. AQST-117 allows ALS patients, who suffer dysphagia as a core symptom of their progressing disease, to achieve more reliable and accurate dosing and to continue therapy even after their ability to swallow is compromised. We believe this improved administration may lead to improved outcomes in ALS patients.

Clinical Development

We have completed a pilot PK and pivotal PK study for AQST-117. In addition we have completed a food effect study. All of these studies have successfully shown bioequivalence to the reference listed drug, Rilutek. We are currently conducting a swallowing study in approximately 25 subjects with ALS. We compared pharmacokinetic profile of a 50mg dose of riluzole oral soluble film, or ROSF, with a 50mg dose of Rilutek (riluzole) tablets when administered to healthy volunteers in a fasted state. We believe that ROSF, which has demonstrated bioequivalence to Rilutek can fulfill a critical need for ALS patients, due to its ability to be administered twice daily without the need for water. Based on our interactions with the FDA, we believe that the completion of these studies may represent the final data required for the submission of an NDA to the FDA via the 505(b)(2) pathway. We expect to submit an NDA for AQST-117 in the treatment of ALS in the second half of 2018.

Proprietary Complex Molecule Candidates

AQST-108 (Epinephrine)

Product Overview

AQST-108 is a sublingual film formulation of epinephrine that we are developing for the treatment of anaphylaxis, a severe and potentially life-threatening allergic reaction. AQST-108 is currently in Phase 1 clinical development, and we expect to initiate another Phase 1 study with an optimized formulation of AQST-108 in the middle of 2018.

Limitations of Current Therapies

Anaphylaxis is a severe systemic allergic reaction that can be triggered by certain foods, insect stings, certain medications and latex, among other allergens. Signs and symptoms of anaphylaxis typically occur within seconds or minutes of exposure and may include low blood pressure, skin rash or itching, constriction of the airway and difficulty breathing and nausea and vomiting. If not treated immediately, anaphylaxis can lead to death due to airway restriction or cardiac arrest. Anaphylaxis affects an estimated one in fifty people in the United States across a range of allergens.

The standard of care for anaphylaxis is epinephrine, a non-selective adrenergic agonist, which is administered via intramuscular injection. Because anaphylaxis can progress quickly, the ability to administer a reliable and accurate dose of epinephrine as quickly as possible following a reaction is critical for patient recovery and survival. Epinephrine typically comes in a single-dose, pre-filled automatic injection device, or an auto-injector. People with known allergies and who are at risk for anaphylaxis are advised to carry an auto-injector with them at all times and self-administer at the first signs of an anaphylactic reaction. The EpiPen and similar products are inconvenient to transport and many patients and caregivers dislike injections as a delivery method. Additionally, injector malfunction issues and user administration errors may prevent successful and timely dosing which can result in danger to patients.

Our Solution

We are developing AQST-108 as an alternative to the currently marketed intramuscular injections. We believe there is a market opportunity for a non-injectable, easier to administer product with a fast onset of action. A product with this profile would enable patients to conveniently and rapidly self-administer a reliable and accurate dose of epinephrine during an anaphylactic reaction, which we believe would result in greater patient compliance. We believe AQST-108 has the potential to reduce the treatment burden currently associated with intramuscular injections and may lower costs to the healthcare system associated with anaphylaxis, such as hospitalizations due to inaccurate or untimely dosing.

Clinical Development

We have conducted proof-of-concept studies to demonstrate our ability to deliver epinephrine via a non-invasive sublingual film. We evaluated AQST-108 in two dose escalation studies, each with six patients, in which there were no severe adverse events. In addition, we completed a Phase 1 near-term 3-way crossover study in healthy male subjects comparing the pharmacokinetic profile of 30mg dose of epinephrine sublingual soluble film to EpiPen intramuscular injection (0.3mg epinephrine) when administered to healthy volunteers. We believe that this proof of concept study in man provides proof of our ability to deliver epinephrine via the oral cavity.

Based on the results of the Phase 1 study, we are optimizing the formulation of AQST-108. We are currently testing our new formulation in preclinical studies and expect to initiate a second Phase 1 study with the new formulation in the second half of 2018. Upon the completion of our second Phase 1 study, we plan on requesting a pre-IND meeting with the FDA to discuss our clinical development program.

AQST-305 (Octreotide)

Product Overview

AQST-305 is a sublingual film formulation of octreotide, an 8 amino acid peptide that has a similar pharmacological profile to natural somatostatin, for the treatment of acromegaly. We initiated a development program to demonstrate human proof-of-concept in December 2017 and expect to dose the first patient in the middle of 2018.

Limitations of Current Therapies

Acromegaly is a hormone disorder that results from the overproduction of growth hormone in middle-aged adults. The condition is typically caused by a benign tumor present in the pituitary gland that excretes excessive amounts of growth hormone and leads to exaggerated bone growth over time.

First-line treatment of acromegaly usually involves surgery to remove the tumor. Some patients are not eligible for surgery depending on the placement and size of the tumor, and in some cases, surgery does not completely remove the tumor, leading to persistently elevated growth hormone levels. The standard of care for post-surgery patients includes the chronic use of somatostatin analogues to lower production or block the action of growth hormones. The somatostatin analogues currently on the market, octreotide and lanreotide, are administered by deep subcutaneous or intramuscular injections once a month, which are invasive and painful and can represent a treatment burden for patients. Such treatment burdens associated with the somatostatin analogues currently on the market include injection site reactions, sub-optimal symptom control and adverse emotional impact. We believe there is a market opportunity for a non-injectable, easier to administer product that delivers a reliable and consistent dose of octreotide.

Our Solution

We have designed AQST-305 for twice daily administration, which we believe will reduce the burden of monthly depot intramuscular injections and address the potential loss of efficacy over the treatment life cycle with currently marketed products. AQST-305 can be administered by the patient, rather than having to receive monthly injections in a physician's office. Additionally, because AQST-305 is administered twice-daily, patients will receive a consistent dose of octreotide and will not need to be concerned with the potential loss of efficacy that may otherwise result when receiving only a monthly dosage administered via injection. We believe AQST-305 will reduce the burden for patients who are looking for a non-invasive, pain-free, easier to administer product.

Clinical Development

We have conducted five preclinical studies in animal models to date, which have demonstrated initial positive results compared to Sandostatin.

We initiated a development program to demonstrate human proof-of-concept in December 2017 and expect to dose the first patient in the middle of 2018. Upon the completion of the proof-of-concept study, we plan to conduct formulation optimization work and progress to a Phase 1 study.

Partnered Products and Product Candidates

Suboxone (Buprenorphine and Naloxone)

Suboxone is a sublingual film formulation of buprenorphine and naloxone. Buprenorphine and naloxone are opioid antagonists that, when combined, are effective for treating opioid addiction. Suboxone reduces the potential for abuse and improves safety, clinical differentiation, dissolution, taste and texture for patients suffering from opioid addiction. According to the American Society of Addiction Medicine, drug overdose is the leading cause of accidental death in the United States, with opioid addiction driving this epidemic. Opioid dependence is estimated to affect more than two million people in the United States. Patients overcoming opioid addiction can experience painful withdrawal symptoms, which can be mitigated with the use of opioid antagonists.

Suboxone Sublingual Film was launched in partnership with Indivior in 2010 to treat opioid dependence pursuant to a commercial agreement. Indivior has an exclusive worldwide license to this product. Suboxone Sublingual Film is the market leader for buprenorphine based opioid abuse disorder treatment, capturing approximately 60% of total prescriptions in 2017, despite generic competitors. In the last four years, over 1.1 billion doses have been delivered to patients. We are the sole and exclusive manufacturer of Suboxone Sublingual Film worldwide for Indivior. See "Material Agreements – Commercial Exploitation Agreement with Indivior."

Zuplenz (Ondansetron)

Zuplenz is an oral soluble film formulation of ondansetron, a 5-HT_3 antagonist approved for the treatment of nausea and vomiting associated with chemotherapy and post-operative recovery. Ondansetron is available as intravenous injections, intramuscular injections, orally dissolving tablets, oral solution, tablets, and film. Generic and branded products are available, with the branded product

marketed as Zofran by GlaxoSmithKline. According to IQVIA, ondansetron generated 25 million prescriptions and sales of $127 million in the United States in 2017. We licensed commercial rights for Zuplenz to Midatech Pharma in the United States, Canada, and China. Midatech launched Zuplenz in the United States in 2015. We are the sole and exclusive manufacturer of Zuplenz for Midatech.

APL-130277 (Apomorphine)

APL-130277 is a sublingual film using apomorphine, a dopamine agonist indicated as an intermittent therapy to overcome episodic off periods in Parkinson's disease. Parkinson's disease affects approximately 500,000 patients in the United States. APL-130277 is designed to address an unmet need in patients who suffer from dysphagia and/or patients who have discontinued or avoided use of the existing injectable product due to site irritation. We licensed intellectual property for PharmFilm technology associated with APL-130277 to Cynapsus Therapeutics, which was acquired by Sunovion. Sunovion, our partner and sponsor of APL-130277, submitted an NDA to the FDA on March 29, 2018. If approved, we will earn a royalty and other milestone payments based on worldwide sales of APL-130277. See "Material Agreements – License Agreement with Sunovion Pharmaceuticals, Inc."

AQST-119 (Tadalafil)

AQST-119 is an oral soluble film formulation of tadalafil, a vasodilator that is used to treat erectile dysfunction, or ED. ED affects men primarily between the ages of 40 and 70, with approximately 10% having severe or complete ED, and 25% having moderate or intermittent erectile difficulties. AQST-119 is designed to provide patients a discreet product with increased ease of use. We submitted an NDA with the FDA in November 2016 and were given a PDUFA date of November 18, 2018. We are currently seeking a commercialization partner for AQST-119.

AQST-306 (Edaravone)

Additionally, we are developing AQST-306, a film formulation of edaravone in partnership with Mitsubishi Tanabe Pharma America, Inc. Edaravone is a treatment for ALS currently marketed in injectable form as Radicava.

Commercialization Strategy

We plan to focus our commercial strategy for our proprietary CNS product portfolio on building awareness through healthcare provider education, with a particular focus on neurologists and their treatment teams, as well as patient caregivers.

We have built a commercial team with significant experience earned from multiple product launches prior to joining our company, including several in the CNS space such as Diastat and Onfi. We intend to continue adding relevant experience in sales leadership, regulatory and medical affairs, marketing, and payor and market access management to supplement our capabilities in these areas. Based on the number of treatment specialists, target patients and overlap of our initial CNS product candidates, we believe that we will be able to leverage a focused sales force effectively across these areas. We plan to hire up to 50 dedicated sales representatives in anticipation of multiple product launches through 2019. With a prescribing physician overlap between Libervant and Sympazan of greater than 80%, we estimate that with a dedicated sales team of this size can cover approximately 85% of the target patient population. The launch and marketing of our products will be focused in the United States, with any ex-U.S. commercialization efforts likely out-licensed to other companies.

Assuming FDA approval, we expect to launch Sympazan in late 2018, followed by Libervant in early 2019. In anticipation of our upcoming product launches, we will publish key data, engage a broader array of key opinion leaders, or KOLs, and large practices and continue to develop our body of clinical evidence. Additionally, we intend to utilize KOLs' knowledge through advisory boards to develop best practices and appropriate areas for use, as well as educational materials for peer physicians.

We intend to similarly develop commercialization strategies for AQST-305 and AQST-108 in advance of their respective NDA submissions, including a combination of company and partnered resources.

Manufacturing and Product Supply

We operate two redundant manufacturing and primary packaging facilities located in Portage, Indiana, where we currently manufacture our partnered products, Suboxone and Zuplenz, on a sole and exclusive basis. These facilities have a combined capacity to accommodate the production of our two marketed products and both our near-term and long-term pipeline of proprietary and partnered products, without any need for additional infrastructure. We have produced over 1.1 billion doses in the last four years. As a company, our research and development laboratories are registered with the DEA, for Schedule II-V drugs.

We do not produce API for any of our products and obtain such API from a number of different sources. The API used in Suboxone is obtained directly from Indivior. We intend to outsource secondary packaging and third-party logistics for our proprietary products.

We are subject to various regulatory requirements, such as the regulations of the FDA, the DEA, and the Therapeutics Goods Administration, or TGA. We are required to adhere to cGMP. This standard requires manufacturers to follow elaborate design, testing, control, documentation and other quality assurance procedures throughout the entire manufacturing process. Our facilities have undergone inspections by the FDA, DEA, TGA, and several quality assurance inspections by pharmaceutical companies for cGMP compliance. In each case, the facilities have passed inspection and are subject to periodic re-inspection.

We purchase our raw materials from qualified, approved vendors both domestically and internationally. While we typically source raw materials from the lowest cost provider whenever possible and continue to pursue a multi-supplier strategy for all of our critical raw materials, our thin film foil is supplied by a single manufacturer. Such manufacturer utilizes multiple manufacturing facilities for production of our thin film foil. We expect that we will enter into more formal supply agreements in the future as production volumes increase and are more predictive.

Subject to the supervision of our internal clinical development staff, we use third party CROs to administer and conduct many aspects of our planned clinical trials including monitoring and managing data, and we will rely upon such CROs, as well as medical institutions, clinical investigators and consultants, to conduct our trials in accordance with our clinical protocols. We intend for such CROs to play a significant role in the subsequent collection and analysis of data from such trials.

Competition

We compete with pharmaceutical and biotechnology companies that develop and commercialize therapeutics for the treatment of a broad range of disease areas and indications. Additionally, we compete with companies that utilize advanced drug administration platforms, such as oral, injectable, intranasal, transdermal patch and pulmonary delivery, to create improved therapeutics over current standards of care. This industry is highly competitive and new products and technologies evolve and come to market at a rapid pace. The companies operating in this market include multinational organizations, established biotechnology companies, single product pharmaceutical and biotechnology companies, specialty pharmaceutical companies, and generic drug companies. Many of the larger, established organizations currently have commercialization capabilities in-house, and may have partnered agreements in place with smaller companies for commercialization rights. These companies may develop new drugs to treat the indications that we target, or seek to have existing drugs approved for the treatment of the indications that we target.

We will compete with commercialized products in all markets for which we are seeking approval. For outpatient treatment of emergency breakthrough seizures, Diastat (diazepam rectal gel, Valeant Pharmaceuticals International, Inc.) remains the only currently commercialized product. Several marketed products are approved for the treatment of LGS, including two products solely indicated for LGS: Onfi (clobazam, Lundbeck A/S) and Banzel (rufinamide, Eisai Co.). For ALS, generic riluzole tablets are considered the standard of care. Radicava (edaravone, Mitsubishi Tanabe Pharma Corporation), which launched in the United States in 2017, is also expected to be used as part of a comprehensive treatment plan that may also include riluzole. Commercialized products for anaphylaxis include epinephrine

autoinjectors such as EpiPen (Mylan Inc.), among others. In acromegaly, marketed products include short- and long-acting somatostatin analogues, such as Sandostatin (octreotide acetate, Novartis AG), as well as the growth hormone receptor antagonist Somavert (pegvisomant, Pfizer Inc.).

There are also several product candidates undergoing clinical trials that, if approved, would compete in the markets for which we are seeking approval for our product candidates. For breakthrough seizure management, in addition to the oral delivery of benzodiazepines, intranasal and inhalable benzodiazepine formulations are also being developed. The leading benzodiazepines in development with alternative delivery forms are: Neurelis, Inc.'s intranasal diazepam currently in Phase 3 development; Xeris Pharmaceuticals, Inc.'s diazepam, an injectable form with the potential to be delivered with a pen or pump, currently in Phase 1 development; Proximagen Ltd.'s intranasal midazolam currently in Phase 3 development; and Engage Therapeutics, Inc.'s inhaled alprazolam currently in Phase 2 development. Two products are anticipated to launch in LGS in the near-term, which may be used in conjunction with the standard of care: GW Pharmaceuticals plc's Epidiolex (which was recently granted FDA approval) and Eisai Co, Ltd.'s Fycompa. Two additional product candidates, Zogenix Inc.'s ZX008, currently in Phase 3 development, and Ovid Therapeutics Inc.'s TAK-935, currently in Phase 1/2 development, are oral products that may become part of the treatment paradigm for LGS patients. For anaphylaxis, INSYS Therapeutics, Inc. is developing an epinephrine intranasal spray, and announced the initiation of a Phase 1 proof-of-concept study in December 2017.

Material Agreements

Commercial Exploitation Agreement with Indivior

In August 2008, we entered into a Commercial Exploitation Agreement with Reckitt Benckiser Pharmaceuticals, Inc., or the Indivior License Agreement. Reckitt Benckiser Pharmaceuticals, Inc. later succeeded to in interest by Indivior, Inc., or Indivior. Pursuant to the Indivior License Agreement, we have agreed to manufacture and supply Indivior's requirements of Suboxone both inside and outside the United States on an exclusive basis.

Under the terms of the Indivior License Agreement, we are required to manufacture Suboxone in accordance with cGMP standards and according to the specifications and processes set forth in the related quality agreements we entered into with Indivior. Additionally, we are required to obtain API for the manufacture of Suboxone directly from Indivior. The Indivior License Agreement specifies a minimum annual threshold quantity of Suboxone that we are obligated to fill and requires Indivior to provide us with a forecast of its requirements at various specified times throughout the year.

The Indivior License Agreement provides for payment by Indivior of a purchase price per unit that is subject to adjustment based on our ability to satisfy minimum product thresholds. Additionally, in the event Indivior purchases certain large quantities of Suboxone during a specified period, Indivior will be entitled to rebates on its purchases.

In addition to the purchase price for the Suboxone supplied, Indivior may be required to make up to low single digit percentage royalty payments tied to net sales value (as provided for in the Indivior License Agreement) subject to annual maximum amounts. In the event that Indivior has paid us a specified aggregate royalty amount in royalties on Suboxone sold in the United States, then it will be required to prepay to us, an additional agreed payment amount, after which all obligations of Indivior to pay royalties on Suboxone sold in the United States will terminate. Except as set forth in the prior sentence, Indivior's royalty obligations to us continue in the United States and the rest of the world until the expiration of all of the patents (either in the United States or other territories) or upon written notice by Indivior subject to Indivior being required to pay us a final royalty payout. Indivior exercised its right to buy out its future royalty obligations in the United States in 2012. Indivior remains obligated to pay royalties for all sales outside the United States.

The Indivior License Agreement contains customary contractual termination provisions for breach or in the event of bankruptcy or corporate dissolution, the intellectual property surrounding Suboxone is found to be invalid, or either party commits a material breach of the Indivior License Agreement. Additionally, Indivior may terminate if the FDA or other applicable regulatory authority declares our manufacturing site to no longer be suitable for the manufacture of Suboxone or Suboxone is no longer suitable to be manufactured due to health or safety reasons. The initial term of the Indivior License

Agreement was seven years from the commencement date. Thereafter, the Indivior License Agreement automatically renews for successive one year periods, unless Indivior provides us with written notice of its intent not to renew at least one year prior to the expiration of the initial or renewal term.

Supplemental Agreement with Indivior

On September 24, 2017, we entered into an agreement with Indivior, or the Indivior Supplemental Agreement. Pursuant to the Indivior Supplemental Agreement, we conveyed to Indivior all of our existing and future rights in the settlement of various ongoing patent enforcement legal actions and disputes related to the Suboxone product. We also conveyed to Indivior the right to sublicense manufacturing and marketing capabilities to enable an Indivior licensed generic buprenorphrine product to be produced and sold by parties unrelated to Indivior or us. Under the Indivior Supplemental Agreement, we are entitled to receive certain payments from Indivior commencing on the date of the agreement through January 1, 2023. Once paid, all payments made under the Indivior Supplemental Agreement are non-refundable. To date we have received an aggregate of $30.5 million from Indivior under the Indivior Supplemental Agreement. In addition to amounts received, we may receive up to an additional $44.5 million, consisting of (i) up to $42.0 million in the aggregate from any combination of (a) performance or event-based milestone payments and (b) single digit percentage royalties on net revenue earned by Indivior on sales of Suboxone and (ii) an additional $2.5 million that may be earned through the issuance of additional process patent rights to us. The aggregate payments under the Indivior Supplemental Agreement are capped at $75.0 million. Accordingly, the Indivior Supplemental Agreement includes certain provisions that may allow Indivior to cease remitting certain payments to us, upon the occurrence of certain events related to unlicensed generic versions of Suboxone. In the event that Indivior's defense of its rights is ultimately successful, then, all payment obligations owed to us are retroactively reinstated.

All payments made by Indivior to us pursuant to the Indivior Supplemental Agreement are in addition to, and not in place of, any amounts owed by Indivior to us pursuant to the Indivior License Agreement. Indivior's payment obligations under the Indivior Supplemental Agreement are subject to certain factors affecting the market for Suboxone and may terminate prior to January 1, 2023 in the event certain contingencies relating to such market occur.

Indivior is our largest customer and the combined revenue received from Indivior pursuant to the Indivior License Agreement and the Indivior Supplemental Agreement represented 97% of our total revenue for the three-month period ended March 31, 2018 and 88% of the total revenue in 2017.

License Agreement with Sunovion Pharmaceuticals, Inc.

In April 2016, we entered into a license agreement with Cynapsus Therapeutics Inc. (which was later succeeded to in interest by Sunovion), or the Sunovion License Agreement, pursuant to which we granted Sunovion an exclusive, worldwide license (with the right to sub-license) to certain intellectual property, including existing and future patents and patent applications, covering all oral films containing APL-130277 (apomorphine) for the treatment of off episodes in Parkinson's disease patients, as well as two other fields. Sunovion, our partner and sponsor of APL-130277, submitted an NDA to the FDA on March 29, 2018.

In consideration for the rights granted to Sunovion under the Sunovion License Agreement, we received an upfront payment of $5 million. We are also entitled to receive pursuant to the Sunovion License Agreement (i) an aggregate of $14 million in connection with specified regulatory and development milestones in the United States and Europe, which are due and payable on or before December 1, 2018 (the "Initial Milestone Payments") $9 million of which has been received to date, (ii) certain one-time milestone payments related to product availability and regulatory approval in the United States and Europe, (iii) certain one-time milestone payments based on the achievement of specific annual net sales thresholds of APL-130277, and (iv) ongoing mid-single digit percentage royalty payments related to the net sales of APL-130277 (subject to reduction to low-single digit percentage royalty payments in certain circumstances), subject to certain minimum payments. The maximum aggregate milestone payments that may be paid to us pursuant to the Sunovion License Agreement is equal to $45 million. With the exception of the Initial Milestone Payments, there can be no guarantee that any such milestones will in fact be met or payable.

The Sunovion License Agreement will continue until terminated by us or Sunovion in accordance with the termination provisions of the Sunovion License Agreement.

As more fully described in the Sunovion License Agreement, we may terminate the Sunovion License Agreement if (i) Sunovion fails to make any payments required under the Sunovion License Agreement when due and after receiving certain notices from us; (ii) Sunovion fails to commercialize APL-130277 in at least one Major Market (as defined in the Sunovion License Agreement) by January 1, 2020; (iii) Sunovion pays us not more than the minimum royalty payment due for any 30 consecutive months from the date of first commercial sale; (iv) Sunovion fails a primary endpoint of its Phase 3 studies (CTH-300 and CTH-301) and either fails to start another Phase 3 study within six months after such failed primary endpoint, or fails a primary endpoint of any subsequent Phase 3 study; (v) Sunovion publicly challenges the validity or enforceability of the Licensed Patents (as defined in the Agreement); or (vi) no further royalty payments are due and payable to us.

As more fully described in the Sunovion License Agreement, Sunovion generally may terminate the Sunovion License Agreement if (i) we fail to use commercially reasonable efforts to defend the Licensed Patents in response to a Patent Infringement Claim (as defined in the Sunovion License Agreement); (ii) we are in material breach of the Sunovion License Agreement, which breach is not remedied after receiving notice thereof; (iii) prior to commercialization of APL-130277, upon certain notice to us, if Sunovion has abandoned further development of APL-130277; or (iv) at any time after December 31, 2024, for any reason upon certain notice to us. Sunovion may also terminate the Sunovion License Agreement if it can establish that a Material Decline (as defined in the Agreement) has occurred in a jurisdiction as a result of us licensing to a third party any Licensed Patents to develop or commercialize apomorphine either alone or in combination with another active agent, for any human use, solely with respect to such jurisdiction(s) that have suffered a Material Decline, upon certain notice to us.

Additionally, either party may terminate the Sunovion License Agreement (i) in connection with certain bankruptcy events; or (ii) in connection with certain material misrepresentations; breach of representations, warranties or covenants; or breach of exclusivity or confidentiality provisions, as set forth in the Sunovion License Agreement. The Sunovion License Agreement also contains, without limitation, customary representations, warranties and covenants of the parties, as well as provisions relating to confidentiality, indemnification and other matters.

Agreement to Terminate CLA with KemPharm

In March 2012, we entered into an agreement with KemPharm, Inc. or KemPharm, to terminate a Collaboration and License Agreement entered into in April 2011, or the KemPharm Termination Agreement. Pursuant to the KemPharm Termination Agreement, KemPharm made a one-time payment to us of $11 million upon the closing of a transaction with Shire LLC related to KemPharm's product candidate KP106. We also have the right to receive payments in the mid-single to low double-digit percentages of any "value" (as such term is defined in the KemPharm Termination Agreement) generated by KP415, and any product candidates arising therefrom, including, but not limited to royalty payments on any license of KP415, the sale of KP415 to a third party, the commercialization of KP415 and the portion of any consideration that is attributable to the value of KP415 and paid to KemPharm or its stockholders in a change of control transaction. KP415 is a new molecular entity prodrug of methylphenidate, which is being developed by KemPharm for the treatment of ADHD. KP415 is designed to be a controlled release, abuse-deterrent methylphenidate product.

KemPharm has no obligation pursuant to the KemPharm Termination Agreement to develop or commercialize KP415. The KemPharm Termination Agreement has customary cross-indemnification provisions and KemPharm's payment obligations to us with respect to KP415 continue indefinitely until all payments due under the KemPharm Termination Agreement in respect of "value" received on KP415 are made to us. KP415 recently completed Phase 2 studies.

Intellectual Property

We currently seek, and intend to continue seeking, patent protection whenever commercially reasonable for any patentable aspects of our product candidates and related technology or any new products or product candidates we acquire in the future. Where our intellectual property is not protected by patents, we may seek to protect it through other means, including maintenance of trade secrets and careful protection of our proprietary information.

In addition, we intend to seek orphan drug exclusivity in jurisdictions in which it is available. A prerequisite to orphan drug exclusivity in the United States and in the European Union is orphan drug designation. An orphan drug designation may be granted where a drug is developed specifically to treat a rare or uncommon medical condition. If a product which has an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the applicable regulatory authority may not approve any other applications to market the same drug for the same indication, except in certain very limited circumstances, for a period of seven years in the United States and 10 years in the European Union. Orphan drug exclusivity does not prevent competitors from developing or marketing different drugs for the indication protected by exclusivity, or the same drug for a different indication.

Patents

Our patent portfolio currently comprises at least 200 issued patents worldwide, of which at least 40 are U.S. patents, and more than 75 pending patent applications worldwide. These issued patents and pending patent applications provide both process of making and composition of matter protection for our PharmFilm technology and products and product candidates, including Suboxone and our PharmFilm dosaqe formulations of, tadalafil, diazepam, clobazam, riluzole, epinephrine and octreotide. These patents and, if issued as patents, pending patent applications will expire between 2022 and 2037. The pending patent applications filed in 2017 will provide composition of matter and process of making protection for our PharmFilm dosage formulations of diazepam, epinephrine and octreotide, and if issued as patents, will expire by 2037. The projected expiration dates exclude any patent term adjustment or patent term extension.

PharmFilm – Our Oral Film Technology

Our PharmFilm platform technology is covered by at least 8 patent families. These patent families provide process, composition of matter protection for our PharmFilm platform technology, and comprise at least 47 issued patents worldwide, of which at least 18 are U.S. patents, and related pending patent applications worldwide. The patents and pending patent applications, if issued as patents, will expire between 2022 and 2037, excluding any patent term adjustment or patent term extension.

The PharmFilm platform technology patents also generically and specifically protect the technology utilized in the products and product candidates in our CNS programs, our Complex Molecule Programs, as well as our Partner Programs. For example, encompassed within our platform technology patents is specific coverage directed to PharmFilm dosage formulations of CNS molecules such as diazepam. Also encompassed within our platform technology is coverage for our complex molecule program which includes molecules such as epinephrine. Our platform technology patents further cover the products Suboxone and Zuplenz, as well as our PharmFilm dosaqe formulations of the molecules apomorphine and tadalafil, which are part of our partnered programs. The expiration dates for patents covering these products and product candidates, and for pending applications if issued as patents, are between 2022 and 2037, excluding any patent term adjustment or patent term extension.

We note that several of our issued patents are or have been involved in administrative proceedings, such as reexamination and inter partes review at the U.S. Patent and Trademark Office, or USPTO and opposition at the European Patent Organization, or EPO. Four of our European patents are under opposition proceedings at the appeal stage. These patents include one European patent which relates to our early process technology, and two European patents which relate to our taste-masking technology, all three of which are included in our PharmFilm platform technology. We also note that several of our issued patents are involved in litigations. For more information, please see the section titled “Business — Legal Proceedings.”

Certain of our patents and patent applications if granted, will be published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. Drugs listed in the Orange Book can, in turn, be cited by potential generic competitors in support of approval of an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA. If any of these potential generic competitors claim that their product will not infringe our listed patents, or that such patents are invalid, then they must send notice to us once the ANDA or 505(b)(2) NDA has been accepted for filing by the FDA. We may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification, which would automatically prevent the FDA from approving the ANDA or 505(b)(2) NDA until the earlier of 30 months, expiration of the patent, settlement of the lawsuit, or a decision in the infringement case that is favorable to the ANDA or 505(b)(2) NDA applicant.

The rest of our patent portfolio largely relates to patents and applications owned by us and directed to our product development portfolio and other product candidates and related compositions and/or manufacturing processes.

Trade Secrets and Other Proprietary Information

We seek to protect our proprietary information, including our trade secrets and proprietary know-how, by requiring our employees, consultants and other advisors to execute confidentiality agreements upon the commencement of their employment or engagement. These agreements generally provide that all confidential information developed or made known during the course of the relationship with us be kept confidential and not be disclosed to third parties except in specific circumstances. In the case of our employees, the agreements also typically provide that all inventions resulting from work performed for us, utilizing our property or relating to our business and conceived or completed during employment shall be our exclusive property to the extent permitted by law. Where appropriate, agreements we obtain with our consultants also typically contain similar assignment of invention provisions. Further, we generally require confidentiality agreements from business partners and other third parties that receive our confidential information. There can be no assurance, however, that these agreements will provide meaningful protection or adequate remedies for our trade secrets in the event of unauthorized use or disclosure of such information.

Trademarks

We also rely on trademarks to develop and maintain our competitive position. Our trademarks or registered trademarks are filed in the United States and other select geographical.

Regulatory

FDA Approval Process

In the United States, pharmaceutical products are subject to extensive regulation by the FDA. The Federal Food, Drug, and Cosmetic Act, or FDCA and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Failure to comply with applicable FDA or other requirements may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending applications, clinical holds, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, withdrawal of product from the market, injunctions, fines, civil penalties and criminal prosecution.

FDA approval is required before any new unapproved drug or dosage form, including a new use of a previously approved drug, can be marketed in the United States. The process required by the FDA before a new drug may be marketed in the United States generally involves:

- completion of preclinical laboratory and animal testing and formulation studies in compliance with the FDA’s current good laboratory practice, or GLP, regulations;
- submission to the FDA of an Investigational New Drug, or IND, application for human clinical testing which must become effective before human clinical trials may begin in the United States;

- approval by an independent institutional review board, or IRB, at each clinical trial site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with current good clinical practices, or GCP, to establish the safety and efficacy of the proposed drug product for each intended use;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA pre-approval inspection of the facility or facilities at which the product is manufactured to assess compliance with the FDA's cGMP regulations to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
- satisfactory completion of a potential review by an FDA advisory committee, if applicable; and
- FDA review and approval of the NDA.

The preclinical and clinical testing and approval process takes many years and the actual time required to obtain approval, if any, may vary substantially based upon the type, complexity and novelty of the product or disease.

Preclinical tests include laboratory evaluation of product chemistry, formulation and toxicity, as well as animal studies to assess the characteristics and potential safety and efficacy of the product. The conduct of the preclinical tests must comply with federal regulations and requirements, including GLPs. The results of preclinical testing are submitted to the FDA as part of an IND application along with other information, including information about product chemistry, manufacturing and controls and a proposed clinical trial protocol. Long-term preclinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the IND application is submitted.

The IND application automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions relating to one or more proposed clinical trials and places the clinical trial on a clinical hold, including concerns that human research subjects will be exposed to unreasonable health risks. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. A separate submission to an existing IND application must also be made for each successive clinical trial conducted during product development. Further, an independent IRB, covering each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and informed consent information for subjects before the trial commences at that site and it must monitor the study until completed. The FDA, the IRB, or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk or for failure to comply with the IRB's requirements, or may impose other conditions. Clinical trials involve the administration of the investigational new drug to healthy volunteers or patients under the supervision of a qualified investigator in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Sponsors of clinical trials generally must register and report, at the NIH-maintained website ClinicalTrials.gov, key parameters of certain clinical trials. For purposes of an NDA submission and approval, human clinical trials are typically conducted in the following sequential phases, which may overlap or be combined:

Phase 1: In Phase 1, through the initial introduction of the drug into healthy human subjects or patients, the drug is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses, and, if possible, early evidence on effectiveness.

Phase 2: Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the drug for a particular indication, dosage tolerance and optimum dosage, and to identify common adverse effects and safety risks.

Phase 3: Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites, to permit the FDA to evaluate the overall benefit-risk relationship of the drug and to

provide adequate information for the labeling of the drug. In most cases, the FDA requires two adequate and well controlled Phase 3 clinical trials to demonstrate the efficacy of the drug. A single Phase 3 trial with other confirmatory evidence may be sufficient in rare instances where the study is a large multicenter trial demonstrating internal consistency and a statistically persuasive finding of a clinically meaningful effect on mortality, irreversible morbidity or prevention of a disease with a potentially serious outcome and confirmation of the result in a second trial would be practically or ethically impossible.

After completion of the required clinical testing, an NDA is prepared and submitted to the FDA. FDA approval of the NDA is required before marketing of the product may begin in the United States. The NDA must include the results of all preclinical, clinical and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture and controls. Under federal law, the submission of most NDAs is subject to a substantial application user fee, and applicant under an approved NDA is also subject to an annual program fee for each prescription drug product, which beginning in Fiscal Year 2018 replaced the product and establishment fees.

The FDA has 60 days from its receipt of an NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information and is subject to payment of additional user fees. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. Under PDUFA the FDA has agreed to certain performance goals in the review of NDAs through a two-tiered classification system, Standard Review and Priority Review. Priority Review designation is given to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. The FDA endeavors to review applications subject to Standard Review within ten to twelve months, whereas the FDA's goal is to review Priority Review applications within six to eight months.

The FDA may refer applications for proprietary drug products or drug products which present difficult questions of safety or efficacy to an advisory committee for review, evaluation and recommendation as to whether the application should be approved and under what conditions.

Before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP requirements. Additionally, the FDA will inspect the facility or the facilities at which the drug is manufactured. The FDA will not approve the product unless it determines that the manufacturing process and facilities are in compliance with cGMP requirements and are adequate to assure consistent production of the product within required specifications and the NDA contains data that provide substantial evidence that the drug is safe and effective in the indication studied.

After the FDA evaluates the NDA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the NDA and may require substantial additional testing, or information, in order for the FDA to reconsider the application. Even with submission of this additional information, the FDA may ultimately decide that an application does not satisfy the regulatory criteria for approval. If, or when, the deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

As a condition of NDA approval, the FDA may require a REMS to help ensure that the benefits of the drug outweigh the potential risks. If the FDA determines a REMS is necessary during review of the application, the drug sponsor must agree to the REMS plan at the time of approval. A REMS may be required to include various elements, such as a medication guide or patient package insert, a communication plan to educate healthcare providers of the drug's risks, limitations on who may prescribe or dispense the drug, or other elements to assure safe use, such as special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring and the use of patient registries. In addition, the REMS must include a timetable to periodically assess whether the REMS plan is effective. The requirement for a REMS can materially affect the potential market and profitability of a drug.

Moreover, product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy, and the FDA has the authority to prevent or limit further marketing of a product based on the results of these post-marketing programs. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing. Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved label, and, even if the FDA approves a product, it may limit the approved indications for use for the product or impose other conditions, including labeling or distribution restrictions or other risk-management mechanisms.

Further changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new NDA or NDA supplement before the change can be implemented, which may require us to develop additional data or conduct additional preclinical studies and clinical trials. An NDA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the similar procedures in reviewing NDA supplements as it does in reviewing NDAs.

Post-Approval Requirements

Once an NDA is approved, a product will be subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to drug listing and registration, recordkeeping, periodic reporting, product sampling and distribution, adverse event reporting and advertising, marketing and promotion, including standards and regulations for direct to consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet. Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved labeling. While physicians may prescribe for off-label uses, manufacturers may only promote for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

In addition, quality-control, drug manufacturing, packaging and labeling procedures must continue to conform to cGMPs after approval. Drug manufacturers and certain of their subcontractors are required to register their establishments with FDA and certain state agencies. Registration with the FDA subjects entities to periodic unannounced and announced inspections by the FDA and these state agencies, during which the agency inspects manufacturing facilities to assess compliance with cGMPs. Accordingly, manufacturers must continue to expend time, money, and effort in the areas of production and quality-control to maintain compliance with cGMPs. Regulatory authorities may withdraw product approvals or request product recalls if a company fails to comply with regulatory standards, if it encounters problems following initial marketing, or if previously unrecognized problems are subsequently discovered. The FDA may also impose a REMS requirement on a drug already on the market if the FDA determines, based on new safety information, that a REMS is necessary to ensure that the drug’s benefits outweigh its risks. In addition, regulatory authorities may take other enforcement action, including, among other things, warning letters, the seizure of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations, refusal to approve pending applications or supplements to approved applications, civil penalties and criminal prosecution.

The FDA may require post-approval studies and clinical trials if the FDA finds that scientific data, including information regarding related drugs, deem it appropriate. The purpose of such studies would be to assess a known serious risk or signals of serious risk related to the drug or to identify an unexpected serious risk when available data indicate the potential for a serious risk. The FDA may also require a labeling change if it becomes aware of new safety information that it believes should be included in the labeling of a drug.

In addition, any distribution of prescription drug products and pharmaceutical samples must comply with the U.S. Prescription Drug Marketing Act, or PDMA, a part of the FDCA. In addition, Title II of the Federal Drug Quality and Security Act of 2013, known as the Drug Supply Chain Security Act or the DSCSA, has imposed new “track and trace” requirements on the distribution of prescription drug products by manufacturers, distributors, and other entities in the drug supply chain. These requirements are being

phased in over a ten-year period. The DSCSA ultimately will require product identifiers (*i.e.*, serialization) on prescription drug products in order to establish an electronic interoperable prescription product system to identify and trace certain prescription drugs distributed in the United States. The DSCSA replaced the prior drug "pedigree" requirements under the PDMA, and preempts existing state drug pedigree laws and regulations. The DSCSA also establishes new requirements for the licensing of wholesale distributors and third-party logistic providers. These licensing requirements preempt states from imposing licensing requirements that are inconsistent with, less stringent than, directly related to, or otherwise encompassed by standards established by FDA pursuant to the DSCSA. Until FDA promulgates regulations to address the DSCSA's new national licensing standard, current state licensing requirements typically remain in effect.

The Hatch-Waxman Amendments

ANDA Approval Process

The Hatch-Waxman Amendments established abbreviated FDA approval procedures for drugs that are shown to be equivalent to drugs previously approved by the FDA through its NDA process. Approval to market and distribute these drugs is obtained by submitting an ANDA to the FDA. An ANDA is a comprehensive submission that contains, among other things, data and information pertaining to the active pharmaceutical ingredient, drug product formulation, specifications and stability of the generic drug, as well as analytical methods, manufacturing process validation data and quality control procedures. Premarket applications for generic drugs are termed abbreviated because they generally do not include preclinical and clinical data to demonstrate safety and effectiveness. Instead, a generic applicant must demonstrate that its product is bioequivalent to the innovator drug. In certain situations, an applicant may obtain ANDA approval of a generic product with a strength or dosage form that differs from a referenced innovator drug pursuant to the filing and approval of an ANDA Suitability Petition. The FDA will approve the generic product as suitable for an ANDA application if it finds that the generic product does not raise new questions of safety and effectiveness as compared to the innovator product. A product is not eligible for ANDA approval if the FDA determines that it is not equivalent to the referenced innovator drug, if it is intended for a different use, or if it is not subject to an approved Suitability Petition. However, such a product might be approved under an NDA, with supportive data from clinical trials.

505(b)(2) NDAs

As an alternative path to FDA approval for modifications to formulations or uses of products previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments and permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by, or for, the applicant. If the 505(b)(2) applicant can establish that reliance on FDA's previous findings of safety and effectiveness is scientifically appropriate, it may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements, including clinical trials, to support the change from the approved branded reference drug. The FDA may then approve the new product candidate for all, or some, of the label indications for which the branded reference drug has been approved, as well as for any new indication sought by the 505(b)(2) applicant.

Orange Book Listing

In seeking approval for a drug through an NDA, including a 505(b)(2) NDA, applicants are required to list with the FDA certain patents with claims that cover the applicant's product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in the Orange Book. Any applicant who files an ANDA seeking approval of a generic equivalent version of a drug listed in the Orange Book or a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify to the FDA that (i) no patent information on the drug product that is the subject of the application has been submitted to the FDA; (ii) such patent has expired; (iii) the date on which such patent expires; or (iv) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. This last certification is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the

certification and to the holder of the approved NDA to which the ANDA or 505(b)(2) application refers. The applicant may also elect to submit a “section viii” statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent.

If the reference drug NDA holder and patent owners assert a patent challenge directed to one of the Orange Book listed patents within 45 days of the receipt of the paragraph IV certification notice, the FDA is prohibited from approving the application until the earlier of 30 months from the receipt of the paragraph IV certification expiration of the patent, settlement of the lawsuit or a decision in the infringement case that is favorable to the applicant. The ANDA or 505(b)(2) application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the branded reference drug has expired as described in further detail below.

Non-Patent Exclusivity

In addition to patent exclusivity, the holder of the NDA for the listed drug may be entitled to a period of non-patent related exclusivity, during which the FDA cannot review, or in some cases, approve an ANDA or 505(b)(2) application that relies on the listed drug. For example, a company may obtain five years of non-patent exclusivity upon NDA approval of a NCE which is a drug that contains an active moiety that has not been approved by FDA in any other NDA. An “active moiety” is defined as the molecule or ion responsible for the drug substance’s physiological or pharmacologic action. During the five year exclusivity period, the FDA cannot accept for filing any ANDA seeking approval of a generic version of that drug or any 505(b)(2) NDA for the same active moiety and that relies on the FDA’s findings regarding that drug, except that FDA may accept an application for filing after four years if the follow-on applicant makes a paragraph IV certification.

A drug, including one approved under Section 505(b)(2), may obtain a three-year period of exclusivity for a particular condition of approval, or change to a marketed product, such as a new formulation of a previously approved product, if one or more new clinical studies (other than bioavailability or bioequivalence studies) was essential to the approval of the application and was conducted/sponsored by the applicant. Should this occur, the FDA would be precluded from approving any ANDA or 505(b)(2) application for the protected modification until after that three-year exclusivity period has run. However, unlike NCE exclusivity, the FDA can accept an application and begin the review process during the exclusivity period.

Orphan Drug Designation and Exclusivity

The Orphan Drug Act provides incentives for the development of products intended to treat rare diseases or conditions. Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biological product intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making a drug or biological product available in the United States for this type of disease or condition will be recovered from sales of the product. If a sponsor demonstrates that a drug is intended to treat rare diseases or conditions, the FDA will grant orphan designation for that product for the orphan disease indication. Orphan designation must be requested before submitting an NDA. After the FDA grants orphan product designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation, however, does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

Orphan drug designation provides manufacturers with research grants, tax credits and eligibility for orphan drug exclusivity. If a product that has orphan drug designation subsequently receives the first FDA approval of the active moiety for that disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which for seven years prohibits the FDA from approving another product with the same active ingredient for the same indication, except in limited circumstances. If a drug designated as an orphan product receives marketing approval for an indication broader than the orphan indication for which it received the designation, it will not be entitled to orphan drug exclusivity. Orphan exclusivity will not bar approval of another product under certain circumstances, including if a subsequent

product with the same active ingredient for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. Further, the FDA may approve more than one product for the same orphan indication or disease as long as the products contain different active ingredients. Moreover, competitors may receive approval of different products for the indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity. As a result, even if one of our product candidates receives orphan exclusivity, we may still be subject to competition. Orphan exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval of the same drug or if our product candidate is determined to be contained within the competitor's product for the same indication or disease.

Anti-Kickback and False Claims Laws and Other Regulatory Matters

In the United States, we are subject to complex laws and regulations pertaining to healthcare "fraud and abuse," including, but not limited to, the Federal Anti-Kickback Statute, the Federal False Claims Act, and other state and federal laws and regulations. The Federal Anti-Kickback Statute makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf) to knowingly and willfully solicit, receive, offer, or pay any remuneration that is intended to induce the referral of business, including the purchase, order, or prescription of a particular drug, for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties, and exclusion from participation in federal healthcare programs. In addition, many states have adopted laws similar to the Federal Anti-Kickback Statute. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs such as Medicare and Medicaid.

The Federal False Claims Act prohibits anyone from knowingly presenting, or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services, including drugs, that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. Although we would not submit claims directly to payors, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers or promoting a product off-label. In addition, our future activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information and other information affecting federal, state and third-party reimbursement for our products, and the sale and marketing of our products, are subject to scrutiny under this law. For example, pharmaceutical companies have been found liable under the Federal False Claims Act in connection with their off-label promotion of drugs. Penalties for a False Claims Act violation include three times the actual damages sustained by the government, plus mandatory civil penalties of between $10,000 and $25,000 for each separate false claim, the potential for exclusion from participation in federal healthcare programs, and, although the Federal False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate various federal criminal statutes. In addition, private individuals have the ability to bring actions under the Federal False Claims Act and certain states have enacted laws modeled after the Federal False Claims Act.

The Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, which we refer to collectively as HIPAA, also created several additional federal crimes, including healthcare fraud and false statements relating to healthcare matters. The healthcare fraud statute prohibits, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private third-party payors. The false statements statute prohibit knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation, or making or using any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items or services.

There are also an increasing number of state laws with requirements for manufacturers and/or marketers of pharmaceutical products. Some states require the reporting of expenses relating to the marketing and promotion of drug products and the reporting of gifts and payments to individual healthcare

practitioners in these states. Other states prohibit various marketing-related activities, such as the provision of certain kinds of gifts or meals. Still other states require the reporting of certain pricing information, including information pertaining to and justification of price increases, or prohibit prescription drug price gouging. In addition, states such as California, Connecticut, Nevada, and Massachusetts require pharmaceutical companies to implement compliance programs and/or marketing codes. Many of these laws contain ambiguities as to what is required to comply with the laws. In addition, as discussed below, a similar federal requirement requires manufacturers to track and report to the federal government certain payments made to physicians and teaching hospitals made in the previous calendar year. These laws may affect our sales, marketing and other promotional activities by imposing administrative and compliance burdens on us. In addition, given the lack of clarity with respect to these laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent state, and soon federal, authorities.

The Physician Payments Sunshine Act, implemented as the Open Payments program, and its implementing regulations, requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to CMS information related to certain payments made in the previous calendar year and other transfers of value to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

In addition, HIPAA, and its implementing regulations impose certain obligations on entities subject to the law, such as health plans and most healthcare providers, and their business associates who provide certain services involving the use or disclosure of HIPAA protected health information on their behalf, with respect to the privacy and security of such protected health information. Further, most states have enacted laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts in certain circumstances, such as specific disease states.

Compliance with such laws and regulations will require substantial resources. Because of the breadth of these various fraud and abuse laws, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Such a challenge could have material adverse effects on our business, financial condition and results of operations. In the event governmental authorities conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations, they may impose sanctions under these laws, which are potentially significant and may include civil monetary penalties, damages, exclusion of an entity or individual from participation in government health care programs, criminal fines and individual imprisonment, additional reporting requirements if we become subject to a corporate integrity agreement or other settlement to resolve allegations of violations of these laws, as well as the potential curtailment or restructuring of our operations. Further, we may be subject to contractual damages and reputational harm as result of such non-compliance. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity.

International Regulation

In addition to regulations in the United States, we are and will be subject to a variety of foreign regulations regarding development, approval, commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we must obtain the necessary approvals by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country and can involve additional product testing and additional review periods, and the time may be longer or shorter than that required to obtain FDA approval. The requirements governing, among other things, the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country. Regulatory approval in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country may negatively impact the regulatory process in others. If we fail to comply with applicable foreign regulatory requirements, we may be subject to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

In the European Union, or EU, we may seek marketing authorization under either the centralized authorization procedure or national authorization procedures.

Centralized procedure. The European Medicines Agency, or EMA, implemented the centralized procedure for the approval of human medicines to facilitate marketing authorizations that are valid throughout the EU. This procedure results in a single marketing authorization issued by the European Commission following a favorable opinion by the EMA that is valid across the European Union, as well as Iceland, Liechtenstein and Norway. The centralized procedure is compulsory for human medicines that are: derived from biotechnology processes, such as genetic engineering, contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative disorders or autoimmune diseases and other immune dysfunctions, and officially designated orphan medicines. For medicines that do not fall within these categories, an applicant has the option of submitting an application for a centralized marketing authorization to the EMA, as long as the medicine concerned is a significant therapeutic, scientific or technical innovation, or if its authorization would be in the interest of public health.

National authorization procedures. There are also two other possible routes to authorize medicinal products in several European Union countries, which are available for investigational medicinal products that fall outside the scope of the centralized procedure: the decentralized procedure and the mutual recognition procedure. Under the decentralized procedure, an applicant may apply for simultaneous authorization in more than one EU country for medicinal products that have not yet been authorized in any EU country and that do not fall within the mandatory scope of the centralized procedure. Under the mutual recognition procedure, a medicine is first authorized in one EU Member State, in accordance with the national procedures of that country. Following a national authorization, the applicant may seek further marketing authorizations from other EU countries under a procedure whereby the countries concerned agree to recognize the validity of the original, national marketing authorization.

In the EU, medicinal products designated as orphan products benefit from financial incentives such as reductions in marketing authorization application fees or fee waivers and 10 years of marketing exclusivity following medicinal product approval. For a medicinal product to qualify as orphan: (i) it must be intended for the treatment, prevention or diagnosis of a disease that is life-threatening or chronically debilitating; (ii) the prevalence of the condition in the EU must not be more than five in 10,000 or it must be unlikely that marketing of the medicine would generate sufficient returns to justify the investment needed for its development; and (iii) no satisfactory method of diagnosis, prevention or treatment of the condition concerned can be authorized, or, if such a method exists, the medicine must be of significant benefit to those affected by the condition.

United States Healthcare Reform

Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or, collectively, the PPACA, substantially changes the way healthcare is financed by both governmental and private insurers and significantly impacts the pharmaceutical industry. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, benefits for patients within a coverage gap in the Medicare Part D prescription drug program, or commonly known as the donut hole, rules regarding prescription drug benefits under the health insurance exchanges, changes to the Medicaid Drug Rebate program, expansion of the Public Health Service's 340B drug pricing discount program, or 340B program, fraud and abuse, and enforcement. These changes impact existing government healthcare programs and are resulting in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program.

Some states have elected not to expand their Medicaid programs to individuals with an income of up to 133% of the federal poverty level, as is permitted under the PPACA. For each state that does not choose to expand its Medicaid program, there may be fewer insured patients overall, which could impact our sales of products for which we receive regulatory approval, business and financial condition. Where

new patients receive insurance coverage under any of the new Medicaid options made available through the PPACA, the possibility exists that manufacturers may be required to pay Medicaid rebates on drugs used under these circumstances, a decision that could impact manufacturer revenues.

Some of the provisions of the PPACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the PPACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the PPACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the PPACA or otherwise circumvent some of the requirements for health insurance mandated by the PPACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the PPACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the PPACA have been signed into law. The Tax Cuts and Jobs Act of 2017 includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the “individual mandate”. Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain PPACA-mandated fees, including the so-called “Cadillac” tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amends the PPACA, effective January 1, 2019, to increase from 50% to 70% the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the Medicare Part D donut hole. Congress will likely consider other legislation to replace elements of the PPACA.

Moreover, other legislative changes have been proposed and adopted since the PPACA was enacted. In August 2011, then President Obama signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals for spending reductions. The Joint Select Committee did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation’s automatic reduction to several government programs. This includes reductions to Medicare payments to providers of 2% per fiscal year, which went into effect in April 2013 and, due to subsequent legislative amendments, including the BBA, will remain in effect through 2027 unless additional Congressional action is taken. Further, in January 2013, then President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

In addition, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several recent Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. At the federal level, the Trump administration’s budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a “Blueprint”, or plan, to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has already started the process of soliciting feedback on some of these measures and, at the same, is immediately implementing others under its existing authority. While some proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures

are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that the PPACA, as currently enacted or as it may be amended or replaced in the future, and other healthcare reform measures that may be adopted in the future could have a material adverse effect on our industry generally and on our ability to maintain or increase sales of products for which we receive regulatory approval or to successfully commercialize our product candidates, if approved.

Coverage and Reimbursement

Payor coverage uncertainty exists for all pharmaceutical products that are launched. This uncertainty exists as to the coverage of any products for which we may obtain regulatory approval. Sales of any of our products and product candidates, if approved, will depend, in part, on the extent to which the costs of the products will be covered by third-party payors, including government healthcare programs such as Medicare and Medicaid, and private payors, such as commercial health insurers and managed care organizations. Third-party payors determine which drugs they will cover. In the United States, there is no uniform system among payors for making coverage decisions. Decisions regarding the extent of coverage for any product candidates that we develop will be made on a payor-by-payor basis. Each payor determines whether or not it will provide coverage for a therapy, what amount it will pay the manufacturer for the therapy, and on what tier of its formulary it will be placed. The position on a payor's list of covered drugs, or formulary, generally determines the co-payment that a patient will need to make to obtain the therapy and can strongly influence the adoption of such therapy by patients and physicians. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results. A decision by a payor to not cover our product candidates could reduce physician adoption of our product candidates, once approved, and have a material adverse effect on our sales, results of operations and financial condition.

In order to secure coverage for our products, if approved for sale, we may need to conduct pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the studies required to obtain FDA or other comparable regulatory approvals. Even if we conduct such pharmacoeconomic studies, our products and product candidates may not be considered medically necessary or cost-effective by payors.

We intend to pursue a reasonable and credible approach to the pricing of our products, in order to avoid such products being categorized as specialty products. Determination of responsible pricing will be based on the value proposition of our products, a full therapeutic category review, competitive pricing analysis and a strategic review of the payor landscape and payor dynamics. The payor type (business mix), will determine net pricing. Payor type by product (*e.g.*, Medicaid, Medicare, Commercial) will vary and therefore require varying discount levels. The Centers for Medicare and Medicaid Services, or CMS, surveys and publishes retail pharmacy acquisition cost information in the form of National Average Drug Acquisition Cost, or NADAC, files to provide state Medicaid agencies with a basis of comparison for their own reimbursement and pricing methodologies and rates.

Participation in the Medicaid Drug Rebate program would require us to pay a rebate for each unit of drug reimbursed by Medicaid. The amount of the "basic" portion of the rebate for each product is set by law as the larger of: (i) 23.1% of quarterly Average Manufacturer Price, or AMP, or (ii) the difference between quarterly AMP and the quarterly best price available from us to any commercial or non-governmental customer, or Best Price. AMP must be reported on a monthly and quarterly basis and Best Price is reported on a quarterly basis only. In addition, the rebate also includes the "additional" portion, which adjusts the overall rebate amount upward as an "inflation penalty" when the drug's latest quarter's AMP exceeds the drug's AMP from the first full quarter of sales after launch, adjusted for increases in the Consumer Price Index-Urban. The upward adjustment in the rebate amount per unit is equal to the excess amount of the current AMP over the inflation-adjusted AMP from the first full quarter of sales. The rebate amount is recomputed each quarter based on our report to CMS of current quarterly AMP and Best Price for our drug. The terms of our participation in the program would impose a requirement for us to report revisions to AMP or Best Price within a period not to exceed 12 quarters from

the quarter in which the data was originally due. Any such revisions could have the impact of increasing or decreasing our rebate liability for prior quarters, depending on the direction of the revision. This “inflation penalty”, also known as the Medicaid CPI Penalty, results from price increases in excess of the Consumer Price Index.

Federal law requires that any manufacturer that participates in the Medicaid Drug Rebate program also participate in the 340B program in order for federal funds to be available for the manufacturer's drugs under Medicaid and Medicare Part B. The 340B program requires participating manufacturers to agree to charge statutorily defined covered entities no more than the 340B “ceiling price” for the manufacturer's covered outpatient drugs. These 340B covered entities include a variety of community health clinics and other entities that receive health services grants from the Public Health Service, as well as hospitals that serve a disproportionate share of low-income patients. The 340B ceiling price is calculated using a statutory formula, which is based on the AMP and rebate amount for the covered outpatient drug as calculated under the Medicaid Drug Rebate program. Any changes to the definition of AMP and the Medicaid rebate amount under the PPACA or other legislation could affect our 340B ceiling price calculations and negatively impact our results of operations.

In the United States Medicare program, outpatient prescription drugs may be covered under Medicare Part D. Medicare Part D is a voluntary prescription drug benefit, through which Medicare beneficiaries may enroll in prescription drug plans offered by private entities for coverage of outpatient prescription drugs. Part D plans include both stand-alone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans provided for under Medicare Part C.

Coverage for covered outpatient drugs under Part D is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Although Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, they have some flexibility to establish those categories and classes and are not required to cover all of the drugs in each category or class. Medicare Part D prescription drug plans may use formularies to limit the number of drugs that will be covered in any therapeutic class and/or impose differential cost sharing or other utilization management techniques.

The availability of coverage under Medicare Part D may increase demand for products for which we receive marketing approval. However, in order for the products that we market to be included on the formularies of Part D prescription drug plans, we likely will have to offer net pricing that is lower than the prices we might otherwise obtain. Changes to Medicare Part D that give plans more freedom to limit coverage or manage utilization, and other cost reduction initiatives in the program could decrease the coverage and price that we receive for any approved products and could harm our business.

Pricing and rebate calculations, which vary across products and programs, are complex, and are often subject to interpretation by manufacturers, governmental or regulatory agencies, and the courts. Civil monetary penalties can be applied if a manufacturer is found to have knowingly submitted any false price information to the government or fails to submit the required price data on a timely basis. Such conduct also could be grounds for CMS to terminate the manufacturer's Medicaid drug rebate agreement, in which case federal payments may not be available under Medicaid. In addition, claims submitted to federally-funded healthcare programs, such as Medicare and Medicaid, for drugs priced based on incorrect pricing data provided by a manufacturer can implicate the federal Civil False Claims Act.

The containment of healthcare costs has become a priority of federal, state and foreign governments, and the prices of drugs have been a focus in this effort. The United States government, state legislatures, and foreign governments have shown significant interest in implementing cost-containment programs to limit the growth of government-paid healthcare costs, including price controls, restrictions on reimbursement, and requirements for substitution of generic products for branded prescription drugs. For example, the PPACA expanded manufacturers' rebate liability under the Medicaid program from fee-for-service Medicaid utilization to include the utilization of Medicaid managed care organizations as well, increased the minimum Medicaid rebate due for most innovator drugs, and capped the total rebate amount for innovator drugs at 100% of AMP. The PPACA and subsequent legislation also changed the

definition of AMP. In addition, the PPACA requires pharmaceutical manufacturers of branded prescription drugs (excluding orphan drugs) to pay a branded prescription drug fee to the federal government. Each such manufacturer pays a prorated share of the branded prescription drug fee of $4.0 billion in 2017, based on the dollar value of its branded prescription drug sales to certain federal programs identified in the law. The PPACA also expanded the Public Health Service's 340B program to include additional types of covered entities. Substantial new provisions affecting compliance have also been enacted, which may affect our business practices with healthcare practitioners, and a significant number of provisions are not yet, or have only recently become, effective. It appears likely that the PPACA will continue the pressure on pharmaceutical pricing, especially under the Medicare and Medicaid programs, and may also increase our regulatory burdens and operating costs.

Legislative changes to and regulatory changes under the PPACA and other healthcare statutes remain possible in the 115th United States Congress and under the Trump administration, as discussed above under the heading “United States Healthcare Reform.” In addition, there likely will continue to be proposals by legislators at both the federal and state levels, regulators, and third-party payors to contain healthcare costs. Thus, even if we obtain favorable coverage for any products for which we receive regulatory approval, less favorable coverage policies may be implemented in the future.

Additional information regarding these programs is discussed under the heading “If we are unable to achieve and maintain adequate levels of coverage and reimbursement for our products or product candidates, if approved, their commercial success may be severely hindered” in the “Risk Factors” section of this prospectus.

Other Regulation

We are also subject to various laws and regulations regarding laboratory practices, the experimental use of animals, and the use and disposal of hazardous or potentially hazardous substances in connection with our research. In each of these areas, as above, the FDA and other government agencies have broad regulatory and enforcement powers, including, among other things, the ability to levy fines and civil penalties, suspend or delay issuance of approvals, seize or recall products, and withdraw approvals, any one or more of which could have a material adverse effect on us.

Employees

As of March 31, 2018, we had 195 employees (including temporary workers). Of these employees, six hold Ph.D. degrees, 21 are directly involved in research and development, and 132 are involved in manufacturing operations.

We are subject to local labor laws and regulations with respect to our employees in those jurisdictions. These laws principally concern matters such as paid annual vacation, paid sick days, length of the workday and work week, minimum wages, pay for overtime, and insurance for workers' compensation.

Our employees are not represented by a labor union. We do not have written employment contracts with most of our employees, and it is our understanding that our relations with our employees are satisfactory.

Properties/Facilities

We lease our 8,400-square-foot current production facility (Melton) in Portage, Indiana, which houses certain research and development offices and current good manufacturing practices, or cGMP, manufacturing operations. The lease contains an option to purchase the facility at any time during the lease term along with a right of first refusal to purchase the facility. In October 2017, we extended our Melton facility lease which will expire during March 2023 under the same terms and conditions as its former lease. Our current monthly rent for this facility is $18,664.

We also lease a 73,000-square-foot facility (Ameriplex) in Portage, Indiana, to house additional packaging, R&D and other operations. As amended, this lease has a term that extends through September 30, 2022 and contains a renewal option that could extend the lease through September 30, 2026. Our monthly rent for this facility is currently $45,570.

We lease our headquarters and principal laboratory facility in Warren, New Jersey. Pursuant to various amendments in February 2011, June 2012 and May 2013, we have secured additional space to provide for the growth of its laboratory facilities and corporate and administrative requirements. The lease included five two-year renewal options, one of which was exercised in July 2016 to extend this lease through February 28, 2020. Our monthly rent for this facility is currently $23,020.

Legal Proceedings

We are involved in various claims, legal proceedings and investigations both in the United States and internationally, most of which are either immaterial or incidental to the ordinary course of our business, other than those proceedings described below. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on Aquestive's financial position, cash flows, or results of operations, except where noted below.

Patent-Related Litigation

Beginning in August 2013, we were informed of ANDA filings in the United States by Watson Laboratories, Inc. (now Actavis Laboratories, Inc., or Actavis), Par Pharmaceutical, Inc., or Par, Alvogen Pine Brook, Inc., or Alvogen, Teva Pharmaceuticals USA, Inc., or Teva, Sandoz Inc., or Sandoz, and Mylan Technologies Inc. or Mylan, for the approval by the FDA of generic versions of Suboxone Sublingual Film in the United States. We filed patent infringement lawsuits against all six generic companies in the U.S. District Court for the District of Delaware. Of these, cases against two of the six generic companies have been resolved.

- *Sandoz*. By court order in August 2016, our ANDA patent litigation case against Sandoz has been dismissed without prejudice for lack of subject matter jurisdiction because Sandoz is no longer pursuing a Paragraph IV certification for its proposed generic version of Suboxone Sublingual Film, and therefore is no longer challenging the validity or infringement of our Orange Book-listed patents.
- *Mylan*. The case against Mylan was settled and the Court signed a Consent Judgment in September 2017 disposing of the entire case.

After the commencement of the above-mentioned ANDA patent litigation against Teva, Dr. Reddy's Laboratories acquired the ANDA filings for Teva's buprenorphine and naloxone sublingual film that are at issue in these trials.

Trials against Dr. Reddy's, Actavis and Par in the lawsuits involving the Orange Book and process patents occurred in November-December of 2015 and November of 2016. On June 3, 2016, the Court issued its Trial Opinion finding that the asserted claims of U.S. Patent No. 8,603,514, or the '514 patent, are valid and infringed by Actavis's and Par's ANDA Products. On August 31, 2017, the Court upheld U.S. Patent No. 8,900,497, or the '497 patent, as valid but not infringed by Par's, Actavis's or Dr. Reddy's proposed processes for making their ANDA Products. The Court also again upheld the validity of the '514 patent but held it was not infringed by Dr. Reddy's ANDA Products, and upheld the validity of U.S. Patent No. 8,017,150, or the '150 patent, but held that it was not infringed by Dr. Reddy's ANDA Products. All of these cases are consolidated on appeal to the Federal Circuit, except that the cases between Indivior and us and Par and certain affiliates have been resolved by a settlement agreement.

Trial against Alvogen was held in September, 2017. The only issue raised at trial was whether Alvogen's ANDA Products and processes infringe the '514 and '497 patents; Alvogen did not challenge the validity of the patents. In March 2018, the Court issued its opinion finding that Alvogen's ANDA products and processes would not infringe the '514 or '497 patents. Indivior has announced its intention to appeal the ruling. If any company is able to obtain FDA approval for its generic version of Suboxone Sublingual Film, it may be able to launch the product prior to the expiration of any or all the applicable patents protecting our Suboxone Film, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

We are also seeking to enforce our patent rights in multiple cases against BioDelivery Sciences International, Inc., or BDSI. Two cases are currently pending but stayed in the U.S. District Court for the Eastern District of North Carolina:

- The first, a declaratory judgment action brought by BDSI against Indivior and Aquestive, seeks declarations of invalidity and non-infringement of U.S. Patents Nos. 7,897,080, or the ’080 patent, 8,652,378, or the ’378 patent, and 8,475,832, or the ’832 patent. This case stayed pending *inter partes* review of the ’832 patent and reexamination of the ’080 patent.
- The second was filed by us and Indivior related to BDSI’s infringing Bunavail product, and alleges infringement of our patent, U.S. Patent No. 8,765,167, or the ’167 patent. This case was initially filed in September 2014 in the U.S. District Court for the District of New Jersey but was transferred to North Carolina. Shortly after the case was filed, BDSI filed an IPR challenging the asserted ’167 patent. On March 24, 2016, the Patent Trial and Appeal Board, or the PTAB, issued a final written decision finding the ’167 patent was not unpatentable. This case is stayed pending the outcome and final determination of the proceedings concerning the ’167 patent, which is currently on appeal to the Federal Circuit (discussed below).

On January 13, 2017, we also sued BDSI asserting infringement of the ’167 patent by BDSI’s Belbuca product. The case was originally filed in the U.S. District Court for the District of New Jersey, and was later transferred to the U.S. District Court for the District of Delaware by agreement of the parties.

On November 28, 2016, after the PTAB issued its final written decisions finding that the ’167 patent was not unpatentable in IPR2015-00165, IPR2015-00168 and IPR2015-00169, BDSI filed a notice of appeal of those decisions to the U.S. Court of Appeals for the Federal Circuit. The case has been fully briefed and the Court heard oral arguments on February 9, 2018. On June 19, 2018, BDSI filed a motion to terminate and remand the appeal, which the Company opposes.

In September 2017, Indivior brought suit against Alvogen for infringement of U.S. Patent No. 9,687,454, or the ’454 patent, based on the filing of an ANDA seeking approval for a generic version of Suboxone Sublingual Film, in the U.S. District Court for the District of New Jersey. In February 2018, we and Indivior amended the complaint, which added us as a plaintiff and a claim for infringement of U.S. Patent No. 9,855,221, or the ’221 patent.

Indivior brought suits against Dr. Reddy’s and Teva in September 2017, and against Par and certain affiliates in October 2017, for infringement of the ’454 patent, in the U.S. District Court for the District of New Jersey. Indivior also brought suit in September 2017 against Actavis Laboratories UT, Inc. for infringement of the ’454 patent, in the U.S. District Court for the District of Utah. On March 13, 2018, the Court granted transfer of this case to the U.S. District Court for the District of Delaware.

In February 2018, we and Indivior brought suit against Actavis, Dr. Reddy’s, Teva, and Par and certain affiliates for infringement of the ’221 patent. The suit against Actavis was filed in the U.S. District Court for the District of Utah, and the other three cases were filed in the U.S. District Court for the District of New Jersey.

In April 2018, we brought suit with Indivior against Actavis, Alvogen, Dr. Reddy’s, Teva, and Par and certain affiliates for infringement of U.S. Patent No. 9,931,305, or the ’305 patent. The cases against Alvogen, Dr. Reddy’s, Teva, and Par are pending in the U.S. District Court for the District of New Jersey, and they have each been consolidated with the actions asserting infringement of the ’454 and ’221 patents. Following transfer of the case asserting the ’454 patent from Utah to Delaware, and by agreement of the parties, the cases against Actavis asserting infringement of the ’454, ’221, and ’305 patents are consolidated in a single action pending in the U.S. District Court for the District of Delaware.

All matters involving Par were resolved on May 11, 2018, when we, Indivior, and Par and certain of its affiliates entered into a settlement agreement resolving patent litigation related to SUBOXONE (buprenorphine and Naloxone) Sublingual Film. As required by law, the parties submitted the settlement agreement to the U.S. Federal Trade Commission and the U.S. Department of Justice for review.

On June 14, 2018, Dr. Reddy’s notified the U.S. District Court for the District of New Jersey that the FDA had granted final approval of its ANDAs and that it had launched generic versions of Suboxone Sublingual Film. The next morning, June 15, 2018, the Company and Indivior filed a motion for a

preliminary injunction and request for a temporary restraining order. The Court granted the temporary restraining order on June 15, 2018 enjoining and restraining Dr. Reddy's from offering for sale, selling, or importing its generic versions of Suboxone Sublingual Film for an initial period of 14 days. The Court will hold a hearing on the motion for preliminary injunction on June 28, 2018.

Antitrust Litigation

On September 22, 2016, forty-one states and the District of Columbia, or the States, brought suit against Indivior and us in the U.S. District Court for the Eastern District of Pennsylvania, alleging violations of federal and state antitrust statutes and state unfair trade and consumer protection laws relating to Indivior's launch of Suboxone Sublingual Film in 2010. After filing, the case was consolidated for pre-trial purposes with the *In re Suboxone (Buprenorphine Hydrochloride and Naloxone) Antitrust Litigation*, MDL No. 2445, or the Suboxone MDL, a multidistrict litigation relating to putative class actions on behalf of various private plaintiffs against Indivior relating to its launch of Suboxone Sublingual Film. While we were not named as a defendant in the original Suboxone MDL cases, the action brought by the States alleges that we participated in an antitrust conspiracy with Indivior in connection with Indivior's launch of Suboxone Sublingual Film and engaged in related conduct in violation of federal and state antitrust law. We moved to dismiss the States' claims conspiracy claims, and by order dated October 30, 2017, the Court denied our motion to dismiss. We filed an answer denying the States' claims on November 20, 2017. The parties are now proceeding with fact discovery, which is currently scheduled to be completed by July 27, 2018.

Products Liability Litigation

On December 27, 2016, we were named as a co-defendant in a product liability suit brought by Laurence and Michelle Allen, as Co-Administrators of the Estate of John Bradley Allen, in the U.S. District Court for the Northern District of New York. The suit, which also named Indivior Inc. and Indivior PLC as defendants, asserts causes of action for negligence, strict liability, and failure to warn against the defendants in connection with the manufacture and sale of Suboxone Sublingual Film. Plaintiffs allege that John Bradley Allen's use of Suboxone Sublingual Film was a substantial contributing cause of his mental anguish and death, and seek $100 million in damages. All defendants moved to dismiss the complaint on April 10, 2017, and those motions were fully briefed on May 18, 2017. The motions to dismiss remain pending.

MANAGEMENT

Executive Officers, Directors and Key Employees

The following table sets forth certain information regarding our executive officers, directors and key employees and consultants as of May 31, 2018:

Name	Age	Position(s)
Executive Officers and Key Employees		
Keith J. Kendall	60	President, Chief Executive Officer and Director
Daniel Barber	42	Senior Vice President – Chief Strategy and Development Officer
Peter Boyd	52	Senior Vice President – Operations and Value Delivery
Ken Marshall	58	Commercial Leader
John T. Maxwell	53	Senior Vice President – Chief Financial Officer
A. Mark Schobel	62	Chief Innovation and Technology Officer and Director
Theresa Wood	55	Senior Vice President – Human Resources and Organizational Development
Non-Employee Directors		
Douglas Bratton(2)(3)	59	Chairman of the Board of Directors
Gregory Brown, M.D.(1)(3)	64	Director
John Cochran(2)(3)	52	Director
Santo Costa(2)	73	Director
Nancy Lurker (1)(2)	60	Director
James S. Scibetta(1)	53	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

Executive Officers and Key Employees

Keith J. Kendall has served as our President and Chief Executive Officer since November 2014, after having served as our President and Chief Operating Officer since November 2011, and has served on our board of directors since November 2014. Mr. Kendall also served as our Executive Vice President and Chief Financial Officer beginning in 2006. Mr. Kendall served on the board of directors of Midatech, Pharma Plc (Nasdaq: MTP), from January 2010 to December 2014. From 1999 to 2006, Mr. Kendall served as the Vice President and Managing Director of the Americas for Hewlett Packard Financial Services. Mr. Kendall held a number of positions with AT&T Capital Corporation, including President of AT&T Credit Corporation and NCR Credit Corporation, from 1985 to 1998. Mr. Kendall holds a BS from St. John's University and an MBA from Pace University. Our board of directors believes that Mr. Kendall's perspective and experience as our President and Chief Executive Officer, as well as his depth of operating and senior management experience in our industry, qualifies him to serve on our board of directors.

Daniel Barber, our Senior Vice President – Chief Strategy and Development Officer, joined our team in July 2007 and has led our Strategy and Development functions since April 2014. Prior to joining our team, Mr. Barber held various positions with Quest Diagnostics in its corporate planning and international divisions. In 2010, Mr. Barber had executive oversight of our launch activities for our first two FDA approved products. Beginning in 2013, Mr. Barber helped lead our effort to develop an internal pipeline of proprietary assets. Since that time, he has had executive responsibility for our pipeline and partnership activities. Mr. Barber received his BA degree from State University of New York at Geneseo and an MBA from Seton Hall University.

Peter Boyd, our Senior Vice President – Operations and Value Delivery, joined our company in August 2013 and has led our Operations and Value Delivery functions since April 2014. Prior to his current position, Mr. Boyd was our Vice President of Business Process at Aquestive. Prior to joining us, Mr. Boyd served as Senior Director of Operations for the Americas and APJ Regions, at Hewlett-Packard Company. Throughout his 15-year career at the Hewlett-Packard Company, Mr. Boyd held a variety of positons in business process improvement and in operations. Mr. Boyd received a BA in History from Wittenberg University and an MBA in Finance from Seton Hall University. Mr. Boyd also received an MS in Management and Urban Policy Analysis from the New School University.

Ken Marshall joined our company in January 2018 as our Commercial Leader. Prior to that, Mr. Marshall served as U.S. President and Global Chief Marketing Officer for Aerocrine Inc. In that role, he developed the global marketing strategy and led all aspects of the U.S. business. Between 2008 and 2011, Mr. Marshall served as Vice President of Sales and Marketing for Ikaria, Inc., a drug and device company focused on critical care. Mr. Marshall also spent 17 years with GlaxoSmithKline and held several senior positions including Vice President of Marketing for the Neurology, Urology, Lifecycle and HIV business units. Mr. Marshall received his BSBA in Marketing and Economics from Western Carolina University and MBA from Houston Baptist University.

John T. Maxwell has served as our Senior Vice President – Chief Financial Officer since January 2017. Prior to joining our team, Mr. Maxwell held senior financial roles at WIL Research, InfoNXX, PanAmSat, ADP and General Signal, including as Chief Financial Officer of WIL Research from September 2008 to April 2016. In addition, Mr. Maxwell served as a freelance consultant from April 2016 until January 2017. Mr. Maxwell started his career at Ernst & Young, serving in the Dallas, New York and Stamford offices. Mr. Maxwell helped lead the successful strategic sale transactions by the private equity sponsors of WIL Research in April 2016 to Charles River Labs and of PanAmSat in 2006 to Intelsat. Mr. Maxwell also helped lead the initial public offering of PanAmSat in 2005 and multiple public and private debt transactions for WIL Research, InfoNXX and PanAmSat. Mr. Maxwell is a licensed certified public accountant and holds a BBA in Accounting from Texas Tech University and an MBA in Finance and International Business from New York University Stern School of Business.

A. Mark Schobel joined our team in December 2005 and has served as our Chief Innovation and Technology Officer since November 2015. Mr. Schobel served as our Chief Executive Officer and Co-President through November 2014 and served as a member of our board of directors from November 2005 through 2018. From 2001 to 2005, he was the Global Head of New Technology and Product Innovation for the Consumer Health Business Unit at Novartis where he pioneered thin film delivery of systemic drugs. Prior to Novartis, Mr. Schobel held various general management positions with Reed & Carnrick Pharmaceuticals, Warner-Lambert and Pharmaceutical Formulations Inc. Mr. Schobel received his BS in Chemistry from Fairleigh Dickinson University and has been awarded 21 patents along with having multiple patents pending in fields ranging from film drug delivery to nanoparticle delivery systems. Our board of directors believes that Mr. Schobel's extensive knowledge of our company, as well as his experience in the biotechnology industry qualifies him to serve on our board of directors.

Theresa Wood, our Senior Vice President – Human Resources and Organizational Development, has served as the head of our human resources function since September 2006. Prior to joining our team, Ms. Wood was the Director, Human Resources, for the Hewlett Packard Financial Services Americas division from 1999 to 2006. From 1995 to 1998, Ms. Wood provided consulting services to several companies in the Financial Services, Healthcare and Consumer Goods market. Prior to that, Ms. Wood spent seven years with Sea-Land Service Corp. Ms. Wood received her BS in Management Science and Marketing from Kean University.

Non-Employee Directors

Douglas Bratton has served as Chairman of our board of directors since January 2004. Mr. Bratton is the Founder, President and Chief Investment Officer of Crestline Investors, an institutional alternative investment management firm. Mr. Bratton has been an investment professional specializing in alternative asset strategies since 1983 and has managed assets on behalf of the Bass family of Fort Worth, Texas, since 1988. Mr. Bratton received a BS from North Carolina State University in 1981 and an MBA with Honors from Duke University in 1984. Mr. Bratton serves on the board of directors of Bounty Minerals

Corporation, a private company, and the Board of Visitors of Duke University's Fuqua School of Business. Our board of directors believes that Mr. Bratton's business experience, as well as his strong finance and management background, qualifies him to serve on our board of directors.

Gregory Brown, M.D. has served as a member of our board of directors since March 2007. Dr. Brown is a co-founder and Vice Chairman at HealthCare Royalty Partners, or HCR Partners, and chairs that firm's Senior Advisor Board. Educated as a transplantation immunologist and trained as a thoracic and vascular surgeon, Dr. Brown practiced thoracic and vascular surgery in a community setting where he also founded and led a health maintenance organization. Before co-founding HCR Partners, Dr. Brown was a partner at Paul Capital Partners, where he co-managed that firm's royalty investments as a member of the royalty management committee. Prior to beginning his principal investment career in 2003, Dr. Brown was co-head of investment banking and head of healthcare at Adams, Harkness & Hill (now Canaccord Genuity) and a ranked biotechnology research analyst at Vector Securities International. Dr. Brown holds a BA from Yale University, an M.D. from SUNY Upstate Medical Center and an MBA from Harvard University. He currently serves on the boards of the following public pharmaceutical companies: Caladrius Biosciences, Inc. (Nasdaq: CLBS), Cambrex Corporation (NYSE: CBM) and Faron Pharmaceuticals Oy (LSN: FARN). Our board of directors believes that Dr. Brown's extensive experience in the pharmaceutical industry and investing in life sciences companies, as well as his medical and scientific background, qualifies him to serve on our board of directors.

John Cochran has served as a member of our board of directors since January 2004. Mr. Cochran has been a partner at Bratton Capital Management L.P. since October 1998, and is responsible for its private equity investments. Mr. Cochran is also a partner and Chief Operating Officer of Crestline Management, a credit-oriented alternative asset management platform. Prior to joining Bratton Capital Management L.P., Mr. Cochran spent 10 years with KPMG focused primarily on audit and merger and acquisition due diligence. Mr. Cochran received his BA in Accounting from Texas Christian University and is also a licensed certified public accountant. Our board of directors believes that Mr. Cochran's private equity investment and company oversight experience along with his strong finance and management background, qualifies him to serve on our board of directors.

Santo Costa has served as a member of our board of directors since December 2015. Since 2007, Mr. Costa has served as Of Counsel to the law firm of Smith, Anderson, Blount, Dorsett, Mitchell and Jernigan, L.L.P. of Raleigh, North Carolina, specializing in corporate law for healthcare companies. Mr. Costa has served on the board of directors of Cytokinetics Inc. (Nasdaq: CYTK) since October 2010, and on the board of directors of Metabolon, Inc., a private company, since April 2013. From 1994 to 2001, he held various positions at Quintiles Transnational Corporation, including as Vice Chairman, President and Chief Operating Officer. Prior to joining Quintiles, Mr. Costa spent 23 years in the pharmaceutical industry, most recently as General Counsel and Senior Vice President, Administration with Glaxo Inc. Prior to joining Glaxo, he served as U.S. Area Counsel with Merrell Dow Pharmaceuticals and as Food & Drug Counsel with Norwich Eaton Pharmaceuticals, Inc. Mr. Costa served as Chairman of the board of directors of Alchemia Limited, a private biopharmaceutical company, from March 2014 to June 2015. He also served on the board of directors of Magor Corporation, formerly Biovest Corp. I, from March 2010 until March 2013. He also served as Chairman of the board of directors of LaboPharm, Inc. from March 2006 to November 2011 and a director of OSI Pharmaceuticals from June 2006 to June 2010, as well as serving as a director at other private companies. Mr. Costa earned both a BS in Pharmacy and a JD from St. John's University. Our board of directors believes that Mr. Costa's experience in the biotechnology industry, his broad experience advising global corporations and boards of directors of publicly held companies, and his experience serving as a director of public and private companies, qualifies him to serve on our board of directors.

Nancy Lurker has served as a member of our board of directors since April 2018. Ms. Lurker has been serving as President and Chief Executive Officer of Eyepoint Pharmaceuticals, Inc. (Nasdaq: EYPT) ("Eyepoint Pharmaceuticals") since September 2016. Prior to assuming her position with Eyepoint Pharmaceuticals, Ms. Lurker was a freelance consultant from December 2015 to September 2016. From 2008 to December 2015, Ms. Lurker served as President and Chief Executive Officer and a director of PDI, Inc., a NASDAQ-listed healthcare commercialization company now named Interpace Diagnostics Group, Inc., (Nasdaq: IDXG). From 2006 to 2007, Ms. Lurker was Senior Vice President and Chief

Marketing Officer of Novartis Pharmaceuticals Corporation, the U.S. subsidiary of Novartis AG (NYSE: NVS). In addition, she also served as President and Chief Executive Officer of ImpactRx, Inc., a privately held healthcare information company. Ms. Lurker currently serves on the board of directors of the Cancer Treatment Centers of America, a privately held company. Ms. Lurker previously served as a member of the boards of directors of publicly held Auxilium Pharmaceuticals, Inc. from 2011 to 2015. Mallinckrodt Pharmaceuticals, plc from 2013 to 2016 Elan Corporation, plc from 2005-2006 and ConjuChem Biotechnologies from 2004-2006 Ms. Lurker received a B.S. in Biology from Seattle Pacific University and an M.B.A. from the University of Evansville. Our board of directors believes Ms. Lurker's broad ranging experience in the pharmaceutical industry and her track record of maximizing the potential of new therapies and successfully implementing innovative U.S. and global drug launches qualifies her to serve on our board of directors.

James S. Scibetta has served as a member of our board of directors since April 2017. Mr. Scibetta has been serving as Chief Executive Officer of Maverick Therapeutics, a development stage immuno-oncology company since July 2017. Prior to Maverick, Mr. Scibetta was appointed President of Pacira Pharmaceuticals, or Pacira (Nasdaq: PCRX), in October 2015, where he oversaw commercial and medical support activities, and directed commercial manufacturing, tech transfer and research and development. Mr. Scibetta served as Pacira's Chief Financial Officer from August 2008 through May 2016 where he led its 2011 initial public offering and subsequent debt and equity financings. Prior to that, Mr. Scibetta served as Chief Financial Officer of Bioenvision Inc., a commercial-stage public oncology company acquired by Genzyme, and Merrimack Pharmaceuticals, an oncology-focused systems biology company. Earlier in his career, Mr. Scibetta spent over a decade in investment banking where he was responsible for sourcing and executing transactions for a broad base of public and private healthcare and life sciences companies. Mr. Scibetta also serves as a director and chairman of the audit committee of Matinas BioPharma Holdings, Inc. (NYSE: MTNB), a biopharmaceutical company and a director of Maverick Therapeutics. Mr. Scibetta received his BS in Physics from Wake Forest University and his MBA from the University of Michigan. Our board of directors believes that Mr. Scibetta's extensive senior management experience in the biotechnology industry, as well as his experience on the boards of both public and private companies, qualifies him to serve on our board of directors.

Board Composition

Our business and affairs are organized under the direction of our board of directors, which currently consists of six non-executive members, and one executive members. Our directors may be removed for cause by the affirmative vote of the holders of at least $66^{2/3}\%$ of our voting stock. The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management. Our board of directors meets on a regular basis and additionally as required.

Our board of directors has determined that all of our directors are independent directors, other than Keith J. Kendall, as defined by Rule 5605(a)(2) of the Nasdaq Listing Rules.

Effective upon the consummation of this offering, we will divide our board of directors into three classes, as follows:

- Class I, which will consist of Keith J. Kendall, Nancy Lurker and James S. Scibetta;
- Class II, which will consist of John Cochran and Gregory Brown, M.D.; and
- Class III, which will consist of Douglas Bratton and Santo Costa.

At each annual meeting of stockholders to be held after the initial classification, the successors to directors whose terms then expire will serve until the third annual meeting following their election and until their successors are duly elected and qualified. The authorized size of our board of directors is currently nine members. The authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed between the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of the board of directors may have the effect of delaying or preventing changes in our control or management.

Board Leadership Structure

Our board of directors is currently chaired by Douglas Bratton. As a general policy, our board of directors believes that separation of the positions of Chairman and Chief Executive Officer reinforces the independence of the board of directors from management, creates an environment that encourages objective oversight of management's performance and enhances the effectiveness of the board of directors as a whole. As such, Mr. Kendall serves as our President and Chief Executive Officer, while Douglas Bratton serves as our Chairman of the board of directors, but is not an officer. We expect and intend the positions of Chairman of the board of directors and Chief Executive Officer to continue to be held by two individuals in the future.

Role of the Board in Risk Oversight

One of the key functions of our board of directors is informed oversight of our risk management process. The board of directors does not have a standing risk management committee, but rather administers this oversight function directly through the board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure and our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee also monitors compliance with legal and regulatory requirements. Our nominating and corporate governance committee monitors the effectiveness of our corporate governance practices, including whether they are successful in preventing illegal or improper liability-creating conduct. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which has the composition and responsibilities described below. From time to time, the board may establish other committees to facilitate the management of our business.

Audit Committee

Our audit committee currently consists of Gregory Brown, M.D., Santo Costa, Nancy Lurker and James S. Scibetta. Immediately following the closing of this offering, our audit committee will consist of Gregory Brown, M.D., Nancy Lurker and James S. Scibetta, each of whom our board of directors has determined satisfies the Nasdaq Global Market and SEC independence requirements. The chairperson of our audit committee is currently James S. Scibetta, and following the closing of this offering, Mr. Scibetta will continue to serve as the chair of our audit committee. The functions of this committee include, among other things:

- evaluating the performance, independence and qualifications of our independent auditors and determining whether to retain our existing independent auditors or engage new independent auditors;
- reviewing and approving the engagement of our independent auditors to perform audit services and any permissible non-audit services;
- monitoring the rotation of partners of our independent auditors on our engagement team as required by law and considering whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis;
- reviewing relationships that may reasonably be thought to bear on our auditors' independence, and assessing and otherwise taking the appropriate action to oversee the independence of our independent auditors;

- reviewing our annual and quarterly financial statements and reports, including the disclosures contained under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and discussing the statements and reports with our independent auditors and management;
- reviewing with our independent auditors and management significant issues that arise regarding accounting principles and financial statement presentation and matters concerning the scope, adequacy and effectiveness of our financial controls;
- reviewing with management and our auditors any earnings announcements and other public announcements regarding material developments;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding financial controls, accounting or auditing matters and other matters;
- preparing the report that the SEC requires in our annual proxy statement;
- reviewing and providing oversight of any related-person transactions and reviewing and monitoring compliance with legal and regulatory responsibilities, including our code of business conduct and ethics;
- reviewing our major financial risk exposures, including the guidelines and policies to govern the process by which risk assessment and risk management is implemented; and
- reviewing and evaluating on an annual basis the performance of the audit committee, including compliance of the audit committee with its charter.

Our board of directors has determined that James Scibetta qualifies as an audit committee financial expert within the meaning of SEC regulations and meets the financial sophistication requirements of the Nasdaq Listing Rules. In making this determination, our board has considered Mr. Scibetta’s extensive financial experience and business background. Both our independent registered public accounting firm and management periodically meet privately with our audit committee.

Our audit committee will operate under a written charter, to be effective immediately prior to the consummation of this offering, that satisfies the applicable rules of the SEC and the listing standards of the Nasdaq Global Market.

Compensation Committee

Our compensation committee currently consists of John Cochran, Santo Costa, Nancy Lurker and Douglas Bratton, and following the closing of this offering, the committee shall continue to consist of these same individuals. The chairperson of our compensation committee is currently Douglas Bratton, and following the closing of this offering, Santo Costa will serve as the chair of our compensation committee. Our board of directors has determined that each of the members of our compensation committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or Exchange Act, is an outside director, as defined pursuant to Section 162(m) of the Code and satisfies the Nasdaq Global Market independence requirements. The functions of this committee includes, among other things:

- reviewing, modifying and approving our overall compensation strategy and policies;
- reviewing and approving the compensation and other terms of employment of our executive officers;
- reviewing the succession plans for our executive officers;
- reviewing and approving the equity incentive plans, compensation plans and similar programs advisable for us, as well as modifying, amending or terminating existing plans and programs;
- establishing policies with respect to votes by our stockholders to approve executive compensation as required by Section 14A of the Exchange Act and determining our recommendations regarding the frequency of advisory votes on executive compensation;

- retaining or terminating a compensation consultant or firm to be used to assist the Committee in benchmarking and setting appropriate compensation levels and policies and approving such consultant's or firm's fees and other retention terms;
- approving, modifying and administering our equity incentive plans;
- establishing policies with respect to equity compensation arrangements;
- reviewing and approving the terms of any employment agreements, severance arrangements, change in control protections and any other compensatory arrangements for our executive officers;
- reviewing the adequacy of its charter on a periodic basis;
- preparing the report that the SEC requires in our annual proxy statement; and
- reviewing and assessing on an annual basis the performance of the compensation committee.

Our compensation committee will operate under a written charter, to be effective immediately prior to the consummation of this offering, that satisfies the applicable rules of the SEC and the listing standards of the Nasdaq Global Market.

Nominating and Corporate Governance Committee

Our nominating and corporate governance currently committee consists of Douglas Bratton, Gregory Brown and John Cochran, and following the closing of this offering, the committee shall continue to consist of these same individuals. Our board of directors has determined that each of the members of our nominating and corporate governance satisfies the Nasdaq Global Market independence requirements. The chairperson of our nominating and corporate governance committee is currently Douglas Bratton and following the closing of this offering, Mr. Bratton will continue to serve as the chair of our nominating and corporate governance committee. The functions of this committee includes, among other things:

- identifying, reviewing and evaluating candidates to serve on our board of directors consistent with criteria approved by our board of directors;
- determining the minimum qualifications for service on our board of directors;
- evaluating, nominating and recommending individuals for membership on our board of directors;
- evaluating nominations by stockholders of candidates for election to our board of directors;
- considering and assessing the independence of members of our board of directors;
- developing a set of corporate governance policies and principles, including a code of business conduct and ethics, periodically reviewing and assessing these policies and principles and their application and recommending to our board of directors any changes to such policies and principles;
- considering questions of possible conflicts of interest of directors as such questions arise;
- reviewing the adequacy of its charter on an annual basis; and
- annually evaluating the performance of the nominating and corporate governance committee.

Our nominating and governance committee will operate under a written charter, to be effective immediately prior to the consummation of this offering that satisfies the applicable rules of the SEC and the listing standards of the Nasdaq Global Market.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has ever been an executive officer or employee of ours. None of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Code of Business Conduct and Ethics

In connection with this offering, we intend to adopt a Code of Business Conduct and Ethics, or the Code of Conduct, applicable to all of our employees, executive officers and directors. Following the consummation of this offering, the Code of Conduct will be available on our website at www.aquestive.com. The nominating and corporate governance committee of our board of directors will be responsible for overseeing the Code of Conduct and must approve any waivers of the Code of Conduct for employees, executive officers and directors. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, will be disclosed on our website.

EXECUTIVE AND DIRECTOR COMPENSATION

Our named executive officers for the fiscal year ended December 31, 2017, which consist of our principal executive officer and the next three most highly compensated executive officers who were serving as executive officers as of December 31, 2017, are:

Keith J. Kendall, our President and Chief Executive Officer;

Daniel Barber, our Chief Strategy and Development Officer;

John T. Maxwell, our Chief Financial Officer; and

A. Mark Schobel, our Chief Innovation and Technology Officer.

Summary Compensation Table

The following table provides information regarding the compensation provided to our named executive officers during the fiscal year ended December 31, 2017:

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)	Total Compensation ($)
Keith J. Kendall *President and Chief Executive Officer*	2017	400,000	—	1,178,666	525,000	24,769[4]	2,128,435
Daniel Barber *Chief Strategy and Development Officer*	2017	300,000	—	378,652	201,390	18,858[5]	898,901
John T. Maxwell[8] *Chief Financial Officer*	2017	350,000	70,000[8]	874,335	306,250	19,615[5]	1,620,200
A. Mark Schobel *Chief Innovation & Technology Officer*	2017	350,000	—	56,115	367,500	21,590[6]	795,205

(1) See “Narrative to the Summary Compensation Table” below.

(2) This column reflects the aggregate grant date fair value of the awards granted under the PUP Plans during 2017 assuming that, at the time of grant, the contingency of events to occur in order to settle awards granted under the PUP Plans were deemed to be probable to occur. However, because of the general uncertainty surrounding the contingency of the events that must occur in order for PUP Plan awards to be settled at the time of their grant, no compensation expense was recorded in our audited financial statements in 2017 as it was not probable at the time of grant that the performance requirements would be met. The assumptions used in calculating the grant date fair value of these awards are set forth in Note 17 to our audited consolidated financial statements included in this prospectus.

(3) The amounts in this column represent performance bonuses earned by the named executive officers in the calendar year 2016 based upon the achievement of pre-established performance objectives. See “— Annual Bonus Compensation” below.

(4) Includes Company contributions to the named executive officer’s 401(k) plan account ($16,200) and disability insurance benefits ($8,569).

(5) Includes Company contributions to the named executive officer’s 401(k) plan account ($16,200) and disability insurance benefits ($2,658).

(6) Includes Company contributions to the named executive officer’s 401(k) plan account ($16,200) and disability insurance benefits ($3,415).

(7) Includes Company contributions to the named executive officer’s 401(k) plan account ($16,200) and disability insurance benefits ($5,390).

(8) Mr. Maxwell commenced his employment on January 9, 2017.

(9) Includes a sign-on bonus of $70,000 paid to Mr. Maxwell upon commencement of his employment on January 9, 2017 pursuant to his employment agreement.

Narrative to the Summary Compensation Table

Our Compensation Committee reviews compensation annually for our named executive officers and uses base salaries to recognize the experience, skills, knowledge and responsibilities required of our named executive officers. In setting executive base salaries and bonuses, we consider compensation for comparable positions in the market, the historical compensation levels of our executives, individual

performance as compared to our expectations and objectives, our desire to motivate our executives to achieve short- and long-term results that are in the best interests of our stockholders, and a long-term commitment to our company. None of our named executive officers currently has an employment agreement or other agreement or arrangement that specifically provides for automatic or scheduled increases in base salary.

The Compensation Committee has historically determined our named executive officers' compensation and has typically reviewed and discussed, on an annual basis, management's proposed compensation with our president and chief executive officer for all our named executive officers (other than for our president and chief executive officer). Based on those discussions and its discretion, the Compensation Committee and our full board of directors then approved the compensation of each named executive officer. Upon the completion of this offering, the Compensation Committee will continue to determine our named executive officers' compensation following this process and will approve the compensation of each of our named executive officers.

Annual Base Salary

Base salaries for our named executive officers are initially established through arm's-length negotiations at the time of the named executive officer's hiring, taking into account such named executive officer's qualifications, experience, prior salary, the scope of the named executive officer's responsibilities and competitive market compensation paid by other companies for similar positions within the industry. The chart below reflects the base salaries approved by our board of directors and Compensation Committee for our named executive officers during fiscal year ended December 31, 2017.

Name	2017 Base Salary ($)
Keith J. Kendall	400,000
Daniel Barber	300,000
John T. Maxwell	350,000
A. Mark Schobel	350,000

Annual Bonus Compensation

We have an annual objective-setting and review process for our named executive officers that is the basis for the determination of potential annual bonuses for our named executive officers. Our employment agreements with our named executive officers provide that they will be eligible for annual performance-based bonuses up to a specific target percentage of their salary based on the Compensation Committee's assessment of their and the Company's performance against goals established by the Compensation Committee. Our Compensation Committee sets our annual objectives which are based in part on our revenue and EBITDA for the year as well as the individual objectives of each employee which are focused on each employee's specific performance relative to the Company's achievements as a whole.

The target bonus opportunities for our named executive officers for fiscal year 2017, expressed as a percentage of their annual base salary, were 75% for Mr. Kendall, 35% for Mr. Barber, 50% for Mr. Maxwell and 75% for Mr. Schobel.

As previously discussed, our Compensation Committee sets our annual objectives which are based in part on our revenue and EBITDA for the year as well as the individual objectives of each employee which are focused on each employee's specific performance relative to the Company's achievements as a whole. The Compensation Committee determined that the Company achieved the annual objectives for the fiscal year 2017.

Employment Agreements with Our Named Executive Officers

We entered into an employment agreement with each of Mr. Kendall, our President and Chief Executive Officer, and Mr. Schobel, our Chief Innovation and Technology Officer, on November 17, 2008. On June 26, 2018, we entered into an amended and restated employment agreement with Mr. Maxwell, our Chief Financial Officer and an employment agreement with Mr. Barber, our Chief Strategy and

Development Officer. These agreements set forth the initial terms and conditions of each executive's employment with us, including base salary, target annual bonus opportunity and standard employee benefit plan participation. These employment agreements provide for "at will" employment. The material terms of these employment agreements with our named executive officers are described below. The terms "cause," "good reason," "disability" and "change in control" referred to below are defined in each named executive officer's employment agreement.

Keith J. Kendall

The term of employment for Mr. Kendall under his employment agreement renews annually, unless we give him prior written notice of non-renewal or until his employment with us terminates for any reason. Mr. Kendall's base salary for 2017 was equal to $400,000, his annual target incentive compensation is equal to 75% of his base salary, and he is eligible to participate in our benefit plans as in effect from time to time. His base salary and target bonus opportunity is subject to annual review and adjustment. His bonus award will be made at the discretion of the Compensation Committee. His employment agreement provides that he agrees to grant us certain intellectual property rights. His employment agreement includes additional provisions that require him to refrain from competing with our business, soliciting or interfering with our suppliers, customers, prospective customers and other business relationships, and from soliciting, hiring or otherwise interfering with our relationship with any person employed or previously employed by us, with the duration of such restrictions to last during his employment and for 18 months thereafter. Pursuant to his employment agreement, upon the effectiveness of this offering, Mr. Kendall is entitled to receive (i) stock appreciation rights equal to 5% of our common stock outstanding following the consummation of this offering on a fully diluted basis or stock appreciation rights, minus any shares of common stock he received upon the termination of our PUP Plans in April 2018 and (ii) restricted stock equal to 0.24% of our common stock outstanding following the consummation of this offering on a fully diluted basis or shares of restricted stock, each of which will be granted under the 2018 Plan. The stock appreciation rights will vest in 36 equal monthly installments beginning on the last day of the month next following the month in which this offering is completed and the restricted stock will vest in eight equal quarterly installments beginning on the last day of the month next following the month in which this offering is completed.

In the event Mr. Kendall's employment is terminated by the Company for "cause", he will be entitled to receive his salary and benefits that had accrued but had remained unpaid through the date of termination, or the Accrued Payments.

In the event that Mr. Kendall's employment is terminated by reason of death or disability, in addition to the Accrued Payments, he will be entitled to a cash payment consisting of an amount equal to (i) his unpaid annual bonus earned for the year preceding the year in which his employment terminated, (ii) any accrued and unused vacation pay for the year in which his employment terminated, (iii) a portion of his target annual bonus for the year in which his employment terminated, pro-rated for the number of days he was employed during the year in which his employment terminated, and (iv) accelerated vesting of his outstanding unvested equity-based compensation awards as if he had continued being employed through the end of the year in which his employment terminated, or, in the case of awards subject to "cliff vesting," pro-rata accelerated vesting based on the percentage of the vesting period that had elapsed as of the date of his termination. Additionally, Mr. Kendall will be able to exercise any equity awards that vest upon the termination of his employment for one year following such termination.

In the event that Mr. Kendall's employment is terminated by us without "cause" or he terminates his employment for "good reason", and subject to the delivery of a fully effective release of claims and continued compliance with his restrictive covenant obligations, in addition to the Accrued Payments, he will be entitled to receive (i) a cash payment of an amount equal to his unpaid annual bonus earned for the year preceding the year in which his employment terminated, (ii) a cash payment of an amount equal to any accrued and unused vacation pay for the year in which his employment terminated, (iii) a cash payment consisting of an amount equal to a portion of his target annual bonus for the year in which his employment terminated, pro-rated for the number of days he was employed during the year in which his employment terminated, (iv) monthly payments for a period of 18 months following the termination of his employment, with each monthly payment equal to 1/12 of the sum of his base salary and target annual bonus, (v) for 18 months following the termination of his employment, continuing coverage under our

group health and life insurance plans in which he was a participant immediately prior to the termination of his employment, at the same levels and on the same terms and conditions as are provided to similarly situated executives, and (vi) full and immediate vesting of all outstanding unvested equity-based compensation awards, and any equity compensation awards that are or become vested upon termination of his employment remain exercisable for at least one year after the date of termination or, if earlier, until the expiration of the stated term of the award.

If Mr. Kendall's employment is terminated by us without "cause" or he terminates his employment for good reason, in each case during the period beginning 180 days before and ending 24 months following the effective date of a change in control, then subject to the delivery of a fully effective release of claims and continued compliance with his respective restrictive covenant obligations, he will be entitled to all the severance that he would have received had his employment been terminated by the Company not for cause or by him for good reason, provided that, in lieu of the payments described in section (iv) of the paragraph immediately above, Mr. Kendall will be entitled to receive an immediate lump sum cash payment of an amount equal to 2.75 times the sum of his base salary and target annual bonus, and, with respect to the benefit continuation described in section (v) of the paragraph immediately above, such benefits shall continue for a period of 33 months following termination.

Additionally, pursuant to his employment agreement, in the event that payments to or for the benefit of Mr. Kendall relating to a change in control would be subject to an excise tax imposed by Section 4999 of the Code, the aggregate amount of such payments will be increased so that, after the payment of taxes, he will be in the same position as he would have been had he not been required to pay such excise taxes. Additionally, in the event that the continuation of coverage under our group health plan triggers taxable income to Mr. Kendall, the Company will pay him additional cash payments as are necessary for him to receive the same net after-tax benefits that he would have received under such plans if he had continued to receive such plan benefits while employed with the Company.

Daniel Barber

The term of employment for Mr. Barber under his employment agreement continues until Mr. Barber's employment with us terminates for any reason. Under his employment agreement, Mr. Barber's initial base salary is $320,000, he will be eligible for a target annual performance bonus of at least 35% of his base salary, and he is eligible to participate in such benefit plans as are generally available to our other senior executives. Following the consummation of this offering, Mr. Barber's annual base salary and target bonus opportunity shall be increased to $340,000 and 50% of his base salary, respectively. His base salary is subject to annual review and may be increased (but not decreased) as determined by our board of directors or our Compensation Committee. His bonus award each year will be determined by our board of directors or our Compensation Committee and, except in connection with certain terminations of employment (as described below), any annual bonus will only be paid if he is employed by us on the date of payment of such bonus. Mr. Barber's employment agreement provides that he agrees to grant us certain intellectual property rights. His employment agreement includes additional provisions that require him to refrain from competing with our business, soliciting or interfering with our suppliers, customers, prospective customers and other business relationships, and from soliciting, hiring or otherwise interfering with our relationship with any person employed or previously employed by us, with the duration of such restrictions to last during his employment and for 12 months thereafter.

Mr. Barber has previously been awarded shares of our non-voting common stock equal to % of the issued and outstanding capital securities of the Company as of the time of such grant. Mr. Barber's employment agreement provides that upon the completion of this offering, each share of non-voting common stock shall become one share of voting common stock. In addition, Mr. Barber shall be eligible to receive awards of additional shares of non-voting common stock and to participate in other employee incentive plans and equity-based compensation awards at the times and in the amounts as our board of directors determines in its sole discretion.

In the event Mr. Barber's employment is terminated by the Company for "cause," he will be entitled to receive his salary through the effective date of such termination, any unpaid annual performance bonus relating for the year prior to the year of such termination, and any benefits under any employee benefit plans of the Company in which Mr. Barber is a participant, consistent with his rights under such plans, or his Accrued Payments.

In the event that Mr. Barber's employment is terminated by reason of death or disability, in addition to his Accrued Payments, he will be entitled to (i) a cash payment consisting of the target performance bonus for the year of such termination, pro-rated for the number of days he was employed during such year, and (ii) accelerated vesting of all outstanding stock options, restricted stock units, stock appreciation rights, restricted stock and other equity awards as if his employment had continued through the end of the year of such termination or, in the case of any award subject to cliff vesting, on a pro-rated basis determined by the number of days during the vesting period that have lapsed during the applicable vesting period. With respect to the vesting of equity awards in connection with such termination, if any such equity awards are performance-based and the relevant performance period ends after the date of termination, the performance goals will be assumed to have been achieved at "target" levels.

In the event that Mr. Barber's employment is terminated by us without "cause" or he terminates his employment for "good reason," in either case, during the period beginning 180 days prior to a change in control and ending 12 months following the change in control, in addition to the Accrued Payments, he will be entitled to receive, subject to the delivery of a fully effective release of claims and continued compliance with his restrictive covenant obligations, (i) a cash payment consisting of the target performance bonus corresponding to the year of such termination, pro-rated for the number of days he was employed during such year, (ii) an immediate cash payment equal to 12 months of his base salary and one times his target performance bonus, and (iii) for a period of 12 months following the termination of his employment, continuing coverage under our group health and life insurance plans in which he was a participant immediately prior to the termination of his employment and (iv) full vesting of all outstanding unvested stock options, restricted stock units, stock appreciation rights, restricted stock and other equity awards and his stock options will remain outstanding and exercisable for 12 months following termination or, if earlier, until the expiration date of the options. With respect to the vesting of unvested equity awards in connection with such termination, if any such equity awards are subject to a performance condition or a performance period that ends after the date of termination, the performance goals will be assumed to have been achieved at "target" levels.

In the event that Mr. Barber's employment is terminated by us without "cause" or he terminates his employment for "good reason" other than in connection with a change in control (as described above), in addition to the Accrued Payments, he will be entitled to receive, subject to the delivery of a fully effective release of claims and continued compliance with his restrictive covenant obligations, the same benefits as those provided as if his employment had been terminated in connection with a change in control, except that the payment of base salary and bonus severance described in clause (ii) of the immediately preceding paragraph will be made in monthly payments for a period of 12 months following such termination in equal monthly installments with each installment to be equal to 1/12 of the sum of his base salary and target annual bonus.

To the extent that any medical or dental benefits covering any post-employment period constitute a "self-insured medical reimbursement plan" and such coverage would be deemed to be discriminatory, then the value of the insurance coverage provided will be reportable as taxable income to Mr. Barber and the Company shall pay him, no later than January 15 of the year of such coverage, such additional cash payments as are necessary for him to receive the same net after-tax benefit he would have received as if he were still employed by the Company.

If any of the payments or benefits provided to Mr. Barber by the Company or its affiliates would constitute parachute payments within the meaning of Section 280G of the Code and would otherwise be subject to the excise tax under Section 4999 of the Code, then a comparison will be made of the present value of all payments to Mr. Barber net of all federal, state, local, foreign, employment and excise taxes, or the Net Benefit, as if the payments were subject to the excise tax under Section 4999 of the Code and the Net Benefit as if such payments were reduced to avoid being subject to such excise tax. If the Net Benefit as calculated to avoid being subject to such excise taxes is greater, then such payments will be reduced or cut back by the minimum extent necessary to ensure that no portion of the payments due to Mr. Barber are subject to the excise tax under Section 4999 of the Code.

John T. Maxwell

The term of employment for Mr. Maxwell under his employment agreement continues until Mr. Maxwell's employment with us terminates for any reason. Under his employment agreement,

Mr. Maxwell's initial base salary is $350,000, he will be eligible for a target annual performance bonus of at least 50% of his base salary, and he is eligible to participate in such benefit plans as are generally available to our other senior executives. Following the consummation of this offering, Mr. Maxwell's annual base salary shall be increased to $375,000. His base salary is subject to annual review and may be increased (but not decreased) as determined by our board of directors or our Compensation Committee. His bonus award each year will be determined by our board of directors or our Compensation Committee and, except in connection with certain terminations of employment (as described below), any annual bonus will only be paid if he is employed by us on the date of payment of such bonus. Mr. Maxwell's employment agreement provides that he agrees to grant us certain intellectual property rights. His employment agreement includes additional provisions that require him to refrain from competing with our business, soliciting or interfering with our suppliers, customers, prospective customers and other business relationships, and from soliciting, hiring or otherwise interfering with our relationship with any person employed or previously employed by us, with the duration of such restrictions to last during his employment and for 12 months thereafter.

Mr. Maxwell has previously been awarded shares of our non-voting common stock equal to % of the issued and outstanding capital securities of the Company as of the time of such grant. Mr. Maxwell's employment agreement provides that upon the completion of this offering, each share of non-voting common stock shall become one share of voting common stock. In addition, Mr. Maxwell shall be eligible to receive awards of additional shares of non-voting common stock and to participate in other employee incentive plans and equity-based compensation awards at the times and in the amounts as our board of directors determines in its sole discretion.

In the event Mr. Maxwell's employment is terminated by the Company for "cause," he will be entitled to receive his salary through the effective date of such termination, any unpaid annual performance bonus relating for the year prior to the year of such termination, and any benefits under any employee benefit plans of the Company in which Mr. Maxwell is a participant, consistent with his rights under such plans, or his Accrued Payments.

In the event that Mr. Maxwell's employment is terminated by reason of death or disability, in addition to his Accrued Payments, he will be entitled to (i) a cash payment consisting of the target performance bonus for the year of such termination, pro-rated for the number of days he was employed during such year, and (ii) accelerated vesting of all outstanding stock options, restricted stock units, stock appreciation rights, restricted stock and other equity awards as if his employment had continued through the end of the year of such termination or, in the case of any award subject to cliff vesting, on a pro-rated basis determined by the number of days during the vesting period that have lapsed during the applicable vesting period. With respect to the vesting of equity awards in connection with such termination, if any such equity awards are performance-based and the relevant performance period ends after the date of termination, the performance goals will be assumed to have been achieved at "target" levels.

In the event that Mr. Maxwell's employment is terminated by us without "cause" or he terminates his employment for "good reason," in either case, during the period beginning 180 days prior to a change in control and ending 12 months following the change in control, in addition to the Accrued Payments, he will be entitled to receive, subject to the delivery of a fully effective release of claims and continued compliance with his restrictive covenant obligations, (i) a cash payment consisting of the target performance bonus corresponding to the year of such termination, pro-rated for the number of days he was employed during such year, (ii) an immediate cash payment equal to 12 months of his base salary and one times his target performance bonus, and (iii) for a period of 12 months following the termination of his employment, continuing coverage under our group health and life insurance plans in which he was a participant immediately prior to the termination of his employment and (iv) full vesting of all outstanding unvested stock options, restricted stock units, stock appreciation rights, restricted stock and other equity awards and his stock options will remain outstanding and exercisable for 12 months following termination or, if earlier, until the expiration date of the options. With respect to the vesting of unvested equity awards in connection with such termination, if any such equity awards are subject to a performance condition or a performance period that ends after the date of termination, the performance goals will be assumed to have been achieved at "target" levels.

In the event that Mr. Maxwell's employment is terminated by us without "cause" or he terminates his employment for "good reason" other than in connection with a change in control (as described above), in addition to the Accrued Payments, he will be entitled to receive, subject to the delivery of a fully effective release of claims and continued compliance with his restrictive covenant obligations, the same benefits as those provided as if his employment had been terminated in connection with a change in control, except that the payment of base salary and bonus severance described in clause (ii) of the immediately preceding paragraph will be made in monthly payments for a period of 12 months following such termination in equal monthly installments with each installment to be equal to 1/12 of the sum of his base salary and target annual bonus.

To the extent that any medical or dental benefits covering any post-employment period constitute a "self-insured medical reimbursement plan" and such coverage would be deemed to be discriminatory, then the value of the insurance coverage provided will be reportable as taxable income to Mr. Maxwell and the Company shall pay him, no later than January 15 of the year of such coverage, such additional cash payments as are necessary for him to receive the same net after-tax benefit he would have received as if he were still employed by the Company.

If any of the payments or benefits provided to Mr. Maxwell by the Company or its affiliates would constitute parachute payments within the meaning of Section 280G of the Code and would otherwise be subject to the excise tax under Section 4999 of the Code, then a comparison will be made of the present value of all payments to Mr. Maxwell net of all federal, state, local, foreign, employment and excise taxes, or the Net Benefit, as if the payments were subject to the excise tax under Section 4999 of the Code and the Net Benefit as if such payments were reduced to avoid being subject to such excise tax. If the Net Benefit as calculated to avoid being subject to such excise taxes is greater, then such payments will be reduced or cut back by the minimum extent necessary to ensure that no portion of the payments due to Mr. Maxwell are subject to the excise tax under Section 4999 of the Code.

Under the terms of our Performance Unit Plans, or PUP Plans, prior to its termination, all awards granted thereunder become fully vested and payable upon a change in control.

A. Mark Schobel

The term of employment for Mr. Schobel under his employment agreement renews annually, unless we give him prior written notice of non-renewal or until his employment with us terminates for any reason. Mr. Schobel's base salary for 2017 was equal to $350,000, his annual target incentive compensation is equal to 75% of his base salary, and he is be eligible to participate in our benefit plans as in effect from time to time. His base salary and target bonus opportunity is subject to annual review and adjustment. His bonus award will be made at the discretion of the Compensation Committee. His employment agreement provides that he agrees to grant us certain intellectual property rights. His employment agreement includes additional provisions that require him to refrain from competing with our business, soliciting or interfering with our suppliers, customers, prospective customers and other business relationships, and from soliciting, hiring or otherwise interfering with our relationship with any person employed or previously employed by us, with the duration of such restrictions to last during his employment and for 18 months thereafter. Pursuant to his employment agreement, upon the effectiveness of this offering, Mr. Schobel is entitled to receive (i) stock appreciation rights equal to 5% of our common stock outstanding following the consummation of this offering on a fully diluted basis, or stock appreciation rights, minus any shares of common stock he received upon the termination of our PUP Plans in April 2018 and (ii) restricted stock equal to 0.47% of our common stock outstanding following the consummation of this offering on a fully diluted basis, or shares of restricted stock, each of which will be granted under the 2018 Plan. The stock appreciation rights will vest in 36 equal monthly installments beginning on the last day of the month next following the month in which this offering is completed and the restricted stock will vest in eight equal quarterly installments beginning on the last day of the month next following the month in which this offering is completed.

In the event Mr. Schobel's employment is terminated by the Company for "cause," he will be entitled to receive Accrued Payments through the date of termination.

In the event that Mr. Schobel's employment is terminated by reason of death or disability, in addition to the Accrued Payments, he will be entitled to a cash payment consisting of an amount equal to (i) his

unpaid annual bonus earned for the year preceding the year in which his employment terminated, (ii) any accrued and unused vacation pay for the year in which his employment terminated, (iii) a portion of his target annual bonus for the year in which his employment terminated, pro-rated for the number of days he was employed during the year in which his employment terminated, and (iv) accelerated vesting of his outstanding unvested equity-based compensation awards as if he had continued being employed through the end of the year in which his employment terminated, or, in the case of awards subject to "cliff vesting," pro-rata accelerated vesting based on the percentage of the vesting period that had elapsed as of the date of his termination. Additionally, Mr. Schobel will be able to exercise any equity awards that vest upon the termination of his employment for one year following such termination.

In the event that Mr. Schobel's employment is terminated by us without "cause" or he terminates his employment for "good reason," and subject to the delivery of a fully effective release of claims and continued compliance with his restrictive covenant obligations, he will be entitled to receive (i) a cash payment of an amount equal to his unpaid annual bonus earned for the year preceding the year in which his employment terminated, (ii) a cash payment of an amount equal to any accrued and unused vacation pay for the year in which his employment terminated, (iii) a cash payment consisting of an amount equal to a portion of his target annual bonus for the year in which his employment was terminated, pro-rated for the number of days he was employed during the year in which his employment terminated, (iv) monthly payments for a period of 18 months following the termination of his employment, with each monthly payment equal to 1/12 of the sum of his base salary and target annual bonus, (v) for 18 months following the termination of his employment, continuing coverage under our group health and life insurance plans in which he was a participant immediately prior to the termination of his employment, at the same levels and on the same terms and conditions as are provided to similarly situated executives, and (vi) full and immediate vesting of all outstanding unvested equity-based compensation awards, and any equity compensation awards that are or become vested upon termination of his employment remain exercisable for at least one year after the date of termination or, if earlier, until the expiration of the stated term of the award.

If Mr. Schobel's employment is terminated by us without cause or he terminates his employment for good reason, in each case during the period beginning 180 days before and 24 months following the effective date of a change in control, then subject to the delivery of a fully effective release of claims and continued compliance with his respective restrictive covenant obligations, in addition to the Accrued Payments he will be entitled to all the severance that he would have received had his employment been terminated by the Company not for cause or by him for good reason, provided that, in lieu of the payments described in section (iv) of the paragraph immediately above, Mr. Schobel will be entitled to receive an immediate cash payment of an amount consisting of three times the sum of his base salary and target annual bonus, and, with respect to the benefit continuation described in section (v) of the paragraph immediately above, such benefits shall continue until the third anniversary of such date of termination.

Additionally, pursuant to his employment agreement, in the event that payments to or for the benefit of Mr. Schobel relating to a change in control would be subject to an excise tax imposed by Section 4999 of the Internal Revenue Code, the aggregate amount of such payments will be increased so that, after the payment of taxes, he will be in the same position as he would have been had he not been required to pay such excise taxes. Additionally, in the event that the continuation of coverage under our group health plan triggers taxable income to Mr. Schobel, the Company will pay him additional cash payments as are necessary for him to receive the same net after-tax benefits that he would have received under such plans if he had continued to receive such plan benefits while employed with the Company.

Outstanding Equity Awards at December 31, 2017

The following table provides information about the number of outstanding equity awards held by our named executive officers at December 31, 2017.

		Stock Awards	
Name	Grant Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[1]	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[2]
Keith J. Kendall	January 13, 2017	122,162	35,857
	January 1, 2017	2,443,249	717,377
	December 18, 2015	202,201	66,453
	August 1, 2010	2,392,698	1,000,217
	October 21, 2008	2,462,136	1,275,257
	June 16, 2006	4,715,961	1,934,023
Daniel Barber	January 2, 2017	824,143	241,981
	December 1, 2011	125,000	49,188
	October 1, 2010	100,000	41,803
	October 1, 2008	171,857	97,458
John T. Maxwell	January 9, 2017	1,710,274	589,837
A. Mark Schobel	January 13, 2017	122,162	35,857
	December 18, 2015	252,750	83,066
	August 1, 2010	2,392,698	1,000,217
	October 21, 2008	3,282,848	1,700,342
	September 21, 2006	2,453,872	882,036
	June 16, 2006	114,755	47,061
	March 22, 2006	91,175	55,135
	February 13, 2006	1,468,235	887,877
	November 17, 2005	2,159,910	1,476,596

(1) PUP awards vest at varying rates from immediate to time-based over three years, depending on the specific grant and the agreement with the employee. Upon termination of the PUP Plans, vesting of all outstanding awards was accelerated. None of these grants are payable until certain performance conditions have been met, and none of these conditions were met as of this date. The PUP Plans were terminated in April 2018, effective January 1, 2018, and all amounts were paid out to the participants.

(2) Market value is based on a third party valuation of the Company as of December 31, 2017 and is net of the base value of each grant.

Equity-Based Incentive Awards

Historically, the equity-based awards we granted to our named executive officers were units in our PUP Plans. The purpose of the PUP Plans, which was originally instituted by us in 2004 when we were organized as a limited liability company, was to reward executives and employees for appreciation in the enterprise value of Aquestive.

Under the PUP Plans, a grantee would receive a grant of units that would entitle him or her to a percentage of the appreciation in value of the Company above a base value. Units granted under the PUP Plans are not actual equity securities in the Company and did not convey any ownership interest on the grantee unless and until they were settled in securities. These grants would vest over time and on a distribution event (*e.g.* change of control, initial public offering or dissolution or liquidation of the Company), could be settled in cash or equity securities.

With respect to the 2017 fiscal year, the Company granted the number of units under the PUP Plans to the named executive officers as set forth in the table below. These units vest over three years, generally subject to the named executive officer's continued employment with us on the applicable vesting date (except as provided above in the section titled "Employment Agreements with Our Named Executive Officers").

Named Executive Officer	Number of Units Granted	Base Value Per Unit ($)
Mr. Kendall	2,565,412	116,261,261
Mr. Barber	824,143	116,244,973
Mr. Maxwell	1,710,274	103,594,973
Mr. Schobel	122,162	116,269,405

Our board of directors authorized the termination of the PUP Plans in April 2018. In termination thereof, each award granted under the PUP Plans became fully vested and each award holder received the number of shares of our non-voting common stock equal to the number of units held without regard to the base value, plus an additional payment designed to compensate the grantee for any taxes owed with respect to the shares of non-voting common stock received upon such termination. These non-voting shares will become regular voting common stock at the time of the initial public offering. For our named executive officers, this resulted in the following distributions:

Named Executive Officer	Number of Shares of Non-Voting Common Stock Granted (#)	Other Payment Amounts ($)
Mr. Kendall	12,338,408	1,642,241
Mr. Barber	1,221,000	94,660
Mr. Maxwell	1,710,274	135,823
Mr. Schobel	12,338,405	1,642,241

Following this offering, we expect to grant equity incentive compensation to our employees, including the named executive officers, pursuant to the 2018 Plan, which is described in detail below in the section titled "2018 Plan." Although we do not have a formal policy with respect to the grant of equity incentive awards to our named executive officers, or any formal equity ownership guidelines applicable to them, we believe that equity grants will provide our named executive officers with a strong link to our long-term performance, create an ownership culture and help to align the interests of our named executive officers and our stockholders. In addition, we believe that equity grants with a time-based vesting feature will promote executive retention because this feature incentivizes our named executive officers to remain in our employment during the vesting period. Accordingly, our Compensation Committee plans to periodically review the equity incentive compensation of our named executive officers and from time to time expects to grant equity incentive awards.

2018 Equity Incentive Plan

Prior to the consummation of this offering, we adopted the 2018 Plan. The purpose of the 2018 Plan is to assist the Company and its subsidiaries in attracting and retaining valued employees, consultants and non-employee directors by offering them a greater stake in our success and a closer identity with us, and to encourage ownership of the Company's common stock by such employees, consultants and non-employee directors. Under the 2018 Plan, we may grant awards in respect of shares of common stock, or Awards, to employees, directors and consultants of the Company and its subsidiaries. Awards may consist of options, stock appreciation rights, or SARs, restricted stock, restricted stock units, or RSUs, performance stock, performance stock units, or PSUs, and other stock-based awards. Each Award will be governed by the provisions of the 2018 Plan and the applicable award agreement. The following is a summary of the material terms of the 2018 Plan. In the event of a conflict between this summary and the 2018 Plan, the terms set forth in the 2018 Plan shall control.

Eligibility

Any employee, director or consultant of the Company or any of its subsidiaries is eligible to receive Awards under the 2018 Plan.

Administration

The 2018 Plan will be administered by the Compensation Committee. Awards granted to non-employee members of the board of directors shall be administered by the board of directors. The Compensation Committee will have full and final authority in its discretion to: (i) select the employees, non-employee directors and consultants who will receive Awards, provided that Awards to non-employee directors will be subject to ratification by the board of directors; (ii) determine the type or types of Awards to be granted to each participant; (iii) determine the number of shares to which an Award will relate, the terms and conditions of any Award (including, but not limited to, restrictions as to vesting, performance goals relating to an Award, transferability or forfeiture, exercisability or settlement of an Award, waivers or accelerations thereof and waivers of or modifications to performance goals relating to an Award) and all other matters to be determined in connection with an Award; (iv) determine the strike price, grant price or purchase price (if any) of an Award; (v) determine whether, to what extent, and under what circumstances an Award may be cancelled, forfeited, or surrendered; (vi) determine whether, and to certify that, performance goals to which an Award is subject are satisfied; (vii) determine whether participants will be permitted to defer the settlement of certain Awards; (viii) correct any defect or supply any omission or reconcile any inconsistency in the 2018 Plan and Award agreements thereunder, and to adopt, amend and rescind such rules, regulations, guidelines, forms of agreements and instruments as, in its opinion, may be advisable; (ix) construe and interpret the 2018 Plan and Award agreements thereunder, and (x) make all other determinations as it may deem necessary or advisable for the administration of the 2018 Plan and Award agreements. The Compensation Committee may delegate some or all of its powers to any of our executive officers or any other person, other than its authority to grant awards to certain individuals (such as board members and executive officers).

Shares Available Under the 2018 Plan

Subject to adjustment as provided in the 2018 Plan, the total number of shares available for Awards under the 2018 Plan as of the effective date of the 2018 Plan shall be shares, or the Plan Limit; provided, however, that on January 1, 2019 and each January 1st thereafter prior to the termination of the 2018 Plan, the Plan Limit shall be increased by the lesser of (x) 4.0% of the number of shares of common stock outstanding as of the immediately preceding December 31st and (y) such lesser number as the board of directors may determine in its discretion. Up to shares available for Awards under the 2018 Plan may be issued pursuant to incentive stock options, or the ISO Limit (the ISO Limit will equal the Plan Limit on the effective date of the 2018 Plan), provided that on January 1, 2019 and each January 1st thereafter prior to the termination of the 2018 Plan, the ISO Limit shall be increased by the lesser of (x) 4.0% of the number of shares of common stock outstanding as of the immediately preceding December 31st, (y) shares and (z) such lesser number as the board of directors may determine in its discretion. The maximum value (determined as of the grant date) of shares underlying Awards granted to any non-employee director on the board of directors during any calendar year is $500,000, except that such limit shall be increased by 50% for the first calendar year in which a non-employee director is elected to the board of directors. For purposes of determining the number of shares available for Awards under the 2018 Plan, each stock-settled SAR shall count against the Plan Limit based on the number of shares underlying the exercised portion of such SAR rather than the number of shares issued in settlement of such SAR. Any shares tendered, with the Committee's approval, by a participant in payment of an exercise price for an Award or the tax liability with respect to an Award, including shares withheld from any such Award, shall not be available for future Awards hereunder. Shares awarded under the Plan may be reserved or made available from the Company's authorized and unissued common stock or from common stock reacquired and held in the Company's treasury. Any shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for Awards under the 2018 Plan. If any shares subject to an Award under the 2018 Plan are forfeited or such Award otherwise terminates for any reason whatsoever without an actual distribution of shares to the participant, any shares counted against the number of shares available for issuance pursuant to the 2018 Plan with respect to such Award shall, to the extent of any such forfeiture or termination, be added back to the Plan Limit and shall again be available for Awards under the 2018 Plan; provided, however, that the Committee may adopt procedures for the counting of shares relating to

any Award to ensure appropriate counting, avoid double counting, provide for adjustments in any case in which the number of shares actually distributed differs from the number of shares previously counted in connection with such Award, and if necessary, to comply with applicable law or regulations.

Awards

Awards that can be granted under the 2018 Plan include restricted stock, RSUs, stock options, SARs, and other stock-based awards.

Performance Goals

In the discretion of the Compensation Committee, the vesting, earning or settlement of any Award may be conditioned upon the achievement of specified performance goals that are substantially uncertain to be met during the applicable performance period at the time such goals are established.

Types of Awards

Options. Options give a participant the right to purchase a specified number of shares from the Company for a specified time period at a fixed price. Options may be either ISOs or non-qualified options, however, ISOs may only be granted to employees of the Company and its subsidiaries. The price at which shares may be purchased upon exercise may not be less than the fair market value of one share on the grant date, or, in the case of an ISO granted to a more than ten percent stockholder, less than 110% of the fair market value of a share on the grant date. The Compensation Committee may grant options that have a term of up to ten years, or, in the case of an ISO granted to a more than ten percent stockholder, five years. The Award agreement will specify the exercise price, term, vesting requirements, including any performance goals, and any other terms and conditions applicable to the option.

Stock Appreciation Rights. A grant of a SAR entitles a participant to receive, upon exercise of the SAR, the excess of (i) the fair market value of one share on the date of exercise, over (ii) the grant price of the SAR as determined by the Compensation Committee. No payment from the participant is required upon the exercise of a SAR. The Compensation Committee will determine and specify in each Award agreement the number of SARs granted, the grant price of the SAR (which may not be less than 100% of the fair market value of a share on the grant date), the time or times at which a SAR may be exercised in whole or in part, the method by which shares will be delivered or deemed to be delivered to a participant, the term of the SAR (which may not be greater than 10 years) and any other terms and conditions of the SAR.

Restricted Stock. An Award of restricted stock is a grant of a specified number of shares, which shares are subject to forfeiture upon the occurrence of certain events during a specified restriction period. Each Award of restricted stock will specify the duration of the restriction period, the conditions under which the shares may be forfeited, and the amount, if any, the participant must pay to receive the shares. Generally, during the restriction period, the participant will have all of the rights of a stockholder with respect to the restricted stock, including the right to vote the shares of restricted stock and to receive dividends. However, dividends may, at the discretion of the Compensation Committee, be paid currently or subject to the same restrictions as the underlying stock (and the Compensation Committee may withhold cash dividends paid on restricted stock until the applicable restrictions have lapsed), provided that, dividends paid on unvested restricted stock that is subject to performance goals will not be paid or released until the applicable performance goals have been achieved.

Restricted Stock Units. An Award of RSUs is a grant of the right to receive a payment in shares or cash, or a combination thereof, equal to the fair market value of a share on the applicable settlement date. RSUs are solely a device for determining amounts to be paid to a participant, do not constitute shares, and will not be treated as a trust fund of any kind. Prior to the settlement of an award and the receipt of shares, the participant will have no rights as a stockholder with respect to any such shares. Notwithstanding the previous sentence, the Compensation Committee may provide in an Award agreement that amounts equal to dividends declared during the restriction period on the shares covered by the Award will be credited to the participant's account and settled in shares at the same time as the RSUs to which such dividend equivalents relate. Awards of RSUs will be settled in shares, unless

otherwise provided in an Award agreement. Unless otherwise provided in an Award Agreement, subject to the Participant's continued employment or other service with us from the grant date through the expiration of the restriction period, the vested portion of an Award of RSUs will be settled within 60 days after the expiration of the restriction period.

Performance Stock. An Award of performance stock generally is the same as an Award of restricted stock, as described above, but vesting is conditional on the achievement of one or more performance goals during a performance period.

Performance Stock Units. An Award of PSUs generally is the same as an Award of restricted stock units, as described above, but vesting and settlement are conditional on the achievement of one or more performance goals during a performance period.

Other Stock-Based Awards. The Compensation Committee may grant, subject to applicable law, any other type of Award under the 2018 Plan that is payable in, or valued in whole or in part by reference to, shares, and that is deemed by the Compensation Committee to be consistent with the purposes of the 2018 Plan, including, without limitation, fully vested shares and dividend equivalents.

Termination of Employment of Service

Unless otherwise provided in an Award agreement or an effective employment, consulting, severance or similar agreement with the Company or a subsidiary, or as otherwise provided below in the section titled "Change in Control and Other Corporate Transactions," upon a participant's termination of employment or service, the unvested portion of such participant's Awards will cease to vest and will be forfeited (with no compensation due to the participant) and the vested portion of such participant's options and SARs will remain exercisable for a period of (i) 90 days in the event of a termination for cause, (ii) one year in the event of a termination (a) due to death or disability, (b) by the Company or a subsidiary without Cause, (c) by the participant for good reason, or (d) as the result of the participant's retirement, and (iii) six months in the event of a participant's resignation without good reason and not due to retirement; provided, however, no option or SAR will be exercisable after its stated term has expired.

Change in Control and Other Corporate Transactions

Unless otherwise provided in an Award agreement or an effective employment, consulting, severance or other similar agreement with the Company or one of its subsidiaries, a change in control will not, in and of itself, accelerate the vesting, settlement, or exercisability of outstanding Awards. Notwithstanding the foregoing and unless otherwise provided in an Award agreement or an effective employment, consulting, severance or similar agreement with the Company or a subsidiary, if (i) the successor corporation (or its direct or indirect parent) does not agree to assume an outstanding Award or does not agree to substitute or replace such Award, in either case, with an award involving the registered and publicly traded ordinary equity securities of such successor corporation (or its direct or indirect parent) on terms and conditions necessary to preserve the rights of the applicable participant with respect to such Award or (ii) the change in control is not approved by a majority of the board of directors immediately prior to such change in control, then the Compensation Committee, in its sole discretion, may take one or more of the following actions with respect to all, some or any such Awards: (a) accelerate the vesting and, if applicable, exercisability of such Awards such that the Awards are fully vested and, if applicable, exercisable (effective immediately prior to such change in control); (b) with respect to any Awards that do not constitute "non-qualified deferred compensation" within the meaning of Section 409A of the Code, accelerate the settlement of such Awards upon such change in control; (c) with respect to Awards that constitute "non-qualified deferred compensation" within the meaning of Section 409A of the Code, terminate all such Awards and settle all such Awards for a cash payment equal to the fair market value of the shares underlying such Awards less the amount the participant is required to pay for such shares, if any, provided that (I) such change in control satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(v), (vi) or (vii) and (II) all other arrangements that would be aggregated with such Awards under Section 409A of the Code are terminated and liquidated within 30 days before or 12 months after such change in control; (d) cancel outstanding options or SARs in exchange for a cash payment in an amount equal to the excess, if any, of the fair market value of the shares underlying the unexercised portion of the option or SAR as of the date of the change in control over the exercise price or

grant price, as the case may be, of such portion, provided that any option or SAR with a per share exercise price or grant price, as the case may be, that equals or exceeds the fair market value of one share on the date of the change in control will be cancelled with no payment due the participant; and (e) take such other actions as the Compensation Committee deems appropriate. If any action is taken with respect to any Award under items (a) through (e) and such Award is subject to performance goals, such performance goals shall be deemed satisfied based on the actual level of achievement of the applicable performance goals through the date of the change in control or, if determined by the Compensation Committee in its sole discretion prior to such change in control, using the applicable target level of achievement rather than such actual level of achievement.

Unless provided otherwise in an Award agreement, or an effective employment, consulting, severance or other similar agreement, or as otherwise may be determined by the Compensation Committee prior to a change in control, in the event that Awards are assumed in connection with a change in control or substituted with new awards, and a participant's employment or other service with the Company and its subsidiaries is terminated by the Company without cause or due to disability, as the result of the participant's death or by the participant for good reason, in any case, within 24 months following a change in control, then generally (i) the unvested portion of such participant's Awards will vest in full (with any applicable performance goals being deemed to have been achieved at target or, if greater, actual levels of performance), (ii) Awards of options and SARs will remain exercisable by the participant or the participant's beneficiary or legal representative, as the case may be, for a period of one-year (but not beyond the stated term of the option or SAR), (iii) all RSUs and PSUs will be settled within 30 days after such termination and (iv) all other stock-based awards will be settled within 30 days after such termination.

In the event of a share dividend, recapitalization, forward share split, reverse share split, reorganization, spin-off, extraordinary or unusual cash distribution, or other similar non-reciprocal corporate transaction or event between the Company and its shareholders, the Compensation Committee will make equitable adjustments in (i) the number and kind of shares which may thereafter be issued in connection with Awards, (ii) the number and kind of shares issuable in respect of outstanding Awards, (iii) the aggregate number and kind of shares available under the 2018 Plan, and (iv) the exercise or grant price relating to any Award, or if deemed appropriate, the Compensation Committee may also make provision for a cash payment with respect to any outstanding Award.

Clawback and Recoupment

Any Award granted under the 2018 Plan (and all shares acquired thereunder) will be subject to mandatory repayment and clawback pursuant to the terms of the Company's clawback policy, if any, and as may otherwise be required by any federal or state laws or the rules of any applicable securities exchange. Additional recoupment and clawback policies may be provided in the participant's Award agreement.

Restrictions on Transfer

Generally, the 2018 Plan prohibits participants from pledging, encumbering, assigning or transferring any Award, right or interest under the 2018 Plan, except for assignments or transfers that occur by way of the laws of descent and distribution. Awards and rights under the 2018 Plan will be exercisable during the life of a participant only by the participant or his legal guardian. However, to the extent permitted by the law and the rules of any applicable stock exchange, non-qualified options, SARs, performance stock and/or restricted stock and any other Award that is not "deferred compensation" within the meaning of Section 409A of the Code may be transferred without consideration to certain immediate family members of the participant, to trusts for the benefit of the participant and/or such family members and to partnerships in which the participant and/or such family members are the only partners.

Non-U.S. Participants

Without amending the 2018 Plan, Awards may be granted to participants who are foreign nationals or are employed or providing services outside the United States or both, on such terms and conditions different from those specified in the 2018 Plan as may, in the judgment of the Compensation Committee,

be necessary or desirable to further the purpose of the 2018 Plan. Moreover, the Compensation Committee may approve such supplements to, or amendments, restatements or alternative versions of, the 2018 Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the 2018 Plan as in effect for any other purpose.

Amendment and Termination

The board of directors may amend, alter, suspend, discontinue or terminate the 2018 Plan without the consent of our stockholders, except that the board of directors must obtain stockholder approval for actions that would: (i) increase the number of shares subject to the 2018 Plan; (ii) decrease the price at which Awards may be granted; or (iii) require stockholder approval under any applicable federal, state or foreign law or regulation or the rules of any stock exchange or automated quotation system on which shares are then listed or quoted. However, without prior written consent of an affected participant, no amendment, alteration, suspension, discontinuation or termination of the 2018 Plan may materially and adversely affect the rights of a participant under any outstanding Award unless such action is required by law or regulation, or the rules of any applicable securities exchange or automated quotation system. No underwater Option or underwater SAR may be repriced, replaced or regranted through cancellation or purchased for cash without the approval of our stockholders.

Unless earlier terminated, the 2018 Plan will terminate with respect to the grant of new Awards on the earlier of the 10-year anniversary of the effective date of the 2018 Plan or the 10-year anniversary of the date the 2018 Plan was approved by the board of directors.

Employee Stock Purchase Plan

Prior to the consummation of this offering, we adopted the Aquestive Therapeutics, Inc. Employee Stock Purchase Plan, referred to as the “ESPP.” The ESPP allows eligible employees to purchase shares of our common stock at a discount with accumulated elective payroll deductions. The following is a summary of the material terms of the ESPP. In the event of a conflict between this summary and the plan document for the ESPP, the plan document will control.

A committee appointed by our board of directors will have the exclusive power and authority to administer the ESPP, including, without limitation, the power to interpret the provisions of the ESPP, determine whether the Company or any parent or subsidiary will be designated as a participating company for any offering under the ESPP, and to make all other determinations for administering the ESPP. The ESPP includes a component that is intended to qualify as an employee stock purchase plan under Section 423 of the Code, and therefore provide participants with favorable tax treatment under the Code. In addition, the ESPP includes a component that is not intended to qualify as an employee stock purchase plan under Section 423 of the Code. The qualified component and non-qualified component are intended to operate together where possible. The committee administering the ESPP may adopt procedures and sub-plans as deemed necessary or appropriate to facilitate participation by eligible employees who are employed or located in a jurisdiction other than the United States.

Eligible Employees

The ESPP will be offered to our employees and employees of any parent or subsidiary, in each case, that is designated as a “participating company.” Generally, each employee of a participating company may participate in the ESPP except for: (i) employees who own (or are deemed to own) 5% or more of the combined voting power or value of all our classes of shares or of all the classes of shares of any parent or subsidiary company; or (ii) employees who are citizens or residents of a jurisdiction (other than the United States) in which participation is prohibited by applicable law our would violate Section 423 of the Code.

Shares Available

We intend to initially reserve shares for sale under the ESPP. On each January 1 that the ESPP is in effect, the number of shares authorized for sale under the ESPP shall be increased by the lesser of (x) 1.0% of the number of shares of common stock outstanding as of the immediately preceding December 31st and (y) such lesser number of shares as the board of directors may determine in its discretion. These amounts are subject to adjustment to reflect stock splits, stock dividends, recapitalizations and similar corporate events.

Offering Periods

Participants will be offered the option to purchase shares at a discount during an offering period, which is anticipated to be the semi-annual periods commencing on January 1 and ending on June 30 and commencing on July 1 and ending on December 31. However, the committee administering the ESPP may change the offering periods under the ESPP and may establish other offering periods as it deems appropriate (and different offering periods are not required to have identical terms).

Purchase Price

The option purchase price per share will be the lower of 85% of the fair market value of one share on the first day of the offering period or 85% of the fair market value of one share on the last day of the offering period, and in all events, not less than the par value of one share.

Participation

Eligible employees may elect to contribute, on an after-tax basis, an amount that is at least 1% but not more than 25% of the participant's eligible compensation. Unless a participant has previously withdrawn participation in the ESPP, as of the last day of each offering period, each participant will be deemed to have elected to purchase the number of whole shares that can be purchased at the purchase price with the participant's account balance. Notwithstanding the foregoing, a participant may not purchase shares at a rate that exceeds $25,000 in fair market value of our shares (determined at the beginning of the offering period) for each calendar year in which any option granted to the participant is outstanding at any time. In addition, subject to adjustment by the committee administering the ESPP, a participant may not purchase more than shares in any offering period.

Amendment and Termination

Generally, our board of directors may amend, suspend or terminate the ESPP at any time. Notwithstanding the foregoing, any increase in shares to be authorized for sale under the ESPP (other than increases or adjustments specified by the terms of the ESPP), shall be subject to approval by a vote of our shareholders. In addition, any other amendment to the ESPP shall be subject to approval by our shareholders to the extent required by applicable law, rule or regulation, or by the rules of any securities exchange on which our shares are traded or quoted. Unless assumed in a change in control, the ESPP will terminate on the day immediately prior to a change in control and all contributions then credited to participants' accounts will be used to purchase whole shares at the purchase price specified in the ESPP.

Perquisites, Health, Welfare and Retirement Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental and vision insurance plans, in each case on the same basis as all of our other employees.

401(k) Plan

We maintain a 401(k) retirement savings plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may defer eligible compensation on a pre-tax basis, up to the statutorily prescribed annual limits on contributions under the Code. The 401(k) plan provides us with the discretion to match employee contributions**.** During 2017, we made 100% matching contributions on up to 6% of an employee's eligible compensation deferred. These contributions vest in full after an employee has attained six years of service.

Non-Employee Director Compensation

We provide cash and equity-based compensation to our non-employee directors for the time and effort necessary to serve as a member of our board of directors.

Upon the completion of this offering we expect to adopt a non-employee director compensation policy. Under this policy, we will pay each of our non-employee directors a cash retainer for service on the board of directors and for service on each committee on which the director is a member. The chairperson

of each committee will receive a higher retainer for such service. These retainers will be payable in arrears in four equal quarterly installments on the last day of each quarter, provided that the amount of such payment will be prorated for any portion of such quarter that the director is not serving on our board of directors. The retainers to be paid to non-employee directors for service on the board of directors and for service on each committee of the board of directors on which the director is a member are expected to be as follows:

Name	Annual Service Retainer	Chairperson Additional Retainer
Board of Directors	$ 40,000	$ 30,000
Audit Committee	10,000	20,000
Compensation Committee	7,000	15,000
Nominating and Corporate Governance Committee	5,000	10,000

In addition, we intend to grant to each of our existing non-employee directors options to purchase shares of our common stock pursuant to the 2018 Plan. Additionally, we intend make annual grants of options to purchase shares of our common stock to each of our non-employee directors. The amount, terms of and timing surrounding the grant of such options will be determined by our board of directors at a later date and will remain subject to the sole discretion of our board of directors on an ongoing basis.

This policy is intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors' interests with those of our stockholders.

2017 Director Compensation Table

The following table sets forth in summary form information concerning the compensation that we paid or awarded to our non-executive directors during the fiscal year ended December 31, 2017. Each of Mr. Kendall and Mr. Schobel served on our board of directors during 2017, but did not receive any additional compensation for their service as a director and therefore are not included in the table below. The compensation for Mr. Kendall and Mr. Schobel as an executive officer is set forth above under "—Summary Compensation Table."

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards[2] ($)	Total ($)
Douglas Bratton	—	—	—
Gregory Brown, M.D.	41,000	—	41,000
John Cochran	—	—	—
Santo Costa	41,000	—	41,000
James S. Scibetta	49,500	—	49,500

(1) These amounts represent fees paid to directors for board meetings and committee meetings. Neither Mr. Bratton nor Mr. Cochran received a fee for their service on our board of directors for the 2017 fiscal year because they represent the Bratton Capital Management Group.

(2) This column reflects the aggregate grant date fair value of the awards granted under the PUP Plans during 2017, calculated in accordance with FASB Accounting Standards Codification Topic 718 Compensation — Stock Compensation ("ASC Topic 718"), and assumes no forfeiture rate derived in the calculation of the grant date fair value of these awards. The assumptions used in calculating the grant date fair value of these awards are set forth in Note 17 to our audited consolidated financial statements included in this prospectus. Because of the contingency of the events that must occur in order for PUP Plan awards to be settled, no compensation expense was recorded because it was not probable at the time of grant that the performance requirements would be met. If, at the time of grant, such performance was probable, the grant date value of the PUP Plan awards granted in 2017 would have been $31,376 for each of Messrs. Bratton, Cochran, Costa and Scibetta and Dr. Brown.

As of December 31, 2017, our non-employee directors held the following number of awards under our PUP Plans:

Non-Employee Director	Number of PUP Plan Awards (#)
Douglas Bratton	926,426
Gregory Brown, M.D.	926,426
John Cochran	926,426
Santo Costa	213,789
James S. Scibetta	71,263

As indicated above, our PUP Plans were terminated and liquidated in April 2018, effective January 1, 2018. As the result, our non-employee directors received the following number of shares of our non-voting common stock and bonus payments (or rights to future bonus payments):

Non-Employee Director	Number of Shares of Non-Voting Common Stock Granted (#)	Additional Payment Amount ($)
Douglas Bratton	926,426	103,377
Gregory Brown, M.D.	926,426	103,377
John Cochran	926,426	103,377
Nancy Lurker(1)	—	—
Santo Costa	213,789	23,856
James S. Scibetta	71,263	7,952

(1) Ms. Lurker joined our board of directors in April 2018. Accordingly, she will not receive any shares of our non-voting common stock or bonus payments in connection with the termination of the PUP Plans.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions since January 1, 2015 to which we have been a party, in which the amount involved in the transaction exceeded $120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under "Compensation Discussion and Analysis."

Share Issuances to Employers and Directors

Series A-3 Preferred Interests Issuance

In December 2015, Aquestive, LLC, our parent and predecessor, issued 5,055,000 Series A-3 Preferred Interests to certain investors, including Monoline RXIII, L.P., who purchased 4,950,000 Series A-3 Preferred Interests for $4,950,000. The Series A-3 Preferred Interests contain a conversion option exercisable upon the offering, giving the holder the right to convert the interests into shares of our common stock.

PUP Plans

The PUP Plans of Aquestive, LLC were terminated in April 2018, with such termination deemed to be effective as of January 1, 2018. In connection with the termination of the PUP Plans and in lieu of cash, we plan to pay the equivalent value in shares of our common stock. Shares of common stock will be issued to directors, officers and key employees in the following amounts:

Keith J. Kendall	12,338,408
Daniel Barber	1,221,000
Peter Boyd	610,000
John T. Maxwell	1,710,274
A. Mark Schobel	12,338,405
Theresa Wood	978,000
Douglas Bratton	926,421
Gregory Brown, M.D.	926,421
John Cochran	926,426
Santo Costa	213,789
James S. Scibetta	71,263

See "Executive and Director Compensation — Narrative to the Summary Compensation Table — Equity Incentive Plans — PUP Plans" for more information about the PUP Plans.

Stock Option Grants

In April 2018, we granted stock options to purchase an aggregate of 1,000,376 shares of our common stock each with an exercise price $0.53 per share, to certain of our employees, consultants and directors in connection with services provided by such parties to us in the following amounts:

Nancy Lurker	62,657
Kenneth Marshal	246,768
Daniel Barber	320,799
Peter Boyd	370,152

Registration Rights to Directors and Officers

We have granted certain registration rights to certain of our officers and directors. If, following the completion of this offering, we register any of our securities for public sale in another offering, such directors and officers will have the right to include their shares in the registration statement, subject to reduction provisions whereby, we and the underwriters of any underwritten offering will have the right to

limit the number of shares registered by these holders if they determine that marketing factors require limitation. In such a case the number of shares to be registered will be apportioned pro rata among these holders, according to the total amount of Registrable Securities entitled to be included by each holder.

Employment Arrangements

We have entered into or intend to enter into employment arrangements with our executive officers, as more fully described in “Executive and Director Compensation — Agreements with our Named Executive Officers,” “— Incentive Compensation” and “— Potential Payments upon Termination or Change in Control.”

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and executive officers, in addition to the indemnification provided for in our bylaws and our certificate of incorporation. These agreements, among other things, provide our directors and executive officers with contractual rights to indemnification and, in some cases, expense advancement in any action or proceeding arising out of their services as one of our directors or executive officers or as a director or executive officer of any other company or enterprise to which the person provides services at our request. For more information regarding these agreements, see the section of this prospectus entitled “Executive and Director Compensation — Limitations on liability and indemnification matters.”

Policies and Procedures for Transactions with Related Persons

Prior to this offering, we have not had a formal policy regarding approval of transactions with related parties. We have adopted a related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions, which will become effective immediately upon the consummation of this offering. For purposes of our policy only, a “related-person transaction” will be defined as a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are participants involving an amount that exceeds $120,000.

Transactions involving compensation for services provided to us as an employee, consultant or director will not be considered related-person transactions under this policy. A related person will be defined as any executive officer, director or a holder of more than 5% of our common stock, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to our audit committee (or, where review by our audit committee would be inappropriate, to another independent body of our board of directors) for review. The presentation must include a description of, among other things, the material facts, the direct and indirect interests of the related persons, the benefits of the transaction to us and whether any alternative transactions are available. To identify related-person transactions in advance, we rely on information supplied by our executive officers, directors and certain significant stockholders. In considering related-person transactions, our audit committee or other independent body of our board of directors will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director’s independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the terms of the transaction;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from our employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, our audit committee, or other independent body of our board of directors, must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our stockholders, as our audit committee, or other independent body of our board of directors, determines in the good faith exercise of its discretion. In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval.

All of the transactions described above were entered into prior to the adoption of the written policy.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our named executive officers and key employees; and
- all of our current executive officers and directors as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of _____, 2018 through the exercise of any stock options or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The table below does not give effect to the potential purchases by such stockholders in this offering.

The percentage of shares beneficially owned before the offering is computed on the basis of shares of our common stock outstanding as of , 2018. The percentage of shares beneficially owned after the offering is computed on the basis of shares of our common stock outstanding as of , 2018 which reflects shares of our common stock sold in the offering.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o Aquestive Therapeutics, Inc., 30 Technology Drive, Warren, NJ 07059.

The percentages depicted in the table below account for:

- shares of common stock issuable immediately prior to the effective date of this offering pursuant to the automatic exercise of the Perceptive Warrants; and
- the distribution of our shares held by Aquestive Partners, LLC to the holders of interests in Aquestive Partners, LLC.

Certain existing investors have indicated an interest in purchasing $ million of shares of our common stock in this offering at the initial public offering price. Assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, these entities would purchase an aggregate of up to approximately of the shares in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders. The following table does not reflect any potential purchases by these investors or their affiliated entities.

	Shares Beneficially Owned			
	Prior to the Offering		After the Offering	
	Number	%	Number	%
Five percent stockholders:				
MRX Partners, LLC[1]		%		%
MonoLine RX, L.P.[1]		%		%
MonoLine RX II, L.P.[1]		%		%
MonoLine RX III, L.P.[1]		%		%
Monosol Investors, L.P.[2]		%		%

	Shares Beneficially Owned			
	Prior to the Offering		After the Offering	
	Number	%	Number	%
Directors, executive officers and key employees:				
Keith J. Kendall		%		%
Daniel Barber		%		%
Peter Boyd		%		%
John T. Maxwell		%		%
A. Mark Schobel		%		%
Theresa Wood		%		%
Douglas Bratton		%		%
Gregory Brown, M.D.		%		%
John Cochran		%		%
Santo Costa		%		%
Nancy Lurker		%		%
James S. Scibetta		%		%
All directors executive officers and key employees as a group (11 persons)		%		%

* *Represents beneficial ownership of less than 1%.*

(1) Bratton Capital Management L.P., or Bratton Capital Management, is the general partner of each of MRX Partners, LLC, or MRX Partners, Monoline R.X., L.P. or Monoline, Monoline II R.X., L.P. or Monoline II, and Monoline III R.X., L.P. or Monolineor III. MRX Partners, Monoline, Monoline II and Monoline III are collectively know as the Monosol Entities. Bratton Capital Inc., or Bratton, is the general partner of Bratton Capital Management. Douglas K. Bratton is the sole director of Bratton. The Monosol Entities are each ultimately controlled by Mr. Bratton and Mr. Bratton has voting and investment power over all shares held by the Monosol Entities, Bratton Capital Management, Bratton, and Mr. Bratton may each be deemed to beneficially own all shares held of record by the Monosol Entities. Each such entity and Mr. Bratton disclaims beneficial ownership of the reported securities except to the extent of its or his respective pecuniary interest therein. The percentage of shares beneficially owned after this offering would be %, assuming the purchase of all of the shares that the entities affiliated with this stockholder have indicated an interest in purchasing in this offering.

(2) Genpar MonoSol, LLC is the general partner of MonoSol Investors, L.P. Genpar MonoSol, LLC is ultimately controlled by David Dupree and Michael Marshall, who together have voting and investment power over all shares held by MonoSol Investors, L.P. Genpar MonoSol, LLC, David Dupree and Michael Marshall may each be deemed to beneficially own all shares held of record by MonoSol Investors, L.P. Each such entity, David Dupree and Michael Marshall disclaims beneficial ownership of the reported securities except to the extent of its or his respective pecuniary interest therein.

DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of the material terms of our restated certificate of incorporation and amended and restated bylaws, which will be effective upon consummation of this offering. The descriptions of the common stock and preferred stock give effect to changes to our capital structure that will occur immediately prior to the closing of this offering. We refer in this section to our restated certificate of incorporation as our certificate of incorporation, and we refer to our amended and restated bylaws as our bylaws.

General

Upon the closing of this offering and the filing of our certificate of incorporation, our authorized capital stock will consist of 250,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share. All of our authorized preferred stock upon the closing of this offering will be undesignated. The following is a summary of the rights of our common and preferred stock and some of the provisions of our certificate of incorporation and bylaws, which will become effective upon the closing of this offering and of the Delaware General Corporation Law. This summary is not complete. For more detailed information, please see our certificate of incorporation and bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of the Delaware General Corporation Law.

Common Stock

Outstanding Shares

The holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of the stockholders. The holders of our common stock do not have any cumulative voting rights. Holders of our common stock are entitled to receive ratably any dividends declared by the board of directors out of funds legally available for that purpose, subject to any preferential dividend rights of any outstanding preferred stock. Our common stock has no preemptive rights, conversion rights or other subscription rights or redemption or sinking fund provisions.

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders. The affirmative vote of holders of at least $66^{2/3}\%$ of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, will be required to amend certain provisions of our certificate of incorporation, including provisions relating to amending our bylaws, the classified board, the size of our board, removal of directors, director liability, vacancies on our board, special meetings, stockholder notices, actions by written consent and exclusive jurisdiction, provided, however, that this restriction shall not apply to, and such $66^{2/3}\%$ vote shall not be required for, any such amendment, change or repeal approved by the affirmative vote of at least a majority of the then current duly elected board of directors, in which case such action shall require only the vote of shareholders as required under Delaware law.

Dividends

Subject to preferences that may apply to any outstanding preferred stock, holders of our common stock are entitled to receive ratably any dividends that our board of directors may declare out of funds legally available for that purpose on a non-cumulative basis.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and

privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Preferred Stock

As of , we had shares of preferred stock outstanding, held of record by stockholders. Immediately after the consummation of this offering, our certificate of incorporation will be amended and restated to remove all references to such shares of preferred stock. Under our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control that may otherwise benefit holders of our common stock and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock.

Options and Warrants

As of March 31, 2018, we had granted no options to any of our directors or officers. In April 2018, we granted stock options to purchase 1,000,376 shares of our common stock to certain of our employees, consultants and directors, each at an exercise price of $0.53 per share.

We may in the future grant options or other forms of equity compensation to our employees, consultants and directors pursuant to our equity incentive plan(s). For additional information regarding terms of our equity incentive plan and future grants to be made thereunder, see the section titled “Executive and Director Compensation — 2018 Equity Incentive Plan.”

In connection with the Loan Agreement, on August 16, 2016 we issued to Perceptive 11,625,437 warrants to purchase shares of our common stock representing 4.5% of our fully diluted common stock on an as converted basis at an exercise price of $0.01 per interest. The Perceptive Warrants expire on August 16, 2023 and have certain rights and preferences including anti-dilution adjustments so that, upon exercise, they will represent 4.5% of our fully diluted common stock on an as converted basis, subject to dilution for certain financing transactions including the issuance of shares upon termination of our PUP Plans.

Registration Rights Agreement

We have entered into a Registration Rights Agreement dated June 26, 2018 with Aquestive Partners, LLC, or APL, the members of the board of directors of APL and certain holders of membership interests of APL (“collectively, the “Holders”), or the Registration Rights Agreement, which covers shares of our common stock to be issued to the Holders. The registration rights granted under the Registration Rights Agreement, as described below, supersede any prior registration rights we have granted to such holders.

Series A-3 Registration Rights

Pursuant to the Registration Rights Agreement, we granted certain demand registration rights to holders of registerable securities to be issued to holders in respect of their Series A-3 Preferred Interests in APL upon consummation of this offering, or the Series A-3 Registrable Securities. The holders of a majority of the Series A-3 Preferred Interests have waived all registration rights with respect to the registrable securities to be issued to holders in respect of Series A-3 Preferred Interests in connection with this offering.

Beginning upon the earlier of (i) August 16, 2021 and (ii) 180 days after the consummation of this offering, holders of at least 40% of the Registrable Securities into which the Series A-3 Preferred Interests in APL have been converted can request that we register all or part of their securities on Form S-1 and holders of at least 50% of the Registrable Securities into which the Series A-3 Preferred Interests in APL have been converted can request that we register all or part of their securities on Form S-3 if we are eligible to file a registration statement on Form S-3 and if the aggregate price to the public of the registrable securities offered, net of underwriting discounts and commissions, is at least $5,000,000, or a Demand Registration. We and the underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders if they determine that marketing factors require limitation, in which case the number of shares to be registered will be apportioned pro rata among these holders, according to the total amount of Registrable Securities entitled to be included by each holder, provided that the requesting Holders will be reduced last.

Series A-2 Registration Rights

Pursuant to the Registration Rights Agreement, we granted certain demand registration rights to holders of Registerable Securities into which the Series A-2 Preferred Interests in APL will have been converted upon consummation of this offering, or the Series A-2 Registrable Securities. These demand registration rights will terminate on July 31, 2018.

The holders of a majority of the Series A-2 Preferred Interests have waived all registration rights with respect to the registrable securities to be issued to holders in respect of Series A-2 Preferred Interests in connection with this offering.

“Piggyback” Registration Rights

Pursuant to the Registration Rights Agreement, we have granted “piggyback” registration rights to holders of our Registrable Securities, all of which have been effectively waived with respect to this offering.

If (i) a Demand Registration is made or (ii) we propose to register any of our securities for public sale in another offering and the Holders of at least a majority of either (a) the Registrable Securities into which the Series A-3 Registrable Securities have been converted or (b) the Registrable Securities into which the Series A-3 Registrable Securities have been converted, request in writing then holders of all Registrable Securities will have the right to include their Registrable Securities in such registration statement. We and the underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders if they determine that marketing factors require limitation, in which case the number of shares to be registered will be apportioned among these holders, (w) first to all of the securities we propose to sell (if the registration is an underwritten offering for our own account); (x) second the holders of Series A-3 Registrable Securities and Series A-2 Registrable Securities; (y) third to shares held by certain of our executives and (z) finally to all other holders of Registrable Securities; and in the cases of clauses (x), (y) and (z), each pro rate according to the total percentage of the Registrable Securities requested to be included by each holder.

Expenses of Registration

We and APL generally will pay all expenses related to the registrations, other than sales commissions, stock transfer taxes, underwriting discounts and the fees and disbursements of counsel for the selling security holders.

Indemnification

Pursuant to the Registration Rights Agreement, we have agreed to indemnify the holders of Registerable Securities against all losses, claims, damages, liabilities, and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof), resulting from or arising out of (i) any untrue or alleged untrue statement of material fact or material omission contained in or omitted from (A) any registration statement, prospectus or preliminary prospectus, free writing prospectus, or any amendment thereof or supplement thereto (other than for such statements or omissions prepared by the

holder of Registrable Securities for use in a registration statement) or (B) any documents filed by us in order to qualify any securities covered by a registration under the “blue sky” laws; and (ii) any Securities Act violations committed by us in registering the Registerable Securities pursuant to the Registration Rights Agreement.

Termination of Registration Rights

Shares of common stock will cease to be considered Registerable Securities when they have been (x) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them pursuant to the Registration Rights Agreement or (y) eligible to be sold to the public through a broker, dealer or market maker pursuant to Rule 144-13-(or by any similar provision then in force) under the Securities Act without volume or manner-of sale restrictions and without the requirement for us to be in compliance with the current public information requirement under Rule 144(c)(1), in each case in compliance with the terms and conditions of the Registration Rights Agreement.

The Registration Rights Agreement will automatically terminate when there are no Registerable Securities outstanding.

Registration Rights to Directors and Officers

We have granted certain registration rights to certain of our officers and directors. If, following the completion of this offering, we register any of our securities for public sale in another offering, such officers and directors will have the right to include their shares in the registration statement, subject to reduction provisions whereby, we and the underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders if they determine that marketing factors require limitation. In such a case the number of shares to be registered will be apportioned pro rata among these holders, according to the total amount of Registrable Securities entitled to be included by each holder.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Our Bylaws

Our certificate of incorporation and bylaws will contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and which may have the effect of delaying, deferring or preventing a future takeover or change in control of the company unless such takeover or change in control is approved by the board of directors.

These provisions include:

Classified Board. Our certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board. Our certificate of incorporation will also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our board of directors. Upon consummation of this offering, we expect that our board of directors will continue to have seven members.

Action by Written Consent; Special Meetings of Stockholders. Our certificate of incorporation will provide that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation and the bylaws will also provide that, except as otherwise required by law, special meetings of the stockholders can be called only by or at the direction of the board of directors pursuant to a resolution adopted by a majority of the total number of directors. Stockholders will not be permitted to call a special meeting or to require the board of directors to call a special meeting.

Removal of Directors. Our certificate of incorporation will provide that our directors may be removed only for cause by the affirmative vote of at least $66^{2/3}\%$ of the votes that all our stockholders would be entitled to cast in an annual election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose. This requirement of a supermajority vote to remove directors could enable a minority of our stockholders to prevent a change in the composition of our board.

Advance Notice Procedures. Our bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although the bylaws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Super Majority Approval Requirements. The Delaware General Corporation Law generally provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless either a corporation's certificate of incorporation or bylaws requires a greater percentage. A majority vote of our board of directors or the affirmative vote of holders of at least $66^{2/3}\%$ of the total votes of the outstanding shares of our capital stock entitled to vote with respect thereto, voting together as a single class, will be required to amend, alter, change or repeal the bylaws. In addition, the affirmative vote of the holders of at least $66^{2/3}\%$ of the total votes of the outstanding shares of our capital stock entitled to vote with respect thereto, voting together as a single class, will be required to amend, alter, change or repeal, or to adopt any provisions inconsistent with, any of the provisions in our certificate of incorporation relating to amendments to our certificate of incorporation and bylaws and as described under "Action by Written Consent; Special Meetings of Stockholders", "Classified Board" and "Removal of Directors" above. This requirement of a supermajority vote to approve amendments to our bylaws and certificate of incorporation could enable a minority of our stockholders to exercise veto power over any such amendments.

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital and corporate acquisitions. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of us or our stockholders, our board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. In this regard, our certificate of incorporation grants our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

Exclusive Forum. Our certificate of incorporation will provide that, subject to limited exceptions, the state or federal courts located in the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors

and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable.

Section 203 of the Delaware General Corporation Law

Upon consummation of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law, or Section 203. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock.

Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions: before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 75% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Nasdaq Listing

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

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of common stock in the public market could adversely affect prevailing market prices. Furthermore, since only a limited number of shares will be available for sale shortly after this offering because of contractual and legal restrictions on resale described below, sales of substantial amounts of common stock in the public market after the restrictions lapse could adversely affect the prevailing market price for our common stock as well as our ability to raise equity capital in the future.

Based on the number of shares of common stock outstanding as of March 31, 2018, upon the closing of this offering, shares of common stock will be outstanding, assuming no exercise of the underwriters' option to purchase additional shares. All of the shares sold in this offering will be freely tradable unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act or purchased by existing stockholders and their affiliated entities that are subject to lock-up agreements. Except as set forth below, the remaining shares of common stock outstanding after this offering will be restricted as a result of securities laws and lock-up agreements with us and/or the underwriters. These remaining shares will generally become available for sale in the public market as follows:

Approximate Number of Shares	First Date Available for Sale into Public Market
shares	181 days after the date of this prospectus, upon expiration of the lock-up agreements referred to below, subject in some cases to applicable volume, manner of sale and other limitations under Rule 144 and Rule 701.

We may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes. In the event that any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may in turn be significant. We may also grant registration rights covering those shares of common stock issued in connection with any such acquisition and investment.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, any person who is not an affiliate of ours and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, provided current public information about us is available. In addition, under Rule 144, any person who is not an affiliate of ours and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available. Beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of restricted shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on the Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales of restricted shares under Rule 144 held by our affiliates are also subject to requirements regarding the manner of sale, notice and the availability of current public information about us. Rule 144 also provides that affiliates relying on Rule 144 to sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares, other than the holding period requirement.

Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted shares have entered into lock-up agreements as described below and their restricted shares will become eligible for sale at the expiration of the restrictions set forth in those agreements.

Rule 701

Under Rule 701, shares of our common stock acquired upon the exercise of currently outstanding options or pursuant to other rights granted under our stock plans may be resold by:

- persons other than affiliates, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, subject only to the manner-of-sale provisions of Rule 144; and
- our affiliates, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, subject to the manner-of-sale and volume limitations, current public information and filing requirements of Rule 144, in each case, without compliance with the six-month holding period requirement of Rule 144.

Lock-Up Agreements

We, along with our directors, executive officers and substantially all of our other stockholders and option holders, have agreed that for a period of 180 days after the date of this prospectus, subject to specified exceptions, we or they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock without the consent of BMO Capital Markets Corp. and RBC Capital Markets, LLC. Upon expiration of the “lock-up” period, certain of our stockholders will have the right to require us to register their shares under the Securities Act. See “Registration Rights” below.

After this offering, certain of our employees, including our executive officers and/or directors, may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements described above.

Registration Rights

Upon consummation of this offering, the holders of shares of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the lock-up arrangement described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of such registration statement. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock. See “Description of Capital Stock — Registration Rights.”

Equity Incentive Plans

We intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock subject to stock awards outstanding or reserved for issuance under the 2018 Plan. The registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following discussion is a general summary of the material U.S. federal income tax considerations related to the acquisition, ownership and disposition of our common stock to Non-U.S. Holders as of the date hereof.

For the purposes of this discussion, a "Non-U.S. Holder" of our common stock means a holder that is not a U.S. person or an entity treated as a partnership for U.S. federal income tax purposes. The term U.S. person means:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This summary is not intended to be a complete analysis of all the U.S. federal income tax considerations that may be relevant to Non-U.S. Holders. This summary does not consider specific facts and circumstances that may be relevant to a particular Non-U.S. Holder's tax particular circumstances and does not consider the state, local or non-U.S. tax consequences of an investment in our common stock. It also does not consider Non-U.S. Holders subject to special tax treatment under U.S. federal income tax laws (including partnerships or other pass-through entities, banks and insurance companies, regulated investment companies, real estate investment trusts, dealers in securities, controlled entities of foreign sovereigns, holders of our common stock held as part of a "straddle," "hedge," "conversion transaction" or other risk-reduction transaction, controlled foreign corporations, passive foreign investment companies, companies that accumulate earnings to avoid U.S. federal income tax, foreign tax-exempt organizations, "expatriated entities," companies subject to the "stapled stock" rules, persons that own or are deemed to own more than 5% of our capital stock, former U.S. citizens or residents and persons who hold or receive the shares of common stock as compensation). This summary is based on provisions of the Internal Revenue Code of 1986, as amended, or the Code, applicable Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, and different interpretations.

This summary is general information only. It is not tax advice. We urge each prospective Non-U.S. Holder to consult their own tax advisor concerning the particular U.S. federal, state, local and non-U.S. income, estate and other tax consequences of the purchase, ownership and disposition of our common stock.

U.S. Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale or other taxable disposition of shares of our common stock will be considered to be "U.S. trade or business income" if such dividend income or gain is (1) effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the United States; and (2) in the case of a Non-U.S. Holder that is eligible for the benefits of an income tax treaty with the United States, attributable to a "permanent establishment" or "fixed base" maintained by the Non-U.S. Holder in the United States. Generally, U.S. trade or business income is not subject to U.S. federal withholding tax (provided the Non-U.S. Holder complies with applicable certification and disclosure requirements); instead, U.S. trade or business income is subject to U.S. federal income tax on a net income basis at regular U.S. federal income tax rates in the same manner as if the recipient were a U.S. person. Any U.S. trade or business income received by a Non-U.S. Holder that is treated as a corporation also may be subject to a "branch profits tax" at a 30% rate, or such lower rate as provided under an applicable income tax treaty.

Distributions

Distributions of cash or property (other than certain stock distributions) that we pay with respect to our common stock (or certain redemptions that are treated as distributions with respect to our shares of common stock) will be taxable as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Subject to the discussion in "—Foreign Account Tax Compliance Act (FATCA)" below, a Non-U.S. Holder generally will be subject to withholding of U.S. federal income tax at a rate of 30% of the gross amount of our distributions taxable as dividends or such lower rate as may be specified by an applicable income tax treaty. In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or appropriate substitute or successor form) certifying its entitlement to benefits under the treaty. A Non-U.S. Holder of our common stock that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the IRS. A Non-U.S. Holder is encouraged to consult its own tax advisor regarding its possible entitlement to benefits under an income tax treaty. If the amount of a distribution exceeds our current and accumulated earnings and profits, such excess first will be treated as a tax-free return of capital to the extent of the Non-U.S. Holder's adjusted tax basis in our shares, and thereafter will be treated as capital gain. A Non-U.S. Holder's adjusted tax basis in our shares will generally be equal to the amount the Non-U.S. Holder paid for its shares, reduced by the amount of any distributions treated as a return of capital. See, "—Sale, Exchange or Other Disposition of Our Common Stock" below.

The U.S. federal withholding tax does not apply to dividends that are U.S. trade or business income, as described above, of a Non-U.S. Holder who provides a properly executed IRS Form W-8ECI (or appropriate substitute or successor form), certifying that the dividends are subject to tax as income effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Sale, Exchange or Other Disposition of Our Common Stock

Subject to the discussion in "—Foreign Account Tax Compliance Act (FATCA)" below, a Non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax in respect of any gain recognized on a sale, exchange or other disposition of shares of our common stock unless:

- the gain is U.S. trade or business income, as described above;
- if a Non-U.S. Holder is an individual and holds shares of our common stock as a capital asset, the Non-U.S. Holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition but is not treated as a resident of the United States for that year, and certain other conditions are met; or
- we are or have been during a specified testing period a "United States real property holding corporation" for U.S. federal income tax purposes.

Gain described in the first bullet above will be subject to U.S. federal income tax in the manner described under "—U.S. Trade or Business Income." Gain described in the second bullet above will be subject to a flat 30% tax (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S. source capital losses (even though the Non-U.S. Holder is not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

In general, a corporation is a "United States real property holding corporation" if the fair market value of its "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide (domestic and foreign) real property interests and its other assets used or held for use in a trade or business. Although there can be no assurance, we believe that we have not been, and we are not and do not anticipate becoming, a "United States real property holding corporation" for U.S. federal income tax purposes. If we are or become a "United States real property holding corporation," a Non-U.S. Holder, nevertheless, will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale or other disposition of our common stock so long as shares of our common stock are "regularly traded on an established securities market" as defined under applicable Treasury regulations and a

Non-U.S. Holder owns, actually or constructively, 5% or less of our shares at all times during the shorter of the five-year period ending on the date of disposition and such Non-U.S. Holder's holding period for our shares. If we are a United States real property holding corporation and either our common stock is not regularly traded on an established securities market or a Non-U.S. Holder holds, or is treated as holding, more than 5% of our outstanding common stock, directly or indirectly, during the applicable testing period, any gain recognized by such Non-U.S. Holder will generally be subject to U.S. federal income tax rates in the same manner as if the Non-U.S. Holder were a resident of the United States. If we are a U.S. real property holding corporation and our common stock is not regularly traded on an established securities market, such Non-U.S. Holder's proceeds received on the disposition of shares will also generally be subject to withholding at a rate of 15%. Prospective investors should be aware that no assurance can be given that our shares will be so regularly traded when a Non-U.S. Holder sells its shares of our common stock.

Information Reporting Requirements and Backup Withholding

We must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax, or that is exempt from such withholding tax pursuant to an income tax treaty with the United States. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation on certain reportable payments. Dividends paid to a Non-U.S. Holder of our common stock generally will be exempt from backup withholding if the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) or otherwise establishes an exemption.

The payment of the proceeds from the disposition of our common stock to or though the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless the owner certifies (usually on IRS Form W-8BEN or W-8BEN-E) as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of our common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (which we refer to as a United States related person). In the case of the payment of the proceeds from the disposition of our common stock to or through a non-U.S. office of a broker that is either a U.S. person or a United States related person, the Treasury Regulations require information reporting (but not the backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is a non-U.S. Holder and the broker has no knowledge to the contrary. Non-U.S. Holders should consult their own tax advisors on the application of information reporting and backup withholding to them in their particular circumstances (including upon their disposition of our common stock).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, with any excess withholding refunded to the Non-US. Holder, provided that the required information is furnished on a timely basis to the IRS.

Foreign Account Tax Compliance Act (FATCA)

Pursuant to sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act, or FATCA, withholding taxes may apply to certain types of payments made to "foreign financial institutions" (as specifically defined in the Code) and certain other non-United States entities. Specifically, a 30% withholding tax may be imposed on dividends and gross proceeds from the sale, exchange or other disposition of our common stock paid to a foreign financial institution or to a non-financial foreign entity unless (i) the foreign financial institution undertakes certain diligence and reporting, (ii) the non-financial foreign entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (i) above, it may be required to enter into an agreement with the IRS requiring,

among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders or may be required to comply with reporting and other compliance obligations under an intergovernmental agreement between their country of organization and the U.S. Treasury. The withholding provisions above currently applies to payments of dividends and will generally apply to payments of gross proceeds from the sale or disposition of stock on or after January 1, 2019. A Non-U.S. Holder that is not subject to FATCA withholding generally may certify its exempt status by furnishing a properly executed IRS Form W-8BEN or Form W-8BEN-E (or other appropriate form), as applicable. Under certain circumstances, a non-U.S. Holder may be eligible for refunds or credits of the tax. Non-U.S. Holders are urged to consult their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

THE PRECEDING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement, dated the date of this prospectus, with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the respective number of shares of common stock shown opposite its name in the following table. BMO Capital Markets Corp. and RBC Capital Markets, LLC are the representatives of the underwriters.

Underwriters	Number of Shares
BMO Capital Markets Corp.	
RBC Capital Markets, LLC	
Wedbush Securities Inc.	
JMP Securities LLC	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until that option is exercised. If an underwriter fails or refuses to purchase any of its committed shares, the purchase commitments of the non-defaulting underwriters may be increased or the offering may be terminated.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise this option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above, and the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriters propose to offer the shares of our common stock directly to the public at the initial public offering price set forth on the cover of this prospectus and to certain dealers at such offering price less a concession not in excess of $ per share. After the initial public offering of the shares, the offering price and the selling concession may be changed by the underwriters.

The following table shows the per share and total underwriting discounts and commissions to be paid by us to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately $, all of which will be paid by us. We have agreed to reimburse the underwriters for certain of their expenses incurred in connection with the clearance of this offering with the Financial Industry Regulatory Authority, Inc.

We and our officers and directors and the holders of substantially all of our capital stock and options have agreed with the underwriters that, for a period of 180 days after the date of this prospectus, subject to certain exceptions, we and they will not (i) offer, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition), directly or indirectly, including the filing (or participation in the filing) with the SEC of a registration statement under the Securities Act to register, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock or warrants or other rights to acquire shares of our common stock of which such officer, director or holder is now, or may in the future become, the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), or (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic benefits or risks of ownership of such common

stock, securities, warrants or other rights to acquire common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or other securities, in cash or otherwise, or (3) publicly disclose the intention to enter into any transaction described in clause (i) or (ii) above, except with the prior written consent of BMO Capital Markets Corp. and RBC Capital Markets, LLC; provided that BMO Capital Markets Corp. and RBC Capital Markets, LLC, on behalf of the underwriters, have agreed to notify us at least three business days before the effective date of any release or waiver granted to one of our officers or directors, and we have agreed to announce the impending release or waiver by issuing a press release through a major news service at least two business days before the effective date of the release or waiver.

The restrictions above do not apply to transfers of securities as a bona fide gift, subject to certain limitations set forth in the lock-up agreements.

See “Shares Eligible for Future Sale” for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for our common stock. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to have our common stock listed on the Nasdaq Global Market under the symbol “AQST.” In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the consummation of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the Nasdaq Global Market, in the over-the-counter market or otherwise.

In connection with this offering, the underwriters may engage in passive market making transactions in the common stock on the Nasdaq Global Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of distribution. A passive market maker must display its bid at a price

not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters are not required to engage in passive market making and may end passive market making activities at any time.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make for these liabilities.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of our common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia

No prospectus or other disclosure document, as defined in the Corporations Act 2001 (Cth) of Australia, or Corporations Act, in relation to our securities has been or will be lodged with the Australian Securities & Investments Commission, or ASIC. This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

(i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;

(ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

(iii) a person associated with the company under section 708(12) of the Corporations Act; or

(iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance; and

(b) you warrant and agree that you will not offer any of our securities for resale in Australia within 12 months of that security being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Canada

The common stock may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts*, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area

Any distributor subject to MiFID II that is offering, selling or recommending the securities is responsible for undertaking its own target market assessment in respect of the securities and determining its own distribution channels for the purposes of the MiFID product governance rules under Commission

Delegated Directive (EU) 2017/593, or Delegated Directive. Neither the issuer nor the underwriters make any representations or warranties as to a distributor's compliance with the Delegated Directive.

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive, or, each, a relevant member state, with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of securities described in this prospectus may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of securities shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an "offer of securities to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the securities have not authorized and do not authorize the making of any offer of securities through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the securities as contemplated in this prospectus. Accordingly, no purchaser of the securities, other than the underwriters, is authorized to make any further offer of the securities on behalf of the sellers or the underwriters.

France

Neither this prospectus nor any other offering material relating to the securities described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the securities has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the securities to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The securities may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations, and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, or the Prospectus Regulations. The common stock has not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

The common stock offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority, or the ISA, nor have such common stock been registered for sale in Israel. The shares and warrants may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the common stock being offered. Any resale in Israel, directly or indirectly, to the public of the common stock offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy

The offering of the common stock in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa), the "CONSOB," pursuant to the Italian securities legislation and, accordingly, no offering material relating to the common stock may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, or Decree No. 58, other than:

- to Italian qualified investors, as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, or Regulation No. 1197l, as amended, or the Qualified Investors; and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the common stock or distribution of any offer document relating to the common stock in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the common stock in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such common stock being declared null and void and in the liability of the entity transferring the common stock for any damages suffered by the investors.

Japan

The securities offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The securities have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta púbica de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The common stock has not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the common stock has not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of common stock in Portugal are limited to persons who are “qualified investors” (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant party which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen, or the Swedish Financial Supervisory Authority. Accordingly, this document may not be made available, nor may the common stock be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of common stock in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the common stock may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the common stock has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of common stock will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the common stock have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor have we received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the common stock within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the common stock, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by us.

No offer or invitation to subscribe for common stock is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of Section 85 of the Financial Services and Markets Act 2000, as amended, or the FSMA) has been published or is intended to be published in respect of the common stock. This document is issued on a confidential basis to "qualified investors" (within the meaning of Section 86(7) of FSMA) in the United Kingdom, and the common stock may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances that do not require the publication of a prospectus pursuant to Section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received in connection with the issue or sale of the common stock has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which Section 21(1) of FSMA does not apply to us.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or the FPO, (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated, or, together, relevant persons. The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a United Kingdom relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Dechert LLP, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Cooley LLP, New York, New York.

EXPERTS

The consolidated financial statements of MonoSol Rx, LLC, as of December 31, 2017 and 2016, and for each of the years in the two-year period ended December 31, 2017, have been included herein and in the registrants statement appearing elsewhere herein, and in reliance upon the report of KPMG LLP, an independent registered public accounting firm, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the shares of common stock being offered by this prospectus. This prospectus does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. You may also request a copy of these filings, at no cost, by writing us at 30 Technology Drive, Warren, New Jersey 07059 or telephoning us (908) 941-1900.

Upon the closing of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and web site of the SEC referred to above. We also maintain a website at www.aquestive.com, at which, following the closing of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is incorporated by reference in, and is not part of, this prospectus.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MonoSol Rx, LLC

Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC)

Report of Independent Registered Public Accounting Firm

To the Members and Board of Directors
MonoSol Rx, LLC:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of MonoSol Rx, LLC and its subsidiary (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations and comprehensive loss, changes in members' deficit, and cash flows for each of the years in the two-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2006.

New York, New York
April 2, 2018

MonoSol Rx, LLC
Consolidated Balance Sheets
(In thousands, except unit amounts)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 17,379	$ 9,209
Trade and other receivables, net	6,179	10,817
Inventories	4,014	2,886
Prepaid expenses and other current assets	591	420
Total current assets	28,163	23,332
Property and equipment, net	13,460	15,122
Intangible assets, net	254	305
Other assets	1,239	630
Total assets	$ 43,116	$ 39,389
Liabilities and Members' Deficit		
Current liabilities:		
Accounts payable	$ 9,601	$ 6,638
Accrued expenses	4,402	3,366
Deferred revenue	1,347	802
Total current liabilities	15,350	10,806
Noncurrent liabilities:		
Loans payable, net	45,507	38,650
Warrant liability	7,673	6,550
Asset retirement obligations	1,081	959
Total noncurrent liabilities	54,261	46,159
Redeemable Preferred A-3 interests and accrued dividends	5,896	5,458
Redeemable Preferred A-2 interests and accrued dividends	36,205	34,163
Members' equity (deficit):		
Preferred A interests, no par value. Authorized 100,000,000 units; 16,886,750 units issued and outstanding at December 31, 2017 and 2016	16,887	16,887
Preferred A-1 interests, no par value. Authorized 100,000,000 units; 21,526,850 units issued and outstanding at December 31, 2017 and 2016	21,883	21,883
Common interests, no par value. Authorized 500,000,000 units; 121,228,353 and 118,785,104 units issued and outstanding at December 31, 2017 and 2016, respectively	12,727	11,243
Additional paid-in capital	—	1,460
Accumulated deficit	(120,093)	(108,670)
Total members' deficit	(68,596)	(57,197)
Total liabilities and members' equity	$ 43,116	$ 39,389

See accompanying notes to the consolidated financial statements

MonoSol Rx, LLC
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except per membership interest and per share data amounts)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenues	$ 66,918	$ 51,785
Costs and expenses:		
Manufacture and supply	19,820	16,378
Research and development	22,133	15,450
Selling, general and administrative	25,078	20,804
Total costs and expenses	67,031	52,632
Operating loss	(113)	(847)
Other expenses:		
Interest expense	(7,707)	(6,143)
Loss on extinguishment of debt	—	(757)
Loss on impairment of investment	—	(1,006)
Change in fair value of warrant	(1,123)	(750)
Other income (expense)	—	(99)
Net loss before income taxes	(8,943)	(9,602)
Income taxes	—	—
Net loss	(8,943)	(9,602)
Dividends on redeemable preferred interests	(2,480)	(2,342)
Net loss attributable to members' interests	(11,423)	(11,944)
Comprehensive loss	$ (11,423)	$ (11,944)
Net loss per membership interest basic and diluted	$ (0.09)	$ (0.10)
Weighted-average number of membership interests outstanding basic and diluted	121,228,353	118,785,104

See accompanying notes to the consolidated financial statements

MonoSol Rx, LLC
Consolidated Statements of Changes in Members' Deficit
(In thousands, except unit amounts)

	Preferred A interests		Preferred A-1 interests		Common interests		Additional paid-in capital	Accumulated deficit	Total members' deficit
	Units	Amount	Units	Amount	Units	Amount			
Balance at December 31, 2015	16,886,750	$16,887	21,526,850	$21,883	118,785,104	$11,243	$ 1,460	$ (96,726)	$ (45,253)
Dividends on preferred interests	—	—	—	—	—	—	—	(2,342)	(2,342)
Net loss	—	—	—	—	—	—	—	(9,602)	(9,602)
Balance at December 31, 2016	16,886,750	16,887	21,526,850	21,883	118,785,104	11,243	1,460	(108,670)	(57,197)
Dividends on preferred interests	—	—	—	—	—	—	—	(2,480)	(2,480)
Net loss	—	—	—	—	—	—	—	(8,943)	(8,943)
Issuance of common interests upon exercise of warrants	—	—	—	—	2,443,249	1,484	(1,460)	—	24
Balance at December 31, 2017	16,886,750	$16,887	21,526,850	$21,883	121,228,353	$12,727	$ —	$ (120,093)	$ (68,596)

See accompanying notes to the consolidated financial statements

MonoSol Rx, LLC
Consolidated Statements of Cash Flows
(In thousands)

	For the Year Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	$ (8,943)	$ (9,602)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	3,750	3,840
Loss on impairment of investment	—	1,006
Change in fair value of warrant	1,123	750
Asset retirement obligation accretion	122	107
Amortization of intangible	51	51
Amortization of debt issuance costs and discounts	1,860	857
Loss on extinguishment of debt	—	757
Equity in milestone revenue of affiliate	—	254
Loss on sale of investment	—	95
Non-cash interest expense	33	(13)
Bad debt (recovery) provision	(53)	16
Changes in operating assets and liabilities:		
Trade receivables and other receivables	4,691	(6,508)
Inventories	(1,128)	(1,587)
Prepaid expenses	(171)	(82)
Accounts payable	2,943	1,650
Accrued expenses	1,001	452
Deferred revenue	545	(218)
Net cash provided by (used for) operating activities	5,824	(8,175)
Cash flows from investing activities:		
Capital expenditures	(2,068)	(976)
Proceeds from sale of investment	—	1,166
Net cash (used for) provided by investing activities	(2,068)	190
Cash flows from financing activities:		
Proceeds from warrant exercise	24	—
Proceeds from issuance of debt	5,000	45,000
Debt repayment	—	(37,500)
Payments for debt issuance costs	(610)	(1,248)
Payment of premium on early extinguishment of debt	—	(563)
Net cash provided by financing activities	4,414	5,689
Net increase (decrease) in cash and cash equivalents	8,170	(2,296)
Cash and cash equivalents:		
Beginning of period	9,209	11,505
End of period	$ 17,379	$ 9,209
Supplemental disclosures of cash flow information:		
Cash payments for interest	$ 5,814	$ 5,047
Capital expenditures included in accounts payable	20	192
Accrued Series A-2 and A-3 preferred dividends	2,480	2,342

See accompanying notes to the consolidated financial statements

MonoSol Rx, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except unit and per unit information)

1. Nature of Business

MonoSol Rx, LLC ("MonoSol" or "the Company") is a specialty pharmaceutical company focused on identifying, developing and commercializing differentiated products to address unmet medical needs. The Company has a late-stage proprietary product pipeline focused on the treatment of diseases of the central nervous system, or CNS. The Company's major customer has global operations headquartered in the United Kingdom with principal operations in the United States; other customers are principally located in the United States.

The Company conducts its production activities at facilities located in Portage, Indiana, and maintains its headquarters and its primary research laboratory in Warren, New Jersey.

The Company has incurred operating losses since inception and had an accumulated deficit of $120,093 and $108,670 as of December 31, 2017 and 2016, respectively. The Company expects to continue to incur net losses for at least the next several years and is highly dependent on its ability to find additional sources of funding in the form of debt or equity financings to fund its operations. Management believes that its cash and cash equivalents of $17,379 at December 31, 2017 combined with expected revenue from partnered product activities are sufficient to fund operations through at least May 2019. Management expects that future sources of funding may include new or expanded partnering arrangements and sales of equity or debt securities. Adequate additional funding may not be available to the Company on acceptable terms or at all. The failure to raise capital as and when needed could have a negative impact on the Company's financial condition and ability to pursue business strategies. The Company may be required to delay, reduce the scope of or eliminate research and development programs, or obtain funds through arrangements with collaborators or others that may require the Company to relinquish rights to certain product candidates that the Company might otherwise seek to develop or commercialize independently.

The Company changed its name to Aquestive Therapeutics, Inc. on January 1, 2018, and at the same time became a Delaware corporation.

2. Significant Accounting Policies

(A) Basis of Presentation

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted principles as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(B) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, MonoSol Rx, Inc. Other than corporate formation activities, MonoSol Rx, Inc. has conducted no commercial, developmental or operational activities and has no customers or vendors.

(In thousands, except unit and per unit information)

(C) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(D) Net Loss Attributable to Members' Interest

Basic net loss per membership interest is calculated by dividing net loss attributable to members' interest less cumulative preferred stock dividends. During periods of income, the Company allocates participating securities a proportional share of income determined by dividing total weighted-average participating securities by the sum of the total weighted-average common interests and participating securities (the "two class method"). The Company's convertible preferred stock participates in any dividends declared by the Company and are therefore considered to be participating securities. Participating securities have the effect of diluting both basic and diluted earnings per share during periods of income. During periods of loss, the Company allocates no loss to participating securities because they have no contractual obligation to share in the losses of the Company. Diluted net loss per membership interest is calculated by adjusting weighted-average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock method and if-converted methods. For purposes of the diluted net loss per membership interest calculation, convertible preferred stock and stock options are considered to be common stock equivalents, but have been excluded from the calculation of diluted net loss per membership interest, as their effect would be anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share were the same for all periods presented.

	For the Year Ended December 31,	
	2017	2016
Numerator:		
Net income (loss)	$ (8,943)	$ (9,602)
Accrued dividends on redeemable preferred interests	(2,480)	(2,342)
Loss attributable to common shares - basic and diluted	(11,423)	(11,944)
Denominator:		
Weighted-average number of common shares - basic and diluted	121,228,353	118,785,104
Loss per common share - basic and diluted	$ (0.09)	$ (0.10)

(E) Deferred Transaction Costs

Deferred Transaction costs, primarily costs of direct incremental legal, accounting and other fees relating to the Company's contemplated initial public offering ("IPO"), are capitalized as incurred. The deferred transaction costs will be offset against IPO proceeds upon the consummation of the offering. In the event the IPO is terminated, which would include a postponement of 90 days or greater, any deferred transaction costs will be expensed. The Company has capitalized costs totaling approximately $1,050 that have been incurred in connection with ongoing equity raising initiatives. These amounts are recorded in Other assets.

(F) Off-Balance Sheet Risk and Concentration of Credit Risk

Cash and cash equivalents are maintained at one federally insured financial institution. The Company has not experienced any losses in such accounts and management believes that the Company

is not exposed to any credit risk due to the financial position of the banking institution. The Company has no off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

(G) Segment Information

Operating segments are defined as components of an entity about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company manages its operations as a single segment for purposes of assessing performance and making operating decisions.

(H) Fair Value of Financial Instruments

FASB guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (*e.g.,* quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active). Level 2 includes financial instruments that are valued using models or other valuation methodologies. The Company had no Level 2 assets or liabilities as of December 31, 2017 and 2016.
- Level 3 – Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when the fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities consisted of warrants totaling $7,673 and $6,550 at December 31, 2017 and 2016, respectively. The Company's warrant liability is stated at fair value.

The carrying amounts reported in the balance sheets for trade and other receivables, prepaid and other current assets, accounts payable, accrued expenses and deferred revenue approximate fair value based on the short-term maturity of these instruments.

(I) Cash and Cash Equivalents

The Company considers investments with an original maturity of three months or less to be cash equivalents. At December 31, 2017 and 2016, the Company had no cash equivalents.

(J) Foreign Currency

The functional currency of the Company's wholly-owned subsidiary is the U.S. dollar.

(K) Trade Receivables

The Company's credit terms generally range from 30 to 60 days, depending on the customer and type of invoice. Trade receivables are carried at original invoice amount less an estimate of doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines

the allowance for doubtful accounts by identifying troubled accounts and, in the absence of historical experience, applies an estimate that is believed to be a reasonable indicator of future potential losses. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

(L) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Inventory includes the cost of materials, production labor and overhead. The Company regularly reviews its inventories for impairment and reserves are established when necessary.

(M) Property and Equipment

Property and equipment are stated at cost. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives. Depreciation of equipment, furniture and fixtures is calculated using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance costs are expensed. The Company reviews the recoverability of all long-lived assets, including the related useful life, whenever events or changes in circumstances indicate that the carrying value amount of a long-lived asset may not be recoverable.

(N) Impairment of Long-Lived Assets

In accordance with the Subsections of FASB ASC Subtopic 360-10, *Property, Plant and Equipment – Overall*, long-lived assets, such as property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. That carrying value is considered unrecoverable if it exceeds the sum of the undiscounted cash flows expected from the use and eventual disposition of the asset.

As a result of management's evaluation of the recoverability of the carrying value of long-lived assets subject to ASC 360-10, no impairment charges were recorded for the years ended December 31, 2017 and 2016.

(O) Investments

For entities or ventures that are under shared control, owned and managed equally by the Company and a third party and in which the Company is a direct and active participant in the entity's operating activities and through which it is directly exposed to the risks and rewards of operating activities, the Company's investments are carried at cost. Acting as principal in carrying out its operational responsibilities, the Company records its share of related revenue and its expense transactions reflecting all of that revenue and its third-party expenses in its consolidated financial statements in accordance with the nature of the revenue or in a manner to proportional consolidation.

(P) Intangible Assets

Intangible assets include the costs of acquired composition and process technologies and the costs of purchased patents used in the manufacture of orally soluble film. The Company amortizes these assets using the straight-line method over the shorter of their legal lives or estimated useful lives.

(Q) Patent Costs

Patent procurement, prosecution and defense litigation costs are expensed as incurred, including costs for patent continuation applications. The Company's primary domestic and international patents expire between 2022 and 2031.

(R) Retirement Plan

The Company maintains a 401(k)-retirement plan for its employees that is intended to qualify under Sections 401(a) and 501(a) of the U.S. Internal Revenue Code of 1986, as amended ("Code"), in 2016. The Company provides all active employees with 100% matching contribution equal to 6% of an employee's eligible compensation. These safe harbor employer match contributions vest as follows: less than one year: 0%; one year: 20%; two years: 40%; three years: 60%; four years: 80%; and five years: 100%.

(S) Research and Development

Costs incurred in connection with research and development activities are expensed as incurred. Research and development expenses include (i) employee-related expenses, including salaries, benefits, travel and share-based compensation expense, (ii) external research and development expenses incurred under arrangements with third parties, such as contract research and contract manufacturing organizations, investigational sites and consultants, (iii) the cost of acquiring, developing and manufacturing clinical study materials, and (iv) costs associated with preclinical and clinical activities and regulatory operations. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity is performed or when the goods have been received, rather than when payment is made, in accordance with ASC 730, *Research and Development.*

(T) Income Taxes

From its founding through October 31, 2017, the Company was a limited liability company ("LLC") treated as a partnership for income tax purposes. From November 1, 2017 through December 31, 2017, the LLC elected to be taxed as a C corporation.

From November 1, 2017, the Company accounts for income taxes under the asset and liability method, which requires deferred tax assets and liabilities to be recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts and respective tax bases of existing assets and liabilities, as well as net operating loss carryforwards and research and development credit. Valuation allowances are provided if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

(U) Revenue Recognition

Pursuant to FASB ASC Topic 605, *Revenue Recognition*, revenue is recognized when there is persuasive evidence of an agreement, title has passed or delivery has occurred, the price is fixed and determinable, and collection is reasonably assured.

Manufacture and Supply Revenue – The Company records revenues when products are shipped and title passes to the customers.

Co-development and Research Fees – Co-development and research fees are earned through performance of specific tasks, activities or completion of stages of development defined within a contractual arrangement with a customer. The nature of these performance obligations, broadly referred to as milestones or deliverables, are usually dependent on the scope and structure of the project as contracted, as well as the complexity of the product and the specific regulatory approval path necessary for that product. Accordingly, the duration of the Company's research and development projects may range from several months to approximately three years. Although each contractual arrangement is unique, common milestones included in these arrangements include those for the performance of efficacy and other tests, reports of findings, formulation of initial prototypes, production of stability clinical and/or scale-up batches, and stability testing of those batches. Additional milestones may be established and

linked to clinical results of the product submission and/or approval of the product by the FDA and the commercial launch of the product. Co-development and research fees are recognized when related milestones are completed and delivered and, in some cases, accepted by the customer.

License and Royalty Revenue – License revenue is recognized in accordance with the terms of the license agreement. The Company's license revenues most commonly are non-refundable once collected, and are typically recognized as revenue at the time that the transferred licensed rights can be utilized for the benefit of the licensee, subject to determinable pricing, performance contingencies and collectability assessments. In the event that a licensing agreement requires the Company to meet ongoing or future performance objectives that are other than inconsequential or perfunctory, licensing revenue may be recognized ratably, or in conjunction with its performance obligations, during the initial term of the license agreement. If a performance obligation, milestone, or contingency exists, revenue is deferred until such time that the contingencies are satisfied or obligations are met. Payments received in excess of amounts achieved are classified as deferred revenue until earned. Royalty revenue is recognized in accordance with contractual rates when they can be reasonably estimated based on reported sales data and when collection is reasonably assured. In the event that reasonable sales data is unavailable, revenue is recognized when royalty reports are received.

Collaborative Arrangements – A contractual arrangement falls within the scope of FASB ASC Subtopic 808-10, Collaborative Arrangements, if the arrangement requires the parties to be active participants and the arrangement exposes the parties to significant risks that are tied to the commercial success of the endeavor. Costs incurred and revenues generated on sales to third parties are reported in the consolidated statement of operations based on the guidance in FASB ASC Subtopic 605-45, *Revenue Recognition – Principal Agent Considerations*. Revenue earned from collaboration partners as of December 31, 2017 and 2016 was not material.

(V) Share-Based Payments

The Company issues share-based payments under the terms of its Performance Unit Plans (the "PUP Plans"). The cost of employee services received in exchange for equity-based awards are determined based on FASB ASC Topic 718, *Compensation – Stock Compensation* using the grant-date fair value of the awards. Under the Company's PUP Plans, all outstanding equity-based payments are to be recognized as an expense based on their fair value at the measurement date, which is delayed until achievement of specified performance conditions can be considered probable. At the time that all contingencies are satisfied, the performance units granted to both employees and consultants will be reflected as liability-classified instruments based on the application of FASB ASC Topic 718.

(W) Asset Retirement Obligations

FASB ASC Subtopic 410-20, *Asset Retirement and Environmental Obligations – Asset Retirement Obligations*, addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company's asset retirement obligation ("ARO") consists of estimated future spending to remove certain leasehold improvements and return each leased facility to its original condition. The Company records an ARO asset (a component of property and equipment) and associated liability equal to the present value of the estimated future spending at the date the asset is placed in service. Spending estimates are discounted at the credit-adjusted risk-free rate. The ARO asset is amortized on the straight-line method over the lesser of its expected life or the lease term and the ARO liability is accreted over the lesser of expected life or the lease term.

(X) Comprehensive Loss

Comprehensive loss is the change in members' equity (deficit) from transactions and other events and circumstances other than those resulting from investments by members and distributions to members.

(Y) Recent Accounting Pronouncements

As a public emerging growth company, the Company has elected to take advantage of the extended transition period afforded by Jumpstart Our Business Startups Act for the implementation of new or revised accounting standards and, as a result, the Company will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public emerging growth companies.

From time to time, new accounting pronouncements are issued by the FASB and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard will apply one comprehensive revenue recognition model across all contracts, entities, and sectors. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Once effective, ASU 2014-09 will replace most of the existing revenue recognition requirements in U.S. GAAP. The FASB also issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the standard one year. As a result, the new standard is effective for annual reporting periods beginning after December 15, 2019, including interim periods within the reporting period. The Company is currently assessing the effect that adoption of the new standard will have on its consolidated financial statements. As of part of the Company's assessment, an entity can elect to apply the guidance under one of the following two methods: (i) retrospectively to each prior reporting period presented, referred to as the full retrospective method, or (ii) retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings, referred to as the modified retrospective method. The Company is in the process of its initial assessment of the potential changes from adopting ASU No. 2014-09. The initial assessment consists of a review of a representative sample of contracts, discussions with key stakeholders, and a cataloging of potential impacts on its consolidated financial statements, accounting policies, financial control, and operations. The Company has not yet completed its final review of the impact; however, the Company anticipates applying the modified retrospective method when implementing this guidance. As a result, this standard is effective for the Company for annual reporting periods beginning after December 15, 2019. The Company continues to monitor additional changes, modifications, clarifications or interpretations being undertaken by the FASB, which may impact its initial conclusions.

In January 2016, the FASB issued revised guidance governing accounting and reporting of financial instruments. This guidance requires that equity investments with readily determinable fair values that are classified as available-for-sale be measured at fair value with changes in value reflected in current earnings. This guidance also simplifies the impairment testing of equity investments without readily determinable fair values and alters certain disclosure requirements. ASU No. 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, also provides guidance as to classification of the change in fair value of financial liabilities. These revised standards are effective for the Company for annual periods in fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of these revised standards.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* which establishes a comprehensive new lease accounting model. The new standard: (i) clarifies the definition of a lease; (ii) requires a dual approach to lease classification similar to current lease classifications; and (iii) causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease-term of more than twelve months. The new standard is effective for the

(In thousands, except unit and per unit information)

Company for fiscal years and interim periods beginning after December 15, 2019 and requires modified retrospective application. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. This guidance simplifies aspects of accounting for employee share-based payments, including income tax consequences, classification of awards as either equity or liabilities, and classifications within the statement of cash flows. This guidance is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Under the Company's PUP Plans (note 18), vested grants may not be exercised prior to either a change in control of the Company or completion of an IPO, rendering the grants contingent and requiring deferred expense recognition until either of the conditions is satisfied. Accordingly, the adoption of ASU 2016-09 will have no impact on the Company's consolidated financial statements until these contingencies are met.

In June 2016, the FASB issued, ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, amending existing guidance on the accounting for credit losses on financial instruments within its scope. The guidance introduces an expected loss model for estimating credit losses, replacing the incurred loss model. The new guidance also changes the impairment model for available-for-sale debt securities, requiring the use of an allowance to record estimated credit losses (and subsequent recoveries). The new guidance is effective for the Company beginning after December 15, 2020. The Company is currently evaluating the impact of adoption on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, providing* guidance on the classification of certain cash receipts and payments in the statement of cash flows intended to reduce diversity in practice. The guidance is effective for the Company for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the effect of the standard on its Consolidated Statement of Cash Flows.

3. Revenues and Trade Receivables, Net

The Company's revenue was comprised of the following:

	For the Year Ended December 31,	
	2017	2016
Manufacture and supply revenue	$ 40,092	$ 37,324
License and royalty revenue	23,133	11,320
Co-development and research fees	3,693	3,141
Revenues	$ 66,918	$ 51,785

Trade receivables, net consist of the following:

	December 31,	
	2017	2016
Trade receivables	$ 6,156	$ 10,764
Less: allowance for bad debts	(55)	(108)
Trade receivables, net	$ 6,101	$ 10,656

Other nontrade receivables totaled $78 and $161 as of December 31, 2017 and 2016, respectively, consisting primarily of reimbursable costs incurred on behalf of a major customer.

(In thousands, except unit and per unit information)

The following table presents the changes in the allowance for bad debts account for the years ended December 31,

	2017	2016
Allowance for doubtful accounts at beginning of year	$ 108	$ 92
Additions charged to bad debt expense	0	16
Recoveries of amounts previously reserved	(53)	0
Allowance for doubtful accounts at end of year	$ 55	$ 108

4. Customer Concentrations

Customers are considered major customers when sales exceed 10% of total net sales for the period or outstanding receivable balances exceed 10% of total receivables. During 2017, one customer represented 88% of the total revenue for the period. During 2016, the Company had two customers meeting this criteria with approximately 76% and 17% of the total revenue for the period.

As of December 31, 2017 and 2016, the Company's outstanding receivable balance from the Company's major customer represented approximately 93% and 97%, respectively, of total receivables. As of December 31, 2016, our second largest customer had no outstanding receivable balance.

5. Material Agreements

Commercial Exploitation Agreement with Indivior

In August 2008, the Company entered into a Commercial Exploitation Agreement with Reckitt Benckiser Pharmaceuticals, Inc. (the "Indivior License Agreement"). Reckitt Benckiser Pharmaceuticals, Inc. was later succeeded to in interest by Indivior, Inc. ("Indivior"). Pursuant to the Indivior License Agreement, the Company agreed to manufacture and supply Indivior's requirements of Suboxone, a sublingual film formulation, both inside and outside the United States on an exclusive basis.

Under the terms of the Indivior License Agreement, the Company is required to manufacture Suboxone in accordance with current Good Manufacturing Practice standards and according to the specifications and processes set forth in the related quality agreements the Company entered into with Indivior. Additionally, the Company is required to obtain Active Pharmaceutical Ingredients ("API") for the manufacture of Suboxone directly from Indivior. The Indivior License Agreement specifies a minimum annual threshold quantity of Suboxone that the Company is obligated to fill and requires Indivior to provide the Company with a forecast of its requirements at various specified times throughout the year.

In addition to the purchase price for the Suboxone supplied, Indivior is required to make certain single digit percentage royalty payments tied to net sales value (as provided for in the Indivior License Agreement) in each of the United States and in the rest of the world subject to annual maximum amounts. In the event that Indivior has paid the Company a specified aggregate royalty amount in royalties on Suboxone sold in the United States, then it will be required to prepay to the Company, an additional agreed payment amount, after which all obligations of Indivior to pay royalties on Suboxone sold in the United States will terminate. Except as set forth in the prior sentence, Indivior's royalty obligations to the Company continue in the United States and the rest of the world until the expiration of all of the patents (either in the United States or other territories) or upon written notice by Indivior subject to Indivior being required to pay the Company a final royalty payout. Indivior exercised its right to buy out its future royalty obligations in the United States in 2012. Indivior remains obligated to pay royalties for all sales outside the United States.

The Indivior License Agreement contains customary contractual termination provisions for breach or in the event of bankruptcy or corporate dissolution, the intellectual property surrounding Suboxone is

found to be invalid, or either party commits a material breach of the Indivior License Agreement. Additionally, Indivior may terminate if the U.S. Food and Drug Administration ("FDA") or other applicable regulatory authority declares the Company's manufacturing site to no longer be suitable for the manufacture of Suboxone or Suboxone is no longer suitable to be manufactured due to health or safety reasons. The initial term of the Indivior License Agreement was seven years from the commencement date. Thereafter, the Indivior License Agreement automatically renews for successive one year periods, unless Indivior provides the Company with written notice of its intent not to renew at least one year prior to the expiration of the initial or renewal term.

Supplemental Agreement with Indivior

On September 24, 2017, the Company entered into an agreement with Indivior (the "Indivior Supplemental Agreement"). Pursuant to the Indivior Supplemental Agreement, the Company conveyed to Indivior all of its existing and future rights in the settlement of various ongoing patent enforcement legal actions and disputes related to Suboxone product. The Company also conveyed to Indivior the right to sublicense manufacturing and marketing capabilities to enable an Indivior licensed generic buprenorphrine product to be produced and sold by parties unrelated to Indivior or the Company. Under the Indivior Supplemental Agreement, the Company is entitled to receive certain payments from Indivior commencing on the date of the agreement through January 1, 2023. Once paid, all payments made under the Indivior Supplemental Agreement are non-refundable. In consideration for the rights granted to Indivior under the Indivior Supplemental Agreement, the Company received a non-refundable payment of $17,000, which was recognized as revenue in 2017 and is presented in License and royalty revenue above. The Company has also received $9,250 in February 2018 as a part of this agreement. In addition to amounts received, the Company may receive up to an additional $48,750, consisting of (i) up to $45,000 in the aggregate from any combination of (a) performance or event-based milestone payments and (b) single digit percentage royalties on net revenue earned by Indivior on sales of Suboxone and (ii) an additional $3,750 that may be earned through the issuance of additional process patent rights to us with the aggregate payment amounts under the Indivior Supplemental Agreement capped at $75,000. Accordingly, the Indivior Supplemental Agreement includes certain provisions that may allow Indivior to cease remitting certain payments to the Company upon the occurrence of certain events related to unlicensed generic versions of Suboxone. In the event that Indivior's defense of its rights is ultimately successful, then, all payment obligations owed to the Company are retroactively reinstated.

All payments made by Indivior to the Company pursuant to the Indivior Supplemental Agreement are in addition to, and not in place of, any amounts owed by Indivior to the Company pursuant to the Indivior License Agreement. Indivior's payment obligations under the Indivior Supplemental Agreement are subject to certain factors affecting the market for Suboxone and may terminate prior to January 1, 2023 in the event certain contingencies relating to such market occur.

License Agreement with Sunovion Pharmaceuticals, Inc.

In April 2016, the Company entered into a license agreement with Cynapsus Therapeutics Inc. (which was later succeeded to in interest by Sunovion Pharmaceuticals, Inc. ("Sunovion")) (the "Sunovion License Agreement"), pursuant to which the Company granted Sunovion an exclusive, worldwide license (with the right to sub-license) to certain intellectual property, including existing and future patents and patent applications, covering all oral films containing APL-130277 (apomorphine) for the treatment of off episodes in Parkinson's disease patients, as well as two other fields.

Under the Sunovion License Agreement, the Company received milestone payments of $14,000, of which $5,000 and $9,000 for years ended December 31, 2017 and 2016, respectively, are presented in License and royalty revenue above. The Company is eligible to receive remaining milestone payments of up to $11,000 for certain regulatory events and up to $20,000 for commercial milestone events that are

(In thousands, except unit and per unit information)

contingent on the achievement of certain sales levels. In addition to the milestone payments, the Company is entitled to receive low single digit percentage royalty payments on global net sales of products commercialized by Sunovion that include apormorphine as their API.

Absent early termination, the Sunovion License Agreement continues (on a country-by-country basis) until the expiration of all applicable licensed patents. Upon termination, all rights to intellectual property granted to Sunovion to develop and commercialize products will revert to the Company and Sunovion must continue to pay royalties to the Company on each sale of their remaining inventory of products commercialized by Sunovion which include apormorphine as their API.

Collaboration and License Agreement with Mitsubishi Tanabe

In August 2017, the Company entered into an agreement with Mitsubishi Tanabe ("MT") to perform feasability studies related to Radicava, MT's Amyotrophic Lateral Sclerosis treatment using the compound edaravone. The activities for this arrangement were not material in 2017.

Agreement to Terminate CLA with KemPharm

In March 2012, the Company entered into an agreement with KemPharm, Inc. ("KemPharm"), to terminate a Collaboration and License Agreement entered into in April 2011, under this arrangement, we have the right to receive payments, including, but not limited to, royalty payments on any license of KP415, the sale of KP415 to a third party, the commercialization of KP415 and the portion of any consideration that is attributable to the value of KP415 and paid to KemPharm or its stockholders in a change of control transaction. The Company has not received payments under this arrangement in 2017 and 2016.

6. Inventory

Inventory consists of the following:

	December 31,	
	2017	2016
Raw material	$ 725	$ 611
Packaging material	2,225	1,433
Finished goods	1,064	842
Total inventory	$ 4,014	$ 2,886

7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of costs incurred in advance of services being received, including insurance, software licenses and service agreements.

	December 31,	
	2017	2016
Insurance	$ 148	$ 125
Software licenses	125	54
Service agreements	75	29
Medical premiums	70	60
Subscriptions	44	8
Lab equipment	39	58
Memberships	30	27
Other	60	59
Total prepaid expenses and other current assets	$ 591	$ 420

(In thousands, except unit and per unit information)

8. Property and Equipment, Net

	Useful Lives	December 31, 2017	2016
Machinery	3-15 yrs	$ 20,056	$ 19,130
Furniture and fixtures	3-15 yrs	1,109	1,066
Leasehold improvements	(a)	21,271	21,110
Computer, network equipment and software	3-7 yrs	2,108	1,387
Construction in progress		921	684
		45,465	43,377
Less: accumulated depreciation and amortization		(32,005)	(28,255)
Total property and equipment, net		$ 13,460	$ 15,122

(a) Leasehold improvements are amortized over the shorter of the lease term or their estimated useful lives.

Total depreciation and amortization related to property and equipment were $3,750 and $3,840 for the years ended December 31, 2017 and 2016, respectively.

9. Intangible Assets

The following table provides the components of identifiable intangible assets, all of which are finite lived:

	December 31, 2017	2016
Purchase technology-based intangible	$ 2,358	$ 2,358
Purchased patent	509	509
	2,867	2,867
Less: accumulated amortization	(2,613)	(2,562)
Intangible assets, net	$ 254	$ 305

Amortization expense was $51 for each of the years ended December 31, 2017 and 2016. During the remaining life of the purchased patent, estimated annual amortization expense is $51 for each of the years from 2018 to 2022.

10. Investments

During the fourth quarter of 2016, the Company sold all holdings of equity interests in Midatech Pharma, PLC, realizing proceeds of $1,166. Through a series of investments in Midatech shares, warrants and convertible loan notes, the Company's investment grew to a total of $5,802 between 2008 and 2013. As a result of a series of dilutive equity transactions executed by Midatech between 2013 and 2015, the Company's ownership position declined from 12.4% to 2.6% as of December 31, 2015, and the Company then determined to monetize this asset. As a result of this dilution, declining market valuations and the decision to liquidate this investment, impairment charges aggregating to $1,006 were reflected in earnings in 2016. The Company's investment in this joint venture, carried at cost, totaled $6 as of December 31, 2017 and is recorded in Other assets on the consolidated balance sheets.

Concurrent with the sales of these interests in 2016, losses on disposals totaling $95 were recognized.

(In thousands, except unit and per unit information)

In addition to its investments in Midatech shares, pursuant to the agreement between the parties, the Company also funded certain project development costs. These costs are expensed to research and development as paid and totaled $4,842 through December 31, 2017.

In 2011, Midatech Ltd. and the Company entered into a Joint Venture Agreement for the development and commercialization of diabetes-related products and formed MidaSol Therapeutics (the "JV") to conduct planned activities. The agreement provides each of the two venture partners with 50% ownership interests, identical voting and management rights and responsibilities, equal representation on the governing four-member board of managers, the requirement to contribute relevant intellectual property by each party and equal sharing of profits and losses to each party for JV products or services. Each of the parties actively participates in the conduct and performance of the venture's undertakings, each acts as principal in the completion of its obligations and each is subject to the risks and rewards inherent in related joint operations. All of MidaSol's research, development, production and sales activities have been conducted through the facilities of each party and carried out by the parties' employees or contractors. For all products and services provided to its customers, except those related to research studies, costs are reimbursed to the parties from earned revenues prior to the sharing of profits.

11. Accrued Expenses

Accrued expenses consisted of the following:

	December 31,	
	2017	2016
Bonus	$ 3,257	$ 2,360
Payroll and benefits	548	585
Other	597	421
Total accrued expenses	$ 4,402	$ 3,366

12. Loans Payable

On August 16, 2016, the Company entered into a Loan Agreement and Guaranty with Perceptive Credit Opportunities Fund, LP ("Perceptive"). At closing, the Company borrowed $45,000 from Perceptive and was permitted to borrow up to an additional $5,000 within one year of the closing date based upon achievement of a defined milestone. In March 2017, the Company met its performance obligations under the terms of the credit agreement with Perceptive and submitted a formal request to draw down the remaining $5,000 of its $50,000 credit facility. The loan proceeds have been used to pay the existing debt obligation of $37,500 due to White Oak Global Advisors, LLC, with the balance available for general business purposes. This debt retirement resulted in a loss on extinguishment of debt in the amount of $757, consisting primarily of early retirement fees, the write-off of unamortized debt discounts and acquisition fees and related legal expenses.

The loan from Perceptive will mature on August 16, 2020 and bears interest, payable monthly, at one-month LIBOR or 2% plus 9.75%, subject to a minimum rate of 11.75%. Commencing on January 31, 2019, seven monthly loan principal payments are due in the amount of $550. Thereafter, monthly principal payments in the amount of $750 are due through the maturity date, at which time the full amount of the remaining outstanding loan balance is due. The Company's tangible and intangible assets are subject to first priority liens to the extent of the outstanding debt. Other significant terms include financial covenants, change of control triggers and limitations on additional indebtedness, asset sales, acquisitions and dividend payments. As of December 31, 2017, the Company was in compliance with all financial covenants. As of December 31, 2017, the Company's carrying value of this loan payable approximates its fair market value. At closing, Perceptive received a warrant to purchase senior common equity interests representing 4.5% of the fully diluted common units of the Company on an as converted basis (see Note 13).

The Company capitalizes legal and other third-party costs incurred in connection with obtaining debt as deferred debt issuance costs, and applies the unamortized portion as a reduction of the outstanding face amount of the related loan in accordance with ASU 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. Similarly, the Company amortizes debt discounts, such as those represented by warrants issued to its lenders, and offsets those as a direct reduction of its outstanding debt. Amortization expense arising from deferred debt issuance costs and debt discounts for the years ended December 31, 2017 and 2016 were $1,860 and $857, respectively.

Unamortized deferred debt issuance costs and deferred debt discounts totaled $4,493 as of December 31, 2017 and $6,350 as of December 31, 2016.

13. Warrant Liability

The warrant issued to Perceptive in connection with the August 16, 2016 Loan Agreement expires on August 16, 2023 and has certain rights and preferences including anti-dilution adjustments so that, upon exercise, they will represent 4.5% of the Company's fully diluted common stock on an as converted basis subject to dilution for certain financing including the issuance of shares upon termination of our PUP Plans.

The warrant also provides Perceptive with a put right which, if exercised under certain circumstances, would require the Company to purchase the warrant for $3,000 within the first year of the loan or $5,000 thereafter. These re-purchase terms may require net-cash settlement, and as a result, the appraised value of this warrant at the time of issuance of $5,800 is classified as a liability, rather than as a component of equity, and is treated as a debt discount, with the unamortized portion applied to reduce the face amount of the loan in the accompanying Consolidated Balance Sheet. The $1,123 change in value of this warrant liability from December 31, 2016 to December 31, 2017 and the $750 change in value of this warrant liability from the date of issuance to December 31, 2016 are reported in the accompanying Consolidated Statement of Operations as a "Change in fair value of warrant".

The Company uses a third−party valuation to assist in determining the fair value of these warrants due to the absence of available Level 1 and Level 2 inputs. The appraisals at both the date of the issuance and the balance sheet date were based on unobservable Level 3 inputs. The first step in determining the fair value of the warrant liability is to determine the value of the aggregate equity of the Company which was estimated utilizing the income and market valuation approaches. A probability weighted return model was then utilized to allocate the aggregate equity value of the Company to the underlying securities. Estimates and assumptions impacting the fair value measurement include the following factors: the progress of the Company's pipeline products since the prior valuations, including status of clinical trials; the Company's progress towards an IPO, including selecting lead investment bankers to underwrite the planned IPO; discount rates of 26.5% and 34.5% for 2017 and 2016, respectively, and volatility rates of 90% and 80% for December 31, 2017 and 2016, respectively.

14. Commitments and Contingencies

(A). Leases

The Company has entered into various lease agreements for production and research facilities and offices. Most leases contain renewal options. Certain leases contain purchase options and require the Company to pay for taxes, maintenance and operating expenses. All of the Company's leases are classified as operating leases.

Production and Research Facilities, Portage, Indiana

The Company leases a 73,000-square-foot facility (Ameriplex) in Portage, Indiana, to house additional packaging, R&D and other operations. As amended, this lease has a term that extends through September 30, 2022 and contains a renewal option that could extend the lease through September 30, 2026.

(In thousands, except unit and per unit information)

The Company also leases its current 8,400-square-foot production facility (Melton) in Portage, Indiana, which houses certain research and development offices and current good manufacturing practices, or cGMP, manufacturing operations. The lease contains an option to purchase the facility at any time during the lease term along with a right of first refusal to purchase the facility. In October 2012, the Company entered into an additional five-year extension of the lease of this facility, through March 31, 2018, under the same terms and conditions. In October 2017, the Company extended its lease located in Portage, Indiana, which will expire during March 2023 under the same terms and conditions as its former lease.

Office and Laboratory Facilities, Warren, New Jersey

The Company leases its headquarters and principal laboratory facility in Warren, New Jersey. Pursuant to various amendments in February 2011, June 2012 and May 2013, the Company has secured additional space to provide for the growth of its laboratory facilities and corporate and administrative requirements. The lease included five two-year renewal options, one of which was exercised in July 2016 to extend this lease through August 31, 2018. During February 2018, the Company extended this lease by eighteen months through February 28, 2020.

Rent Expense and Commitments

Rent expense for all leased manufacturing facilities and sales, laboratory and office space were $1,344 and $1,301 for the years ended December 31, 2017 and 2016, respectively.

The following schedule presents future minimum lease payments under operating leases as of December 31, 2017, including those derived from renewal options that are deemed noncancelable under FASB ASC Section 840-10-35, *Leases - Subsequent Measurement*:

	Amount
2018	$ 967
2019	801
2020	808
2021	815
2022	682
Thereafter	65
Total	$ 4,138

(B). Facility Construction Obligation

In December 2011, the Company entered into an agreement with a major customer to construct a packaging suite at its Ameriplex facility for a fee of $2,500, which the Company has amortized ratably over the five-year preferred-use period provided under that agreement, culminating in recognition of $769 during 2016.

(C). Litigation and Contingencies

The Company is involved in various claims, legal proceedings and investigations, including (as of December 2017, except where noted below) those described below. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on the Company's financial position, cash flows, or results of operations, except where noted below.

Beginning in August 2013, the Company was informed of abbreviated new drug application ("ANDA") filings in the United States by Watson Laboratories, Inc. (now Actavis Laboratories, Inc. ("Actavis")), Par

Pharmaceutical, Inc. (“Par”), Alvogen Pine Brook, Inc. (“Alvogen”), Teva Pharmaceuticals USA, Inc. (“Teva”), Sandoz Inc. (“Sandoz”) and Mylan Technologies Inc. (“Mylan”) for the approval by the FDA of generic versions of Suboxone Sublingual Film in the United States. The Company filed patent infringement lawsuits against all six generic companies in the U.S. District Court for the District of Delaware. By a court order dated August 22, 2016, the Company’s ANDA patent litigation case against Sandoz has been dismissed without prejudice for lack of subject matter jurisdiction because Sandoz is no longer pursuing a Paragraph IV certification for its proposed generic version of Suboxone Sublingual Film, and therefore is no longer challenging the validity or noninfringement of our Orange Book-listed patents. The case against Mylan was settled and a Consent Judgment was entered in September 2017 disposing of the entire case as to Mylan. Dr. Reddy’s Laboratories (“Dr. Reddy’s) acquired from Teva the ANDA filings for Teva’s buprenorphine HCl and naloxone sublingual film that are at issue in these trials.

Trials against Dr. Reddy’s, Actavis and Par in the lawsuits involving the Orange Book and process patents occurred in November-December of 2015 and November of 2016. On June 3, 2016, the Court issued its Trial Opinion finding that the asserted claims of U.S. Patent No. 8,603,514 (“the ‘514 patent”) are valid and infringed by Watson’s and Par’s ANDA Products. On August 31, 2017, the Court upheld the asserted U.S. Patent No. 8,900,497 (“the ‘497 patent”) as valid but not infringed by Par’s, Watson’s or Dr. Reddy’s proposed processes for making their ANDA Products. The Court also again upheld the validity of the ‘514 patent but held it was not infringed by Dr. Reddy’s ANDA Products. All of these cases are consolidated on appeal to the Federal Circuit. The trial against Alvogen was held in September 2017. The only issue raised at trial was whether Alvogen’s ANDA Products and processes infringe the ‘514 patent and ‘497 patent; Alvogen did not challenge the validity of the patents. The Court has not yet issued an opinion in that case. If any company is able to obtain FDA approval for its generic version of Suboxone Sublingual Film, it may be able to launch the product prior to the expiration of any or all the applicable patents protecting our Suboxone Sublingual Film, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

In 2016, the Company prevailed in ongoing litigated cases against certain competitors. On April 7, 2016, the USPTO upheld the validity of all challenged patent claims initiated by a competitor against certain key patents held by the Company. On June 3, 2016, the U.S. District Court of Delaware ruled that certain generic competitors have infringed on key patents held by the Company. This Court’s ruling represents a barrier preventing generic formulations of Suboxone from entering the market prior to patent expiration in 2024. The ruling is subject to appeal. The Company continues to explore potential patent right enforcement actions against other competitors, particularly in the United States.

The Company is also seeking to enforce its patent rights in multiple cases against BioDelivery Sciences International, Inc. (“BDSI”). Two cases are currently pending but stayed in the Eastern District of North Carolina. The first was filed by the Company and Indivior related to BDSI’s infringing Bunavail product, and alleges infringement of the Company’s patent, U.S. Patent No. 8,765,167 (“the ‘167 patent”). This case was initially filed in September 2014 in the District of New Jersey but was transferred to North Carolina. Shortly after the case was filed, BDSI filed an IPR challenging the asserted ‘167 patent. On March 24, 2016, the Patent Trial and Appeal Board (“PTAB”) issued a final written decision finding the ’167 patent was not unpatentable. The North Carolina case is stayed pending the outcome and final determination of the proceedings concerning the ’167 patent, which is currently on appeal to the Federal Circuit (discussed below). There is also a declaratory judgment action in North Carolina brought by BDSI for invalidity and non-infringement of the Company’s U.S. Patents Nos. 7,897,080 (“the ‘080 patent”), 8,652,378 (“the ‘378 patent”) and 8,475,832 (“the ‘832 patent”). The parties jointly moved the court for a stay of the proceeding pending *inter partes* review of the ‘832 patent and reexamination of the ’080 patent. The case is currently stayed.

On January 13, 2017, the Company filed an additional claim against BDSI asserting infringement of the ’167 patent by BDSI’s Belbuca product. The case was transferred from New Jersey to the District of

Delaware by agreement of the parties. BDSI has filed motions to dismiss and motions to transfer to the Eastern District of North Carolina. The Judge has not yet ruled on these motions. On November 28, 2016, BDSI filed a notice of appeal to the Federal Circuit of the PTAB's final written decisions finding that the '167 patent was not unpatentable in IPR2015-00165, IPR2015-00168 and IPR2015-00169. The case has been fully briefed and the Court heard oral arguments on February 9, 2018. Nothing further has occurred on this matter.

In September 2017, Indivior brought suit against Alvogen for infringement of U.S. Patent No. 9,687,454 ("the '454 patent") based on the filing of an ANDA seeking approval for a generic version of Suboxone Sublingual Film, in the U.S. District Court for the District of New Jersey. In February 2018, the Company and Indivior amended the complaint, which added it as a plaintiff and added a claim for infringement of U.S. Patent No. 9,855,221 ("the '221 patent").

Indivior brought suits against Dr. Reddy's and Teva in September 2017, and against Par and certain affiliates in October 2017, for infringement of the '454 patent, in the U.S. District Court for the District of New Jersey.

Indivior also brought suit in September 2017 against Actavis Laboratories UT, Inc. for infringement of the '454 patent, in the U.S. District Court for the District of Utah. On March 13, 2018, the Court granted transfer of this case to the U.S. District Court for the District of Delaware.

In February 2018, the Company and Indivior brought suit against Actavis, Dr. Reddy's, Teva, and Par and certain affiliates for infringement of the '221 patent. The suit against Actavis was filed in the U.S. District Court for the District of Utah, and the other three cases were filed in the U.S. District Court for the District of New Jersey.

The Company has also been named as a Defendant in a Complaint filed by 41 U.S. states and the District of Columbia, alleging violations of federal and state antitrust and consumer protection laws related to Suboxone Sublingual Film. The Court denied the Company's motion to dismiss on October 30, 2017. The case is in early stages of discovery.

From time to time, the Company may become involved in other various lawsuits and legal proceedings, the results of which are inherently unpredictable due to the uncertainties that must be resolved as these matters are adjudicated or settled. These legal actions arise in the ordinary course of business. Provisions for liabilities arising from these matters are made when it is both probable that a liability has been incurred and the amount of that liability can be reasonably estimated. Management is currently not aware of any such legal proceedings or claims against the Company that may have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition, operating results, or liquidity.

The Company has defended, and is committed to prudently defending, its patent portfolio and rights. The patent defense expense were $4,759 and $4,791 for the years ended December 31, 2017 and 2016, respectively. These costs consist of fees incurred for the services of patent attorneys, litigation attorneys and certain other experts that may be required to protect the Company's patent rights against infringement from unlicensed users, including actions involving defense of patents during review and reexamination proceedings before the U.S. Patent and Trademark Office ("USPTO"), as well as those involving matters brought before U.S. Federal District or other courts.

(In thousands, except unit and per unit information)

15. Geographic Information

The Company manages its operations geographically as United States, Australia and Malaysia. The United States is the only country to contribute more than 10% of total revenue in 2017 and 2016.

The following table provides revenue by geographic area:

	For the Year Ended December 31,	
	2017	2016
United States	$ 63,840	$ 50,356
Australia	3,046	1,355
Malaysia	32	74
Revenues	$ 66,918	$ 51,785

The Company's long-lived assets are entirely located in the United States.

16. Redeemable Preferred Membership Interests

A. Redeemable Preferred Series A-3 Interests

A Private Placement Offering of Redeemable Preferred Series A-3 Interests (the "Series A-3 interests") was completed in December 2015 in the net amount of $5,038. The Series A-3 interests are senior to all membership interests with respect to dividends. In the event of additional issuances of certain equity interests at a price lower than specified minimum levels, the Series A-3 interests are to be adjusted to diminish the effects of resulting dilution. The Series A-3 interests are also provided with specified preemptive purchase rights, and further, in the event of a private placement or public offering, the Series A-3 interests may elect to convert their interests into the new offering. In the event of liquidation, holders of the Series A-3 interests will receive the greater of three times their original investment or 10% of any remaining distributable assets plus any accrued and unpaid dividends prior to any distributions to the Series A, Series A-1, Series A-2 or common holders, or senior common holders if any. On or after December 31, 2015, subject to the limitations of the current Loan Agreement that restrict dividend or other cash payments to specified preferred interests (Note 12), the holders of more than 50% of the outstanding A-3 interests, voting separately as a class, may require the Company to redeem all, or any part, of the Series A-3 interests at their original issue price plus accrued and unpaid dividends upon 60 days' notice out of funds legally available for distribution. As the redemption option is not within the control of the Company, the Series A-3 interests are classified outside of permanent equity on the consolidated balance sheets. These interests accrue a cumulative and compounding dividend of 8% per annum. At December 31, 2017 and 2016, accrued dividends totaled $858 and $420, respectively.

B. Redeemable Preferred Series A-2 Interests

A Private Placement Offering for $20,887 Redeemable Preferred Series A-2 Interests (the "Series A-2 interests") was completed in July 2008. The Series A-2 interests are senior to all membership interests other than those of the Series A-3 interests with respect to dividends. In the event of additional issuances of certain equity interests at a price lower than specified minimum levels, the Series A-2 interests are to be adjusted to diminish the effects of resulting dilution. Series A-2 interests are also provided with specified preemptive purchase rights. Upon liquidation, holders of the Series A-2 interests will receive two times their original investment plus any accrued and unpaid dividends prior to any distributions to the Series A, Series A-1, or common holders. Beginning after the fifth anniversary of the closing of the offering of the Series A-2 interests, subject to the limitations of the current Loan Agreement that restrict dividend or other cash payments to A-2 interests (Note 12), the holders of more than 50% of the outstanding Series A-2 interests, voting separately as a class, may require the Company to redeem

all, or any part, of the Series A-2 interests at their original issue price plus accrued and unpaid dividends upon 60 days' notice out of funds legally available for distribution. As the redemption option is not within the control of the Company, the Series A-2 interests are classified outside of permanent equity on the consolidated balance sheets. These interests accrue a cumulative and compounding dividend of 6% per annum. At December 31, 2017 and 2016, accrued dividends totaled $15,283 and $13,241, respectively.

17. Members' Equity

The preferred interests included in permanent equity are presented in the accompanying consolidated financial statements in order of liquidation preference.

The Series A interests rank senior to the Series A-1 interests and common interests with respect to payment of dividends and amounts due upon liquidation, dissolution, or winding up of the Company. The Series A-1 interests are senior to the common interests with respect to dividends and liquidation proceeds.

The Series A and A-1 interests hold the same voting rights and equivalent shares in the Company's earnings and losses as the common interests and any senior common interests that may be issued. In the event of an initial public offering or under certain other specified events, outstanding preferred, senior common and common interests in the Company may be converted into equity interests of the newly established public entity or merger partner relative to their then-existing equity account balances.

The Company is required to receive the written consent of more than 50% of the preferred interests prior to:

- liquidating, dissolving, or winding up the Company,
- amending or repealing the Limited Liability Company Agreement, or
- creating or authorizing a security senior to the preferred interests or increasing the authorized number of preferred interests.

During January 2017, White Oak Global Advisors, LLC, exercised its right to convert warrants, obtained as part of the 2013 financing transaction, into common membership interests. This warrant exercise resulted in an increase of membership interests of 2,443,249 and proceeds of approximately $24 to the Company.

18. Performance Unit Plans

The Company has two PUP Plans, both of which are considered to be within the scope of FASB ASC Subtopic 718-30, *Compensation – Stock Compensation – Awards Classified as Liabilities.* Pursuant to the Plans, vested grants may not be exercised prior to either a change in control of the Company or completion of an IPO. These performance conditions render the grants contingent and defer expense recognition until either of the conditions is satisfied.

Each performance unit granted represents the right to receive an amount equal to the increase in the fair value of a unit of membership interest in the Company from the date of grant to the date of settlement, all as determined by the Company's advisory board. For purposes of establishing the initial fair value of awards granted, the advisory board has in certain instances relied on third-party investments at or near the award date as the basis for estimating the underlying value of the Company. In instances where recent third-party investments, at or near the award date, are not available, the advisory board has measured the underlying value of the Company by utilizing an enterprise value approach, which takes into account the cash invested in the Company and outstanding debt at the time of grant. In general, performance units awarded by the Company vest over time and have an indefinite contractual term, subject to continuing employment or other service with the Company. Vesting accelerates upon a change

(In thousands, except unit and per unit information)

in control or IPO of the Company. The Company has the right to redeem vested performance units within 12 months following a termination of the unit holder's employment or other service. Vested units can be settled for cash or equity interests of the Company or an acquiring or successor company, as the case may be, at the Company's discretion. However, the holder is not entitled to settlement of his or her vested performance units unless and until there is a change in control of the Company or the completion of an IPO. As of December 31, 2017 and 2016, respectively, there were 60,707 and 54,214 performance units outstanding that would be redeemable in the event either of the performance conditions were met. If these awards were to be cash settled based on the estimated enterprise value as of December 31, 2017, the Company's operating loss and net loss would have included an additional $12,870 in compensation expense.

Certain participants in the Plans, principally senior management, have been granted protection against dilution of their interests by future equity events (dilution protection). This protection survives the termination of the Plans and entitles the participant to receive additional shares of common stock to maintain the relative equity percentage held by the participant upon the occurrence of a dilutive event. As of December 31, 2017 and 2016, respectively, 24,677 and 21,989 of the outstanding units were covered by dilution protection.

Performance unit plan activity for the years ended December 31, 2017 and 2016 were as follows:

	Units	Weighted-average grant-date fair value	Weighted-average per unit base value	Aggregate settlement value[2]
Outstanding at December 31, 2015	55,773	$ 64,562	$ 0.26	$ 9,823
Granted[1]	431	114,941	0.47	—
Exercised	—	—	—	—
Forfeited/cancelled/expired	(1,989)	(103,276)	0.42	—
Outstanding at December 31, 2016	54,215	63,542	0.26	11,694
Granted[1]	6,561	113,298	0.46	—
Exercised	—	—	—	—
Forfeited/cancelled/expired	(69)	(106,718)	0.43	—
Outstanding at December 31, 2017	60,707	68,832	0.28	12,870
Vested at December 31, 2017	55,986	$ 65,023	$ 0.26	$ 12,688
Exercisable at December 31, 2017	—			

(1) Based on the estimated fair value of the Company on the grant dates of the performance units.

(2) Represents the estimated cash settlement value of these awards based on an independent third-party valuation in 2015 of $108,000 and enterprise values, which approximate fair value of $121,300 and $116,200 in 2017 and 2016, respectively, and the base values inherent in the underlying awards. Broadly viewed, settlement value is determined on the basis of a portion of the increase from the Company's fair value on grant dates to its fair value on the settlement date. The portion allocable to the PUP Plans is relative to vested performance units outstanding and actual equity interests outstanding.

During 2017 and 2016, no performance units were exercised, no share-based liabilities were recorded and 2,880 and 874 units vested, respectively.

(In thousands, except unit and per unit information)

Activity in non-vested performance units for the years ended December 31, 2017 and 2016 were as follows:

	Units	Weighted-average grant-date fair value[1]	Weighted-average per unit base value
Nonvested at December 31, 2015	3,541	$ 103,070	$ 0.41
Granted	431	114,941	0.47
Vested	(874)	102,575	0.42
Forfeited/cancelled/expired	(1,989)	103,276	0.42
Nonvested at December 31, 2016	1,109	107,737	0.44
Granted	6,561	113,298	0.46
Vested	(2,880)	114,044	0.46
Forfeited/cancelled/expired	(69)	106,718	0.43
Nonvested at December 31, 2017	4,721	$ 111,131	$ 0.45

(1) Based on the estimated fair value of the Company on the grant dates of the performance units.

19. Employee Benefit Plans

The Company sponsors a defined-contribution 401(k) plan covering all full-time employees and makes matching employer contributions as defined by the terms of that plan. The Company may also make discretionary contributions. Total contributions made to the plan by the Company for the years ended December 31, 2017 and 2016 were $616 and $524, respectively.

20. Asset Retirement Obligations

The Company's ARO consists of estimated future spending related to removing certain leasehold improvements at its Portage, Indiana, laboratory, the Ameriplex production facility and the Warren, New Jersey, laboratory and returning all facilities to their original condition. Below is a schedule of activity in the Company's liability for AROs for the years ended December 31, 2017 and 2016:

Balance at December 31, 2015	$ 852
Accretion	107
Balance at December 31, 2016	959
Accretion	122
Balance at December 31, 2017	$ 1,081

Depreciation expense related to the ARO assets included in overall depreciation expense for the periods ended December 31, 2017 and 2016 were $25 and $26, respectively.

21. Income Taxes

From the period January 1, 2017 through October 31, 2017 and for all 2016, the Company was a limited liability company ("LLC") that passed through income and losses to its members for U.S. federal and state income tax purposes. From November 1, 2017 through December 31, 2017, the LLC elected to be taxed as a C corporation.

MonoSol Rx, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(In thousands, except unit and per unit information)

The tax effect of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts that give rise to the deferred tax assets and deferred tax liabilities at December 31, 2017 are as follows:

	December 31, 2017
Deferred tax assets:	
Accounts receivable	$ 14
Inventory	49
Accrued expenses	12
NOL carryforwards	1,330
Other	319
Property and equipment	1,145
Credits	113
	$ 2,982
Deferred tax liabilities:	
Intangible assets	$ (45)
Prepaid expenses	(148)
	(193)
Valuation Allowance	$ (2,789)
Net deferred tax asset/(liability)	$ —

At December 31, 2017, the Company had federal and state net operating loss carryforwards of approximately $9,900, which expire during 2038. The Company has determined, based upon available evidence that is more likely than not that the net deferred tax asset will not be realized and accordingly, has provided a full valuation allowance against its net deferred tax assets. Valuation allowances of approximately $2,800 have been established at December 31, 2017. The Company may also be subject to the net operating loss utilization provisions of Section 382 of the Internal Revenue Code. The effect of an ownership change would be the imposition of an annual limitation on the use of NOL carry forwards attributable to periods before the change. Although we have not completed an analysis under Section 382 of the Code, it is possible that the utilization of the NOLs will be limited.

Entities are also required to evaluate, measure, recognize and disclose any uncertain income tax provisions taken on their income tax returns. The Company has analyzed its tax positions and has concluded that as of December 31, 2017, there were no uncertain positions. The Company did not have any unrecognized tax benefits and has not accrued any interest or penalties through 2017.

A reconciliation of income tax benefit and the amount computed by applying the statutory federal income tax rate of 34% to loss before taxes for December 31, 2017 as follows:

	2017
Income taxes at statutory rate	34.00%
Increase (decrease) resulting from:	
State income tax	4.06
Permanent differences	(8.90)
Research & development credit	1.72
Valuation allowance	(13.54)
Effect of the deferred rate change	(17.34)
Effective tax rate	0.00%

The Tax Cuts and Jobs Act (the "TCJA") was signed into law on December 22, 2017. This tax reform legislation, which included a reduction in the U.S. Federal income tax rate from 34% to 21% resulted in a reduction of approximately $1,100 for the deferred tax assets related to net operating losses and other assets. This did not have a material impact on the Company's provision for income taxes for the year ended December 31, 2017 due to the valuation allowance against the Company's net deferred tax assets. Additionally, the Company does not expect to incur the deemed repatriation tax established by that legislation due to the aggregate cumulative losses of its foreign operations.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the TCJA. We did not identify items for which the income tax effects of the 2017 TCJA have not been completed and could not be reasonably estimated as of December 31, 2017, and as such, our financial results reflect the income tax effects of the TCJA for which the accounting under ASC Topic 740 is complete.

Should the Company have been treated as a taxable entity in 2016, no provision would have been recorded given the history of operating losses and the full valuation allowance which would have net against the deferred tax assets.

22. Subsequent Event

In preparing the consolidated financial statements as of and for the year ended December 31, 2017, the Company has evaluated subsequent events for recognition and measurement purposes through April 2, 2018, the date that the report of the independent registered public accounting firm was issued and the audited annual consolidated financial statements were available for issuance. The Company has concluded the following event requires disclosure in the accompanying consolidated financial statements:

Conversion to Corporation

On January 1, 2018, the Company converted from a Delaware limited liability company to a Delaware corporation and incorporated as Aquestive Therapeutics, Inc.

Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC)
Consolidated Balance Sheets
(In thousands, except unit amounts)

	March 31, 2018 (Unaudited)	December 31, 2017	Pro Forma March 31, 2018 (Note 2(D)) (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 16,488	17,379	$ 16,488
Trade and other receivables, net	9,441	6,179	9,441
Inventories	3,850	4,014	3,850
Prepaid expenses and other current assets	642	591	642
Total current assets	30,421	28,163	30,421
Property and equipment, net	12,764	13,460	12,764
Intangible assets, net	241	254	241
Other assets	2,656	1,239	2,656
Total assets	$ 46,082	43,116	$ 46,082
Liabilities and Shareholders' / Members' Deficit			
Current liabilities:			
Accounts payable	$ 10,989	9,601	$ 10,989
Accrued expenses	2,263	4,402	9,663
Deferred revenue	1,170	1,347	1,170
Loans payable, current	1,650	—	1,650
Total current liabilities	16,072	15,350	23,472
Noncurrent liabilities:			
Loans payable, net	44,315	45,507	44,315
Warrant liability	6,976	7,673	—
Asset retirement obligations	1,115	1,081	1,115
Total noncurrent liabilities	52,406	54,261	45,430
Redeemable Preferred A-3 interests and accrued dividends	—	5,896	—
Redeemable Preferred A-2 interests and accrued dividends	—	36,205	—
Shareholders' / Members' deficit:			
Preferred A interests, no par value. Authorized 100,000,000 units; 16,886,750 units issued and outstanding at December 31, 2017 and 2016	—	16,887	—
Preferred A-1 interests, no par value. Authorized 100,000,000 units; 21,526,850 units issued and outstanding at December 31, 2017	—	21,883	—
Common interests, no par value. Authorized 500,000,000 units; 121,228,353 units issued and outstanding at December 31, 2017	—	12,727	—
Common stock, $0.001 par value. Authorized 350,000,000 shares, 186,061,577 issued and outstanding at March 31, 2018; 246,768,153 issued and outstanding at March 31, 2018 (pro forma)	186	—	247
Additional paid-in capital	93,412	—	111,827
Accumulated deficit	(115,994)	(120,093)	(134,894)
Total shareholders' / members' deficit	(22,396)	(68,596)	(22,820)
Total liabilities and shareholders'/members' equity	$ 46,082	43,116	$ 46,082

See accompanying notes to the consolidated financial statements

Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC)
Consolidated Statements of Operations and Comprehensive Income (Loss)
(In thousands, except per membership interest and per share data amounts)
(Unaudited)

	Three Months Ended March 31, 2018	*Three Months Ended March 31, 2017*
Revenues	$ 23,411	$ 16,436
Costs and expenses:		
Manufacture and supply	5,636	4,184
Research and development	4,901	5,343
Selling, general and administrative	7,569	6,128
Total costs and expenses	18,106	15,655
Operating income	5,305	781
Other income (expense):		
Interest expense	(1,927)	(1,818)
Change in fair value of warrant	697	(420)
Other income	24	—
Net income (loss) before income taxes	4,099	(1,457)
Income taxes	—	—
Net income (loss)	4,099	(1,457)
Dividends on redeemable preferred interests	—	(613)
Net income (loss) attributable to common shares / members' interests	4,099	(2,070)
Comprehensive income (loss)	$ 4,099	$ (2,070)
Net income (loss) per share / membership interest basic and diluted	$ 0.02	$ (0.02)
Weighted-average number of common shares / membership interests outstanding - basic and diluted	186,061,577	121,228,353
Unaudited pro forma net loss (Note 2(D))	$ (14,801)	
Unaudited pro forma net loss per share (Note 2(D))	$ (0.06)	
Unaudited pro forma basic and diluted weighted-average shares of common stock outstanding (Note 2(D))	246,768,153	

See accompanying notes to the consolidated financial statements

Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC)
Consolidated Statements of Changes in Stockholders' Equity (In thousands, except unit amounts)

	Preferred A interests		Preferred A-1 interests		Common interests		Common stock		Additional paid-in capital	Accumulated deficit	Total members'/ shareholders' deficit
	Units	Amount	Units	Amount	Units	Amount	Shares	Amount			
Balance at December 31, 2017 MonoSol Rx LLC	16,886,750	$ 16,887	21,526,850	$ 21,883	121,228,353	$ 12,727	—	$ —	$ —	$ (120,093)	(68,596)
Reorganization to C-Corporation (unaudited)	(16,886,750)	$(16,887)	(21,526,850)	$(21,883)	(121,228,353)	$(12,727)	5,000	—	93,598	—	42,101
Effect of stock split (unaudited)	—	—	—	—	—	—	186,056,577	186	(186)	—	—
Net income (unaudited)	—	—	—	—	—	—	—	—	—	4,099	4,099
Balance at March 31, 2018 (unaudited)	—	$ —	—	$ —	—	$ —	186,061,577	$ 186	$ 93,412	$ (115,994)	$ (22,396)
Termination and conversion of performance unit plans (unaudited) (Note 2(D) and Note 16)	—	—	—	—	—	—	60,706,576	61	11,439	(18,900)	(7,400)
Conversion of warrants (unaudited) (Note 2(D))	—	—	—	—	—	—	—	—	6,976	—	6,976
Pro Forma Balance at March 31, 2018 (unaudited)	—	$ —	—	$ —	—	$ —	246,768,153	$ 247	$ 111,827	$ (134,894)	$ (22,820)

See accompanying notes to the consolidated financial statements

Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC)
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	For the Three Months March 31,	
	2018	2017
Cash flows from operating activities:		
Net income (loss)	$ 4,099	$ (1,457)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	940	915
Change in fair value of warrant	(697)	420
Asset retirement obligation accretion	34	29
Amortization of intangible	13	13
Amortization of debt issuance costs and discounts	458	457
Non-cash interest expense	(16)	—
Bad debt (recovery) provision	39	(34)
Changes in operating assets and liabilities:		
Trade receivables and other receivables	(3,301)	3,509)
Inventories	165	(613)
Prepaid expenses	(51)	(18)
Accounts payable	1,404	1,594
Accrued expenses	(2,125)	(1,431)
Deferred revenue	(177)	524
Net cash provided by operating activities	785	3,908
Cash flows from investing activities:		
Capital expenditures	(259)	(657)
Net cash (used for) investing activities	(259)	(657)
Cash flows from financing activities:		
Proceeds from warrant exercise	—	24
Proceeds from issuance of debt	—	5,000
Payments for transaction costs	(1,417)	—
Net cash (used for) provided by financing activities	(1,417)	5,024
Net (decrease) increase in cash and cash equivalents	(891)	8,275
Cash and cash equivalents:		
Beginning of period	17,379	9,209
End of period	$ 16,488	$ 17,484
Supplemental disclosures of cash flow information:		
Cash payments for interest	$ 1,485	$ 1,359
Capital expenditures included in accounts payable	15	212
Accrued Series A-2 and A-3 preferred dividends	—	613

See accompanying notes to the consolidated financial statements

Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC)

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share information)

1. Nature of Business

(A) Background

Aquestive Therapeutics, Inc. (“Aquestive” or the “Company”) was formed effective on January 1, 2018 via the conversion of MonoSol Rx, LLC to, a Delaware corporation and a simultaneous name change. From the Company’s inception through that date, the business operated as MonoSol Rx, LLC, a Delaware limited liability company. The financial statement information presented from periods prior to January 1, 2018 are that of MonoSol Rx, LLC.

Aquestive is a specialty pharmaceutical company focused on identifying, developing and commercializing differentiated products to address unmet medical needs and solve critical healthcare challenges. The Company has a late-stage proprietary product pipeline focused on the treatment of diseases of the central nervous system, or CNS. Aquestive is pursuing its business objectives through both in-licensing and out-licensing arrangements. The Company’s major customer and primary commercialization partner has global operations headquartered in the United Kingdom with principal operations in the United States; other customers are principally located in the United States.

The Company conducts its production activities at facilities located in Portage, Indiana, and maintains its headquarters and its primary research laboratory in Warren, New Jersey.

The Company has incurred operating losses since inception and had an accumulated deficit of $115,994 as of March 31, 2018. The Company expects to continue to incur net losses for at least the next several years and is highly dependent on its ability to find additional sources of funding in the form of debt or equity financings to fund its operations. Management believes that its cash and cash equivalents of $16,488 at March 31, 2018 combined with expected revenue from partnered product activities are sufficient to fund operations through at least July 2019.

Management expects that future sources of funding may include new or expanded partnering arrangements and sales of equity or debt securities. Adequate additional funding may not be available to the Company on acceptable terms or at all. The failure to raise capital as and when needed could have a negative impact on the Company’s financial condition and ability to pursue business strategies. The Company may be required to delay, reduce the scope of or eliminate research and development programs, or obtain funds through arrangements with collaborators or others that may require the Company to relinquish rights to certain product candidates that the Company might otherwise seek to develop or commercialize independently.

(B) Corporate Conversion, Reorganization and Stock split

Corporate Conversion

MonoSol Rx, LLC was originally formed in Delaware in January 2004 and until December 31, 2017, the Company conducted its business through MonoSol Rx, LLC, a Delaware limited liability company, or MonoSol. On January 1, 2018, MonoSol converted from a Delaware LLC into a Delaware corporation pursuant to a statutory conversion and changed its name to Aquestive Therapeutics, Inc.

Reorganization

In a corporate reorganization conducted following the conversion of MonoSol into a Delaware corporation, the holders of units of MonoSol contributed their interests in MonoSol to Aquestive Partners, LLC, or APL, in exchange for identical interests in APL. As a result of the exchange, APL was issued 5,000 shares of voting common stock in the Company and became the parent and sole stockholder of the Company.

(In thousands, except share and per share information)

The table below depicts the number of redeemable and non-redeemable interests outstanding for each series of membership interests at December 31, 2017, which were converted to identical interests in APL on a 1:1 basis effective January 1, 2018;

	December 31, 2017
Redeemable Preferred A-3 Interests	5,055,000
Redeemable Preferred A-2 Interests	82,071,200
Nonredeemable A-1 interests	21,526,850
Nonredeemable A interests	16,886,750
Common Interests	121,228,353
	246,768,153

Stock Split

In April 2018, the board approved an amendment to the Certificates of Incorporation of the Company to:

(i) increase the authorized number of capital stock from 25,000 to 350,000,000 shares,

(ii) authorize the Non-Voting Common Stock, and

(iii) effect a stock split of the Company's common stock, par value $0.001 per share, such that each share be subdivided and reclassified into 37,212 shares of Voting Common Stock, par value $0.001 per share.

For purposes of these financial statements, the stock split has been presented as if it had occurred on January 1, 2018.

2. Significant Accounting Policies

(A) Basis of Presentation

The accompanying unaudited interim consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") and with Article 10 of Regulation S-X for interim financial reporting. In compliance with those rules, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These financial statements do not include all disclosures necessary for a complete presentation of financial position, results of operations, and cash flows in conformity with U.S. GAAP. These unaudited interim consolidated financial statements should be read in conjunction with MonoSol Rx, LLC's consolidated financial statements and related notes for the year ended December 31, 2017. In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments consisting of normal and adjustments accruals necessary to present fairly the Company's consolidated financial position as of March 31, 2018, and the results of operations and cash flows for the three months ended March 31, 2018 and 2017. The results of operations for the three months ended March 31, 2018 and 2017 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period.

Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted principles as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The accompanying unaudited interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the

(In thousands, except share and per share information)

recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. The unaudited interim consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(B) Principles of Consolidation

On January 1, 2018 MonoSol Rx, LLC (which consolidated MonoSol Rx, Inc. in 2017) was converted from a Delaware LLC into a Delaware corporation pursuant to a statutory conversion under the laws of the State of Delaware. The resulting entity is Aquestive Therapeutics, Inc.

These consolidated financial statements presented for periods earlier than January 1, 2018 include the accounts of the MonoSol Rx, LLC. and its wholly owned subsidiary, MonoSol Rx, Inc. Other than corporate formation activities, MonoSol Rx, Inc. has conducted no commercial, developmental or operational activities and has no customers or vendors.

(C) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(D) Unaudited Pro Forma Presentation

The unaudited pro forma balance sheet information as of March 31, 2018 reflects the issuance of 60,706,576 shares of non-voting common stock granted in connection with the termination of the Performance Unit Plans (see Note 16).

The unaudited pro forma net loss, along with the pro forma balance sheet reflects the termination of the Performance Unit Plans (the "PUP Plans") effective January 1, 2018. The Company will recognize a charge of $18,900 to general and administrative expense in May 2018 (see Note 16).

The unaudited pro forma balance sheet also reflects the conversion of the warrant liability of $6,976 as an addition to additional paid-in capital and a reduction of the warrant liability as of March 31, 2018 (see Note 13).

Unaudited pro forma net loss per share attributable to common stockholders for the three months ended March 31, 2018 is computed using the weighted-average number of shares of common stock outstanding after giving effect to the common stock granted in connection with the termination of the performance unit plans as if such conversion had occurred at January 1, 2018

	For the Three Months Ended March 31, 2018 (unaudited)
Numerator:	
Net income attributable to common shares - basic and diluted	$ 4,099
Add: Charge for termination of PUP Plans	(18,900)
Net loss attributable to common shares - basic and diluted	$ (14,801)
Denominator:	
Weighted-average number of common shares outstanding	186,061,577
Effect of pro forma adjustments:	
Issuance of common stock for performance units	60,706,576
Pro forma weighted average shares outstanding	246,768,153
Unaudited pro forma net loss per share - basic and diluted	$ (0.06)

(In thousands, except share and per share information)

(E) Net Income (Loss) Attributable to Shareholders' / Members' Interest

Basic net loss per membership interest is calculated by dividing net loss attributable to members' interest less cumulative preferred stock dividends. During periods of income, the Company allocates participating securities a proportional share of income determined by dividing total weighted-average participating securities by the sum of the total weighted-average common interests and participating securities (the "two class method"). The Company's convertible preferred stock participates in any dividends declared by the Company and is therefore considered to be a participating security. Participating securities have the effect of diluting both basic and diluted earnings per share during periods of income. During periods of loss, the Company allocates no loss to participating securities because they have no contractual obligation to share in the losses of the Company. For the three month period ended March 31, 2017, diluted net loss per membership interest is calculated by adjusting weighted-average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock method and if-converted methods. For purposes of the diluted net loss per membership interest calculation, convertible preferred stock, performance units, and senior common interests are considered to be common stock equivalents, but have been excluded from the calculation of diluted net loss per membership interest, as their effect would be anti-dilutive for all periods presented.

As a result of the corporate conversion and reorganization described in Note 1(B), there were no potentially dilutive instruments outstanding at March 31, 2018. Therefore, basic and diluted net loss per share were the same for all periods presented as reflected below.

	For the Three Months Ended March 31, (unaudited)	
	2018	2017
Numerator:		
Net income (loss)	$ 4,099	$ (1,457)
Accrued dividends on redeemable preferred interests	—	(613)
Income (loss) attributable to common shares / member interest − basic and diluted	$ 4,099	$ (2,070)
Denominator:		
Weighted-average number of common shares / member interest – basic and diluted	186,061,577	121,228,353
Income (loss) per common share / member interest – basic and diluted	$ 0.02	$ (0.02)

(F) Deferred Transaction Costs

Deferred Transaction costs, primarily costs of direct incremental legal, accounting and other fees relating to the Company's contemplated initial public offering ("IPO"), are capitalized as incurred. The deferred transaction costs will be offset against IPO proceeds upon the consummation of the offering. In the event the IPO is terminated, which would include a postponement of 90 days or greater, any deferred transaction costs will be expensed. The Company has capitalized costs totaling approximately $2,583 that have been incurred in connection with ongoing equity raising initiatives. These amounts are recorded in Other assets.

(G) Off-Balance Sheet Risk and Concentration of Credit Risk

Cash and cash equivalents are maintained at one federally insured financial institution. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to any credit risk due to the financial position of the banking institution. The Company has no off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

(H) Segment Information

The Company manages its operations as a single segment for purposes of assessing performance and making operating decisions.

(I) Fair Value of Financial Instruments

FASB guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (*e.g.,* quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active). Level 2 includes financial instruments that are valued using models or other valuation methodologies. The Company had no Level 2 assets or liabilities as of March 31, 2018 and December 31, 2017.
- Level 3 – Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when the fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities consisted of warrants totaling $6,976 and $7,673 at March 31, 2018 and December 31, 2017, respectively. The Company's warrant liability is stated at fair value.

The carrying amounts reported in the balance sheets for trade and other receivables, prepaid and other current assets, accounts payable, accrued expenses and deferred revenue approximate fair value based on the short-term maturity of these instruments.

(J) Cash and Cash Equivalents

The Company considers investments with an original maturity of three months or less to be cash equivalents. At March 31, 2018 and December 31, 2017, the Company had no cash equivalents.

(K) Foreign Currency

The functional currency of the Company is the U.S. dollar.

(L) Trade Receivables

The Company's credit terms generally range from 30 to 60 days, depending on the customer and type of invoice. Trade receivables are carried at original invoice amount less an estimate of doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines

the allowance for doubtful accounts by identifying troubled accounts and, in the absence of historical experience, applies an estimate that is believed to be a reasonable indicator of future potential losses. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

(M) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Inventory includes the cost of materials, production labor and overhead. The Company regularly reviews its inventories for impairment and reserves are established when necessary.

(N) Property and Equipment

Property and equipment are stated at cost. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives. Depreciation of equipment, furniture and fixtures is calculated using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance costs are expensed. The Company reviews the recoverability of all long-lived assets, including the related useful life, whenever events or changes in circumstances indicate that the carrying value amount of a long-lived asset may not be recoverable.

(O) Impairment of Long-Lived Assets

In accordance with the Subsections of FASB ASC Subtopic 360-10, *Property, Plant and Equipment – Overall*, long-lived assets, such as property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. That carrying value is considered unrecoverable if it exceeds the sum of the undiscounted cash flows expected from the use and eventual disposition of the asset.

As a result of management's evaluation of the recoverability of the carrying value of long-lived assets subject to ASC 360-10, no impairment charges were recorded for the three months ended March 31, 2018 and 2017.

(P) Investments

For entities or ventures that are under shared control, owned and managed equally by the Company and a third party and in which the Company is a direct and active participant in the entity's operating activities and through which it is directly exposed to the risks and rewards of operating activities, the Company's investments are carried at cost. Acting as principal in carrying out its operational responsibilities, the Company records its share of related revenue and its expense transactions reflecting all of that revenue and its third-party expenses in its consolidated financial statements in accordance with the nature of the revenue or in a manner to proportional consolidation.

(Q) Intangible Assets

Intangible assets include the costs of acquired composition and process technologies and the costs of purchased patents used in the manufacture of orally soluble film. The Company amortizes these assets using the straight-line method over the shorter of their legal lives or estimated useful lives.

(R) Patent Costs

Patent procurement, prosecution and defense litigation costs are expensed as incurred, including costs for patent continuation applications. The Company's primary domestic and international patents expire between 2022 and 2031.

(S) Retirement Plan

The Company maintains a 401(k)-retirement plan for its employees that is intended to qualify under Sections 401(a) and 501(a) of the U.S. Internal Revenue Code of 1986, as amended ("Code"), in 2016. The Company provides all active employees with 100% matching contribution equal to 6% of an employee's eligible compensation. These safe harbor employer match contributions vest as follows: less than one year: 0%; one year: 20%; two years: 40%; three years: 60%; four years: 80%; and five years: 100%.

(T) Research and Development

Costs incurred in connection with research and development activities are expensed as incurred. Research and development expenses include (i) employee-related expenses, including salaries, benefits, travel and share-based compensation expense, (ii) external research and development expenses incurred under arrangements with third parties, such as contract research and contract manufacturing organizations, investigational sites and consultants, (iii) the cost of acquiring, developing and manufacturing clinical study materials, and (iv) costs associated with preclinical and clinical activities and regulatory operations. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity is performed or when the goods have been received, rather than when payment is made, in accordance with ASC 730, *Research and Development.*

(U) Income Taxes

From its founding through October 31, 2017, the Company was a limited liability company ("LLC") treated as a partnership for income tax purposes. From November 1, 2017 through December 31, 2017, the LLC elected to be taxed as a C-corporation. On January 1, 2018, MonoSol converted from a Delaware LLC into a Delaware C-corporation pursuant to a statutory conversion and changed its name to Aquestive Therapeutics, Inc.

From November 1, 2017, the Company accounts for income taxes under the asset and liability method, which requires deferred tax assets and liabilities to be recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts and respective tax bases of existing assets and liabilities, as well as net operating loss carryforwards and research and development credit. Valuation allowances are provided if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

(V) Revenue Recognition

Pursuant to FASB ASC Topic 605, *Revenue Recognition*, revenue is recognized when there is persuasive evidence of an agreement, title has passed or delivery has occurred, the price is fixed and determinable, and collection is reasonably assured.

Manufacture and Supply Revenue – The Company records revenues when products are shipped and title passes to the customers.

Co-development and Research Fees – Co-development and research fees are earned through performance of specific tasks, activities or completion of stages of development defined within a contractual arrangement with a customer. The nature of these performance obligations, broadly referred to as milestones or deliverables, are usually dependent on the scope and structure of the project as contracted, as well as the complexity of the product and the specific regulatory approval path necessary for that product. Accordingly, the duration of the Company's research and development projects may range from several months to approximately three years. Although each contractual arrangement is unique, common milestones included in these arrangements include those for the performance of efficacy

and other tests, reports of findings, formulation of initial prototypes, production of stability clinical and/or scale-up batches, and stability testing of those batches. Additional milestones may be established and linked to clinical results of the product submission and/or approval of the product by the FDA and the commercial launch of the product. Co-development and research fees are recognized when related milestones are completed and delivered and, in some cases, accepted by the customer.

License and Royalty Revenue – License revenue is recognized in accordance with the terms of the license agreement. The Company's license revenues most commonly are non-refundable once collected and are typically recognized as revenue at the time that the transferred licensed rights can be utilized for the benefit of the licensee, subject to determinable pricing, performance contingencies and collectability assessments. In the event that a licensing agreement requires the Company to meet ongoing or future performance objectives that are other than inconsequential or perfunctory, licensing revenue may be recognized ratably, or in conjunction with its performance obligations, during the initial term of the license agreement. If a performance obligation, milestone, or contingency, such as a specified level of cumulative product sales or the approval of a regulatory agency, exists, revenue is deferred until such time that the contingencies are satisfied or obligations are met. Payments received in excess of amounts achieved are classified as deferred revenue until earned. Royalty revenue is recognized in accordance with contractual rates when they can be reasonably estimated based on reported sales data and when collection is reasonably assured. In the event that reasonable sales data is unavailable, revenue is recognized when royalty reports are received.

Collaborative Arrangements – A contractual arrangement falls within the scope of FASB ASC Subtopic 808-10, Collaborative Arrangements, if the arrangement requires the parties to be active participants and the arrangement exposes the parties to significant risks that are tied to the commercial success of the endeavor. Costs incurred and revenues generated on sales to third parties are reported in the consolidated statement of operations based on the guidance in FASB ASC Subtopic 605-45, *Revenue Recognition – Principal Agent Considerations*. Revenue earned from collaboration partners as of March 31, 2018 and 2017 was not material.

(W) Share-Based Payments

The Company issues share-based payments under the terms of its PUP Plans. The cost of employee services received in exchange for equity-based awards are determined based on FASB ASC Topic 718, *Compensation – Stock Compensation* using the grant-date fair value of the awards. Under the Company's PUP Plans, all outstanding equity-based payments are to be recognized as an expense based on their fair value at the measurement date, which is delayed until achievement of specified performance conditions can be considered probable. At the time that all contingencies are satisfied, the performance units granted to both employees and consultants will be reflected as liability-classified instruments based on the application of FASB ASC Topic 718.

(X) Asset Retirement Obligations

FASB ASC Subtopic 410-20, *Asset Retirement and Environmental Obligations – Asset Retirement Obligations*, addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company's asset retirement obligation ("ARO") consists of estimated future spending to remove certain leasehold improvements and return each leased facility to its original condition. The Company records an ARO asset (a component of property and equipment) and associated liability equal to the present value of the estimated future spending at the date the asset is placed in service. Spending estimates are discounted at the credit-adjusted risk-free rate. The ARO asset is amortized on the straight-line method over the lesser of its expected life or the lease term and the ARO liability is accreted over the lesser of expected life or the lease term.

(Y) Comprehensive Income/(Loss)

Comprehensive income/(loss) is the change in shareholders'/members' equity (deficit) from transactions and other events and circumstances other than those resulting from investments by members and distributions to shareholders'/members.

(Z) Recent Accounting Pronouncements

As a public emerging growth company, the Company has elected to take advantage of the extended transition period afforded by Jumpstart Our Business Startups Act for the implementation of new or revised accounting standards and, as a result, the Company will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public emerging growth companies.

From time to time, new accounting pronouncements are issued by the FASB and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard will apply one comprehensive revenue recognition model across all contracts, entities, and sectors. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Once effective, ASU 2014-09 will replace most of the existing revenue recognition requirements in U.S. GAAP. The FASB also issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the standard one year. As a result, the new standard is effective for annual reporting periods beginning after December 15, 2019, including interim periods within the reporting period. The Company is currently assessing the effect that adoption of the new standard will have on its consolidated financial statements. As of part of the Company's assessment, an entity can elect to apply the guidance under one of the following two methods: (i) retrospectively to each prior reporting period presented, referred to as the full retrospective method, or (ii) retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings, referred to as the modified retrospective method. The Company is in the process of its initial assessment of the potential changes from adopting ASU No. 2014-09. The initial assessment consists of a review of a representative sample of contracts, discussions with key stakeholders, and a cataloging of potential impacts on its consolidated financial statements, accounting policies, financial control, and operations. The Company has not yet completed its final review of the impact; however, the Company anticipates applying the modified retrospective method when implementing this guidance. As a result, this standard is effective for the Company for annual reporting periods beginning after December 15, 2019. The Company continues to monitor additional changes, modifications, clarifications or interpretations being undertaken by the FASB, which may impact its initial conclusions.

In January 2016, the FASB issued revised guidance governing accounting and reporting of financial instruments. This guidance requires that equity investments with readily determinable fair values that are classified as available-for-sale be measured at fair value with changes in value reflected in current earnings. This guidance also simplifies the impairment testing of equity investments without readily determinable fair values and alters certain disclosure requirements. ASU No. 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, also provides guidance as to classification of the change in fair value of financial liabilities. These revised standards are effective for the Company for annual periods in fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of these revised standards.

(In thousands, except share and per share information)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* which establishes a comprehensive new lease accounting model. The new standard: (i) clarifies the definition of a lease; (ii) requires a dual approach to lease classification similar to current lease classifications; and (iii) causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease-term of more than twelve months. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2019 and requires modified retrospective application. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. This guidance simplifies aspects of accounting for employee share-based payments, including income tax consequences, classification of awards as either equity or liabilities, and classifications within the statement of cash flows. This guidance is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Under the Company's PUP Plans (Note 16), vested grants may not be exercised prior to either a change in control of the Company or completion of an IPO, rendering the grants contingent and requiring deferred expense recognition until either of the conditions is satisfied. Accordingly, the adoption of ASU 2016-09 had no impact on the Company's consolidated financial statements.

In June 2016, the FASB issued, ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, amending existing guidance on the accounting for credit losses on financial instruments within its scope. The guidance introduces an expected loss model for estimating credit losses, replacing the incurred loss model. The new guidance also changes the impairment model for available-for-sale debt securities, requiring the use of an allowance to record estimated credit losses (and subsequent recoveries). The new guidance is effective for the Company beginning after December 15, 2020. The Company is currently evaluating the impact of adoption on its consolidated financial statements

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, providing* guidance on the classification of certain cash receipts and payments in the statement of cash flows intended to reduce diversity in practice. The guidance is effective for the Company for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the effect of the standard on its Consolidated Statement of Cash Flows.

3. Revenues and Trade Receivables, Net

The Company's revenue was comprised of the following:

	For the Three Months Ended March 31,	
	2018	2017
	(unaudited)	
Manufacture and supply revenue	$ 11,560	$ 10,155
License and royalty revenue	9,500	5,223
Co-development and research fees	2,351	1,058
Revenues	$ 23,411	$ 16,436

(In thousands, except share and per share information)

Trade receivables, net consist of the following:

	March 31, 2018 (Unaudited)	December 31, 2017
Trade receivables	$ 9,386	$ 6,156
Less: allowance for bad debts	(94)	(55)
Trade receivables, net	$ 9,292	$ 6,101

Other nontrade receivables totaled $149 and $78 as of March 31, 2018 and December 31, 2017 respectively, consisting primarily of reimbursable costs incurred on behalf of a major customer.

The following table presents the changes in the allowance for bad debts account:

	March 31, 2018 (Unaudited)	December 31, 2017
Allowance for doubtful accounts at beginning of year	$ 55	$ 108
Additions charged to bad debt expense	39	0
Recoveries of amounts previously reserved	0	(53)
Allowance for doubtful accounts at end of the period	$ 94	$ 55

4. Customer Concentrations

Customers are considered major customers when sales exceed 10% of total net sales for the period or outstanding receivable balances exceed 10% of total receivables. During the three month period ending March 31, 2018, Indivior, Inc. (“Indivior”) represented 97% of the total revenue for the period. During 2017, Indivior represented 88% of the total revenue for the period.

As of March 31, 2018 and December 31, 2017, the Company’s outstanding receivable balance from Indivior represented approximately 95% and 93%, respectively, of total receivables.

5. Material Agreements

Commercial Exploitation Agreement with Indivior

In August 2008, the Company entered into a Commercial Exploitation Agreement with Reckitt Benckiser Pharmaceuticals, Inc. (the “Indivior License Agreement”). Reckitt Benckiser Pharmaceuticals, Inc. was later succeeded to in interest by Indivior, Inc. (“Indivior”). Pursuant to the Indivior License Agreement, the Company agreed to manufacture and supply Indivior’s requirements of Suboxone, a sublingual film formulation, both inside and outside the United States on an exclusive basis.

Under the terms of the Indivior License Agreement, the Company is required to manufacture Suboxone in accordance with current Good Manufacturing Practice standards and according to the specifications and processes set forth in the related quality agreements the Company entered into with Indivior. Additionally, the Company is required to obtain Active Pharmaceutical Ingredients (“API”) for the manufacture of Suboxone directly from Indivior. The Indivior License Agreement specifies a minimum annual threshold quantity of Suboxone that the Company is obligated to fill and requires Indivior to provide the Company with a forecast of its requirements at various specified times throughout the year.

In addition to the purchase price for the Suboxone supplied, Indivior is required to make certain single digit percentage royalty payments tied to net sales value (as provided for in the Indivior License Agreement) in each of the United States and in the rest of the world subject to annual maximum amounts.

In the event that Indivior has paid the Company a specified aggregate royalty amount in royalties on Suboxone sold in the United States, then it will be required to prepay to the Company, an additional agreed payment amount, after which all obligations of Indivior to pay royalties on Suboxone sold in the United States will terminate. Except as set forth in the prior sentence, Indivior's royalty obligations to the Company continue in the United States and the rest of the world until the expiration of all of the patents (either in the United States or other territories) or upon written notice by Indivior subject to Indivior being required to pay the Company a final royalty payout. Indivior exercised its right to buy out its future royalty obligations in the United States in 2012. Indivior remains obligated to pay royalties for all sales outside the United States.

The Indivior License Agreement contains customary contractual termination provisions for breach or in the event of bankruptcy or corporate dissolution, the intellectual property surrounding Suboxone is found to be invalid, or either party commits a material breach of the Indivior License Agreement. Additionally, Indivior may terminate if the U.S. Food and Drug Administration ("FDA") or other applicable regulatory authority declares the Company's manufacturing site to no longer be suitable for the manufacture of Suboxone or Suboxone is no longer suitable to be manufactured due to health or safety reasons. The initial term of the Indivior License Agreement was seven years from the commencement date. Thereafter, the Indivior License Agreement automatically renews for successive one year periods, unless Indivior provides the Company with written notice of its intent not to renew at least one year prior to the expiration of the initial or renewal term.

Supplemental Agreement with Indivior

On September 24, 2017, the Company entered into an agreement with Indivior (the "Indivior Supplemental Agreement"). Pursuant to this agreement, the Company conveyed to Indivior all of its existing and future rights in the settlement of various ongoing patent enforcement legal actions and disputes related to Suboxone product. The Company also conveyed to Indivior the right to sublicense manufacturing and marketing capabilities to enable an Indivior licensed generic buprenorphrine product to be produced and sold by parties unrelated to Indivior or the Company. Under the Indivior Supplemental Agreement, the Company is entitled to receive certain payments from Indivior commencing on the date of the agreement through January 1, 2023. Once paid, all payments made under this Agreement are non-refundable. In consideration for the rights granted to Indivior under the Indivior Supplemental Agreement, the Company received in September 2017, a non-refundable payment of $17,000, which was recognized as revenue in 2017 in License and royalty revenue. The Company received $9,250 during the three months ended March 31, 2018 and is presented in License and royalty revenue above. The Company also received $3,000 and $1,250 in April 2018 and May 2018, respectively, as part of this agreement. In addition to amounts received, the Company may receive up to an additional $44,500, consisting of (i) up to $42,000 in the aggregate from any combination of (a) performance or event-based milestone payments and (b) single digit percentage royalties on net revenue earned by Indivior on sales of Suboxone and (ii) an additional $2,500 that may be earned through the issuance of additional process patent rights to us with the aggregate payment amounts under the Indivior Supplemental Agreement capped at $75,000. Accordingly, the Agreement includes certain provisions that may allow Indivior to cease remitting certain payments to the Company upon the occurrence of certain events related to unlicensed generic versions of Suboxone. In the event that Indivior's defense of its rights is ultimately successful, then, all payment obligations owed to the Company are retroactively reinstated.

All payments made by Indivior to the Company pursuant to the Indivior Supplemental Agreement are in addition to, and not in place of, any amounts owed by Indivior to the Company pursuant to the Indivior License Agreement. Indivior's payment obligations under the Indivior Supplemental Agreement are subject to certain factors affecting the market for Suboxone and may terminate prior to January 1, 2023 in the event certain contingencies relating to such market occur.

(In thousands, except share and per share information)

License Agreement with Sunovion Pharmaceuticals, Inc.

In April 2016, the Company entered into a license agreement with Cynapsus Therapeutics Inc. (which was later succeeded to an interest by Sunovion Pharmaceuticals, Inc. ("Sunovion")) (the "Sunovion License Agreement"), pursuant to which the Company granted Sunovion an exclusive, worldwide license (with the right to sub-license) to certain intellectual property, including existing and future patents and patent applications, covering all oral films containing APL-130277 (apomorphine) for the treatment of off episodes in Parkinson's disease patients, as well as two other fields.

Under the Sunovion License Agreement, the Company received $0 and $5,000 milestone payments during the three months ended March 31, 2018 and 2017, respectively, which was recognized as revenue and is presented in License and royalty revenue above. The Company is eligible to receive remaining milestone payments of up to $11,000 for certain regulatory events and up to $20,000 for commercial milestone events that are contingent on the achievement of certain sales levels. In addition to the milestone payments, the Company is entitled to receive low single digit percentage royalty payments on global net sales of products commercialized by Sunovion that include apormorphine as their API.

Absent early termination, the Sunovion License Agreement continues (on a country-by-country basis) until the expiration of all applicable licensed patents. Upon termination, all rights to intellectual property granted to Sunovion to develop and commercialize products will revert to the Company and Sunovion must continue to pay royalties to the Company on each sale of their remaining inventory of products commercialized by Sunovion which include apormorphine as their API.

Collaboration and License Agreement with Mitsubishi Tanabe

In August 2017, the Company entered into an agreement with Mitsubishi Tanabe ("MT") to perform feasibility studies related to Radicava, MT's Amyotrophic Lateral Sclerosis treatment using the compound edaravone. The activities for this arrangement were not material during the three months ended March 31, 2018 and 2017.

Agreement to Terminate CLA with KemPharm

In March 2012, the Company entered into an agreement with KemPharm, Inc. ("KemPharm"), to terminate a Collaboration and License Agreement entered into in April 2011, under this arrangement, we have the right to receive payments, including, but not limited to, royalty payments on any license of KP415, the sale of KP415 to a third party, the commercialization of KP415 and the portion of any consideration that is attributable to the value of KP415 and paid to KemPharm or its stockholders in a change of control transaction. The Company has not received payments under this arrangement during the three months ended March 31, 2018 and 2017.

6. Inventory

Inventory consists of the following:

	March 31, 2018 (Unaudited)	December 31, 2017
Raw material	$ 754	$ 725
Packaging material	2,147	2,225
Finished goods	949	1,064
Total inventory	$ 3,850	$ 4,014

(In thousands, except share and per share information)

7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of costs incurred in advance of services being received, including insurance, software licenses and service agreements.

	March 31, 2018 (Unaudited)	December 31, 2017
Insurance	$ 69	$ 148
Software licenses	193	125
Service agreements	168	75
Medical premiums	75	70
Subscriptions	57	44
Lab equipment	34	39
Memberships	28	30
Other	18	60
Total prepaid expenses and other current assets	$ 642	$ 591

8. Property and Equipment, Net

	Useful Lives	March 31, 2018 (Unaudited)	December 31, 2017
Machinery	3-15 yrs	$ 20,124	$ 20,056
Furniture and fixtures	3-15 yrs	1,109	1,109
Leasehold improvements	(a)	21,271	21,271
Computer, network equipment and software	3-7 yrs	2,108	2,108
Construction in progress		1,097	921
		45,709	45,465
Less: accumulated depreciation and amortization		(32,945)	(32,005)
Total property and equipment, net		$ 12,764	$ 13,460

(a) Leasehold improvements are amortized over the shorter of the lease term or their estimated useful lives.

Total depreciation and amortization related to property and equipment was $940 and $915 for the three months ended March 31, 2018 and 2017, respectively (unaudited).

9. Intangible Assets

The following table provides the components of identifiable intangible assets, all of which are finite lived:

	March 31, 2018 (Unaudited)	December 31, 2017
Purchase technology-based intangible	$ 2,358	$ 2,358
Purchased patent	509	509
	2,867	2,867
Less: accumulated amortization	(2,626)	(2,613)
Intangible assets, net	$ 241	$ 254

(In thousands, except share and per share information)

Amortization expense was $13 and $13 for the three months ended March 31, 2018 and 2017, respectively. During the remaining life of the purchased patent, estimated annual amortization expense is $51 for each of the years from 2018 to 2022.

10. Investments

During the fourth quarter of 2016, the Company sold all holdings of equity interests in Midatech Pharma, PLC, realizing proceeds of $1,166. The Company's investment in this joint venture, carried at cost, totaled $6 as of March 31, 2018 and December 31, 2017, respectively, and is recorded in Other assets on the consolidated balance sheets.

In addition to its investments in Midatech shares, pursuant to the agreement between the parties, the Company also funded certain project development costs. These costs from inception are expensed to research and development as paid and totaled $4,842. through December 31, 2016. There were no costs incurred during the three months ended March 31, 2018 and 2017, respectively.

In 2011, Midatech Ltd. and the Company entered into a Joint Venture Agreement for the development and commercialization of diabetes-related products and formed MidaSol Therapeutics (the "JV") to conduct planned activities. The agreement provides each of the two venture partners with 50% ownership interests, identical voting and management rights and responsibilities, equal representation on the governing four-member board of managers, the requirement to contribute relevant intellectual property by each party and equal sharing of profits and losses to each party for JV products or services. Each of the parties actively participates in the conduct and performance of the venture's undertakings, each acts as principal in the completion of its obligations and each is subject to the risks and rewards inherent in related joint operations. All of MidaSol's research, development, production and sales activities have been conducted through the facilities of each party and carried out by the parties' employees or contractors. For all products and services provided to its customers, except those related to research studies, costs are reimbursed to the parties from earned revenues prior to the sharing of profits.

11. Accrued Expenses

Accrued expenses consisted of the following:

	March 31, 2018 (Unaudited)	December 31, 2017
Bonus	$ 677	$ 3,257
Payroll and benefits	892	504
Real estate and personal property taxes	427	340
Other	267	301
Total accrued expenses	$ 2,263	$ 4,402

12. Loans Payable

On August 16, 2016, the Company entered into a Loan Agreement and Guaranty with Perceptive Credit Opportunities Fund, LP ("Perceptive"). At closing, the Company borrowed $45,000 from Perceptive and was permitted to borrow up to an additional $5,000 within one year of the closing date based upon achievement of a defined milestone. In March 2017, the Company met its performance obligations under the terms of the credit agreement with Perceptive and submitted a formal request to draw down the remaining $5,000 of its $50,000 credit facility. The loan proceeds have been used to pay the existing debt obligation of $37,500 due to White Oak Global Advisors, LLC, with the balance available for general business purposes.

The loan from Perceptive will mature on August 16, 2020 and bears interest, payable monthly, at one-month LIBOR or 2% plus 9.75%, subject to a minimum rate of 11.75%. Commencing on January 31, 2019, seven monthly loan principal payments are due in the amount of $550. Thereafter, monthly principal payments in the amount of $750 are due through the maturity date, at which time the full amount of the remaining outstanding loan balance is due. At March 31, 2018, $1,650 was classified as current debt. The Company's tangible and intangible assets are subject to first priority liens to the extent of the outstanding debt. Other significant terms include financial covenants, change of control triggers and limitations on additional indebtedness, asset sales, acquisitions and dividend payments. Financial covenant requirements include (1) Minimum liquidity we must maintain a monthly cash balance of $4,000 at all times and (2) Minimum revenue requirement whereby on a quarterly basis (calculation date) we must maintain minimum revenues for the twelve consecutive months ended prior to the calculation date. As of March 31, 2018, the Company was in compliance with all financial covenants. As of March 31, 2018, the Company's carrying value of this loan payable approximates its fair market value. At closing, Perceptive received a warrant to purchase senior common equity interests representing 4.5% of the fully diluted common units of the Company on an as converted basis (see Note 13).

The Company capitalizes legal and other third-party costs incurred in connection with obtaining debt as deferred debt issuance costs, and applies the unamortized portion as a reduction of the outstanding face amount of the related loan in accordance with ASU 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. Similarly, the Company amortizes debt discounts, such as those represented by warrants issued to its lenders, and offsets those as a direct reduction of its outstanding debt. Amortization expense arising from deferred debt issuance costs and debt discounts for the three months ended March 31, 2018 and 2017 were $458 and $457, respectively.

Unamortized deferred debt issuance costs and deferred debt discounts totaled $4,035 as of March 31, 2018 and $4,493 as of December 31, 2017.

13. Warrant Liability

The warrant issued to Perceptive in connection with the August 16, 2016 Loan Agreement expires on August 16, 2023 and has certain rights and preferences including anti-dilution adjustments so that, upon exercise, they will represent 4.5% of the Company's fully diluted common stock on an as converted basis, subject to dilution for certain financing transactions including the issuance of shares upon termination of our PUP Plans. The warrant also provides Perceptive with a put right which, if exercised under certain circumstances, would require the Company to purchase the warrant for $3,000 within the first year of the loan or $5,000 thereafter. These re-purchase terms may require net-cash settlement, and as a result, the appraised value of this warrant at the time of issuance of $5,800 was classified as a liability, rather than as a component of equity, and is treated as a debt discount, with the unamortized portion applied to reduce the face amount of the loan in the accompanying Consolidated Balance Sheet. The ($697) change in value of this warrant liability from December 31, 2017 to March 31, 2018 and the $420 change in value of this warrant liability from December 31, 2016 to March 31, 2017 are reported in the accompanying Consolidated Statement of Operations as a "Change in fair value of warrant".

The Company uses a third-party valuation to assist in determining the fair value of the warrant due to the absence of available Level 1 and Level 2 inputs. The appraisals at both the date of the issuance and the balance sheet date were based on unobservable Level 3 inputs. The first step in determining the fair value of the warrant liability is to determine the value of the aggregate equity of the Company which was estimated utilizing the income and market valuation approaches. A probability weighted return model was then utilized to allocate the aggregate equity value of the Company to the underlying securities. Estimates and assumptions impacting the fair value measurement include the following factors: the progress of the

Company's pipeline products since the prior valuations, including status of clinical trials; the Company's progress towards an IPO,; discount rates of 27.5% and 35.0% for the three months ended March 31, 2018 and 2017, respectively and volatility rates of 90% and 80% for the three months ended March 31, 2018 and 2017, respectively.

14. Commitments and Contingencies

(A). Leases

The Company has entered into various lease agreements for production and research facilities and offices. Most leases contain renewal options. Certain leases contain purchase options and require the Company to pay for taxes, maintenance and operating expenses. All of the Company's leases are classified as operating leases.

Production and Research Facilities, Portage, Indiana

The Company leases a 73,000-square-foot facility (Ameriplex) in Portage, Indiana, to house additional packaging, R&D and other operations. As amended, this lease has a term that extends through September 30, 2022 and contains a renewal option that could extend the lease through September 30, 2026.

The Company also leases its current 8,400-square-foot production facility (Melton) in Portage, Indiana, which houses certain research and development offices and current good manufacturing practices, or cGMP, manufacturing operations. The lease contains an option to purchase the facility at any time during the lease term along with a right of first refusal to purchase the facility. In October 2012, the Company entered into an additional five-year extension of the lease of this facility, through March 31, 2018, under the same terms and conditions. In October 2017, the Company extended its lease located in Portage, Indiana, which will expire during March 2023 under the same terms and conditions as its former lease.

Office and Laboratory Facilities, Warren, New Jersey

The Company leases its headquarters and principal laboratory facility in Warren, New Jersey. Pursuant to various amendments in February 2011, June 2012 and May 2013, the Company has secured additional space to provide for the growth of its laboratory facilities and corporate and administrative requirements. The lease included five two-year renewal options, one of which was exercised in July 2016 to extend this lease through August 31, 2018. During February 2018, the Company extended this lease by eighteen months through February 28, 2020.

Rent Expense and Commitments

Rent expense for all leased manufacturing facilities and sales, laboratory and office space was approximately $331 and $322 for the three months ended March 31, 2018 and 2017, respectively.

(B). Litigation and Contingencies

The Company is involved in various claims, legal proceedings and investigations, including (as of March 31, 2018, except where noted below) those described below. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on the Company's financial position, cash flows, or results of operations, except where noted below.

Beginning in August 2013, the Company was informed of abbreviated new drug application ("ANDA") filings in the United States by Watson Laboratories, Inc. (now Actavis Laboratories, Inc. ("Actavis")), Par Pharmaceutical, Inc. ("Par"), Alvogen Pine Brook, Inc. ("Alvogen"), Teva Pharmaceuticals USA, Inc. ("Teva"), Sandoz Inc. ("Sandoz") and Mylan Technologies Inc. ("Mylan") for the approval by the FDA of generic versions of Suboxone Sublingual Film in the United States. The Company filed patent infringement lawsuits against all six generic companies in the U.S. District Court for the District of Delaware. By a court order dated August 22, 2016, the Company's ANDA patent litigation case against Sandoz has been dismissed without prejudice for lack of subject matter jurisdiction because Sandoz is no longer pursuing a Paragraph IV certification for its proposed generic version of Suboxone Sublingual Film, and therefore is no longer challenging the validity or noninfringement of our Orange Book-listed patents. The case against Mylan was settled and a Consent Judgment was entered in September 2017 disposing of the entire case as to Mylan. Dr. Reddy's Laboratories ("Dr. Reddy's) acquired from Teva the ANDA filings for Teva's buprenorphine HCl and naloxone sublingual film that are at issue in these trials.

Trials against Dr. Reddy's, Actavis and Par in the lawsuits involving the Orange Book and process patents occurred in November-December of 2015 and November of 2016. On June 3, 2016, the Court issued its Trial Opinion finding that the asserted claims of U.S. Patent No. 8,603,514 ("the '514 patent") are valid and infringed by Actavis's and Par's ANDA Products. On August 31, 2017, the Court upheld the asserted U.S. Patent No. 8,900,497 ("the '497 patent") as valid but not infringed by Par's, Actavis's or Dr. Reddy's proposed processes for making their ANDA Products. The Court also again upheld the validity of the '514 patent but held it was not infringed by Dr. Reddy's ANDA Products. All of these cases are consolidated on appeal to the Federal Circuit, except that the cases between the Company and Indivior on the one hand and Par and certain affiliates on the other hand. The trial against Alvogen occurred in September 2017, and on March 22, 2018 the Court issued its Trial Opinion finding the '514 and '497 patents valid but not infringed by Alvogen's ANDA Products. This case is also on appeal to the Federal Circuit.

In 2016, the Company prevailed in ongoing litigated cases against certain competitors. On April 7, 2016, the USPTO upheld the validity of all challenged patent claims initiated by a competitor against certain key patents held by the Company. On June 3, 2016, the U.S. District Court of Delaware ruled that certain generic competitors have infringed on key patents held by the Company. This Court's ruling upholds the Company's right to exclusive use of patents and the delivery of Suboxone film until patent expiration in 2024. The ruling is subject to appeal. The Company continues to explore potential patent right enforcement actions against other competitors, particularly in the United States.

The Company is also seeking to enforce its patent rights in multiple cases against BioDelivery Sciences International, Inc. ("BDSI"). Two cases are currently pending but stayed in the Eastern District of North Carolina. The first was filed by the Company and Indivior related to BDSI's infringing Bunavail product, and alleges infringement of the Company's patent, U.S. Patent No. 8,765,167 ("the '167 patent"). This case was initially filed in September 2014 in the District of New Jersey but was transferred to North Carolina. Shortly after the case was filed, BDSI filed an IPR challenging the asserted '167 patent. On March 24, 2016, the Patent Trial and Appeal Board ("PTAB") issued a final written decision finding the '167 patent was not unpatentable. The North Carolina case is stayed pending the outcome and final determination of the proceedings concerning the '167 patent, which is currently on appeal to the Federal Circuit (discussed below). There is also a declaratory judgment action in North Carolina brought by BDSI for invalidity and non-infringement of the Company's U.S. Patents Nos. 7,897,080 ("the '080 patent"), 8,652,378 ("the '378 patent") and 8,475,832 ("the '832 patent"). The parties jointly moved the court for a stay of the proceeding pending *inter partes* review of the '832 patent and reexamination of the '080 patent. The case is currently stayed.

On January 13, 2017, the Company filed an additional case against BDSI asserting infringement of the '167 patent by BDSI's Belbuca product. The case was transferred from New Jersey to the District of

Delaware by agreement of the parties. BDSI has filed motions to dismiss and motions to transfer to the Eastern District of North Carolina. The Judge has not yet ruled on these motions. On November 28, 2016, BDSI filed a notice of appeal to the Federal Circuit of the PTAB's final written decisions finding that the '167 patent was not unpatentable in IPR2015-00165, IPR2015-00168 and IPR2015- 00169. The case has been fully briefed and the Court heard oral arguments on February 9, 2018. On June 19, 2018, BDSI filed a motion to terminate and remand the appeal, which the Company opposes.

In September 2017, Indivior brought suit against Alvogen for infringement of U.S. Patent No. 9,687,454 ("the '454 patent") based on the filing of an ANDA seeking approval for a generic version of Suboxone Sublingual Film, in the U.S. District Court for the District of New Jersey. In February 2018, the Company and Indivior amended the complaint, which added it as a plaintiff and added a claim for infringement of U.S. Patent No. 9,855,221 ("the '221 patent").

Indivior brought suits against Dr. Reddy's and Teva in September 2017, and against Par and certain affiliates in October 2017, for infringement of the '454 patent, in the U.S. District Court for the District of New Jersey.

Indivior also brought suit in September 2017 against Actavis Laboratories UT, Inc. for infringement of the '454 patent, in the U.S. District Court for the District of Utah. On March 13, 2018, the Court granted transfer of this case to the U.S. District Court for the District of Delaware.

In February 2018, the Company and Indivior brought suit against Actavis, Dr. Reddy's, Teva, and Par and certain affiliates for infringement of the '221 patent. The suit against Actavis was filed in the U.S. District Court for the District of Utah, and the other three cases were filed in the U.S. District Court for the District of New Jersey.

In April 2018, the Company and Indivior brought suit against Actavis, Alvogen, Dr. Reddy's, Teva, and Par and certain affiliates for infringement of U.S. Patent No. 9,931,305 ("the '305 patent"). The cases against Alvogen, Dr. Reddy's, Teva, and Par are pending in the U.S. District Court for the District of New Jersey, and by agreement of the parties, each of the individual cases against each defendant have been consolidated with the cases asserting infringement of the '454 and '221 patent. Following transfer of the case asserting the '454 patent from Utah to Delaware, and by agreement of the parties, the cases against Actavis asserting infringement of the '454, '221, and '305 patents are consolidated in a single action pending in the U.S. District Court for the District of Delaware.

The matters involving Par were resolved on May 11, 2018, when the Company, Indivior and Par and certain of its affiliates entered into a settlement agreement resolving patent litigation related to SUBOXONE® (buprenorphine and naloxone) Sublingual Film. Under the settlement agreement, Par and IntelGenX are permitted to launch their proposed generic version of the buprenorphine and Naloxone sublingual film on January 1, 2023, or earlier under certain circumstances. The patent-infringement litigation has been pending in the U.S. District Court for the District of Delaware. As required by law, the parties submitted the settlement agreement of the U.S. Federal Trade Commission and the U.S. Department of Justice for review.

On June 14, 2018, Dr. Reddy's notified the U.S. District Court for the District of New Jersey that the FDA had granted final approval of its ANDAs and that it had launched generic versions of Suboxone Sublingual Film. The next morning, June 15, 2018, the Company and Indivior filed a motion for a preliminary injunction and request for a temporary restraining order. The Court granted the temporary restraining order on June 15, 2018 enjoining and restraining Dr. Reddy's from offering for sale, selling, or importing its generic versions of Suboxone Sublingual Film for an initial period of 14 days. The Court will hold a hearing on the motion for preliminary injunction on June 28, 2018.

(In thousands, except share and per share information)

The Company has also been named as a Defendant in a Complaint filed by 41 U.S. states and the District of Columbia, alleging violations of federal and state antitrust and consumer protection laws related to Suboxone Sublingual Film. The Court denied the Company's motion to dismiss on October 30, 2017. The case is in early stages of discovery.

From time to time, the Company may become involved in other various lawsuits and legal proceedings, the results of which are inherently unpredictable due to the uncertainties that must be resolved as these matters are adjudicated or settled. These legal actions arise in the ordinary course of business. Provisions for liabilities arising from these matters are made when it is both probable that a liability has been incurred and the amount of that liability can be reasonably estimated. Management is currently not aware of any such legal proceedings or claims against the Company that may have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition, operating results, or liquidity.

The Company has defended, and is committed to prudently defending, its patent portfolio and rights. The patent defense expense was $1,583 and $938 for the three months ended March 31, 2018 and 2017, respectively. These costs consist of fees incurred for the services of patent attorneys, litigation attorneys and certain other experts that may be required to protect the Company's patent rights against infringement from unlicensed users, including actions involving defense of patents during review and as well as those involving matters brought before U.S. Federal District or other courts.

15. Geographic Information

The Company manages its operations geographically as United States, Australia and Malaysia. The United States is the only country to contribute more than 10% of total revenue for the three months ended March 31, 2018 and 2017, respectively.

The following table provides revenue by geographic area:

	For the Three Months Ended March 31,	
	2018	2017
	(unaudited)	
United States	$ 23,197	$ 15,889
Australia	181	520
Malaysia	33	27
Revenues	$ 23,411	$ 16,436

The Company's long-lived assets are entirely located in the United States.

16. Performance Unit Plans

The Company has two PUP Plans, both of which are considered to be within the scope of FASB ASC Subtopic 718-30, *Compensation – Stock Compensation – Awards Classified as Liabilities.* Pursuant to the Plans, vested grants may not be exercised prior to either a change in control of the Company or completion of an IPO. These performance conditions render the grants contingent and defer expense recognition until either of the conditions is satisfied. Neither of these conditions were satisfied as of December 31, 2017 or March 31, 2018. As of December 31, 2017 and March 31, 2018 there were 60,707 units outstanding.

Subsequent to the March 31, 2018 balance sheet date, the Company terminated the Performance Unit Plans. The termination was executed on April 16, 2018 in accordance with the provisions of the Plans' termination, which required both Board of Directors and the Plan A participant approval. As a result, the Company accelerated the vesting of any unvested performance units and issued non-voting common shares to compensate the performance unit holders. In accordance with ASC 718, *Compensation – Stock Compensation,* the Company will record a charge to earnings of $11,500 in the second quarter of 2018 to reflect the compensation cost associated with the issuance of the non-voting common shares. The compensation expense was estimated using an independent third-party valuation prepared in accordance with the American Institute of Certified Public Accountants Practice Aide, Valuation of Privately-Held Company Equity Securities Issued as Compensation.

The Company, pursuant to the provisions of the termination of the Plans, has elected to pay the withholding tax on behalf of the performance unit holders and will record an additional liability and compensation expense in the second quarter 2018, of approximately $7,400.

17. Employee Benefit Plans

The Company sponsors a defined-contribution 401(k) plan covering all full-time employees and makes matching employer contributions as defined by the terms of that plan. The Company may also make discretionary contributions. Total contributions made to the plan by the Company for the three months ended March 31, 2018 and 2017 were $194 and $160, respectively.

18. Asset Retirement Obligations

The Company's ARO consists of estimated future spending related to removing certain leasehold improvements at its Portage, Indiana, laboratory, the Ameriplex production facility and the Warren, New Jersey, laboratory and returning all facilities to their original condition. The Company's liability for AROs at March 31, 2018 and December 31, 2017 was $1,115 and $1,081, respectively. Accretion expense recognized during the three month periods ended March 31, 2018 and 2017 was $34 and $29, respectively.

Depreciation expense related to the ARO assets included in overall depreciation expense for the three months ended March 31, 2018 and 2017 were $6 and $6, respectively.

19. Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items.

For the three months ended March 31, 2018, the Company recorded income tax expense of $0 on a pretax income of $4,100.

The Company's U.S. statutory rate is 21%. The primary factor impacting the effective tax rate for the three months ended March 31, 2018 is the anticipated full year losses which will be incurred by the Company's operations that have valuation allowances against their net deferred tax assets.

The Company may also be subject to the net operating loss utilization provisions of Section 382 of the Internal Revenue Code. The effect of an ownership change would be the imposition of an annual limitation on the use of NOL carry forwards attributable to periods before the change. Although we have not completed an analysis under Section 382 of the Code, it is possible that the utilization of the NOLs will be limited.

20. Subsequent Events

In preparing the unaudited interim consolidated financial statements as of and for the three months ended March 31, 2018, the Company has evaluated subsequent events for recognition and measurement purposes through June 27, 2018. The Company has concluded that the following events require disclosure in the accompanying unaudited interim consolidated financial statements:

(A) Amendment to Perceptive Loan Agreement and Guaranty

On May 21, 2018, the Company and Perceptive agreed to make certain amendments to the loan agreement then in effect. In the event that a qualified IPO is consummated on or before December 31, 2018, the parties have agreed to postpone the initial loan principal payments and to delay the loan maturity date, as follows:

- the seven monthly loan principal payments of $550 each will begin in May 2019 rather than January 2019,
- the twelve monthly loan principal payments of $750 each will begin in December 2019 rather than August 2019, and
- the final principal payment in the amount of $37,150 will be due on December 16, 2020 rather than on August 16, 2020 as originally scheduled.

In addition, a minimum revenue covenant was added for the period ended September 30, 2020 in the amount of $40,000, and the parties have also agreed that a mandatory prepayment and any applicable prepayment premiums that would become due upon consummation of an initial public offering would not apply in the event that listing on the NYSE or the Nasdaq exchange would occur.

Finally, the Company and Perceptive have also agreed that certain royalty income rights may be monetized through securitization, financing or other appropriate financial arrangement and to the release of this secured lender’s lien on this asset.

(B) Patent Infringement Actions

On June 14, 2018, Dr. Reddy’s notified the U.S. District Court for the District of New Jersey that the FDA had granted final approval of its ANDAs and that it had launched generic versions of Suboxone Sublingual Film. On June 15, 2018, the Company and Indivior filed a motion for a preliminary injunction and a request for a temporary restraining order. The Court granted the request on June 15, 2018 enjoining and restraining Dr. Reddy’s from offering for sale, selling, or importing its generic versions of Suboxone Sublingual until a hearing could be held on the motion for preliminary injunction, which is scheduled for June 28, 2018.

Shares

Aquestive Therapeutics, Inc.

Common Stock

PRELIMINARY PROSPECTUS

BMO Capital Markets

RBC Capital Markets

Wedbush PacGrow

JMP Securities

, 2018

Through and including , 2018 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II
Information not required in prospectus

Item 13. *Other Expenses of Issuance and Distribution.*

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, payable by Aquestive Therapeutics, Inc., or the Registrant, in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the Nasdaq listing fee.

SEC registration fee	$	8,590.50
FINRA filing fee		10,850
Nasdaq listing fee		125,000
Blue sky qualification fees and expenses		*
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Transfer agent and registrar fees and expenses		*
Miscellaneous expenses		*
Total	$	*

* To be completed by amendment.

Item 14. *Indemnification of Directors and Officers.*

The Registrant is incorporated under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such person as an officer, director, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses which such officer or director has actually and reasonably incurred. The Registrant's certificate of incorporation and bylaws provide for the indemnification of our directors and officers to the fullest extent permitted under the Delaware General Corporation Law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for any:

- transaction from which the director derives an improper personal benefit;

- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or redemption of shares; or
- breach of a director's duty of loyalty to the corporation or its stockholders.

The Registrant's certificate of incorporation includes such a provision. Expenses incurred by any officer or director in defending any such action, suit or proceeding in advance of its final disposition shall be paid by the Registrant upon delivery to the Registrant of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Registrant.

As permitted by the Delaware General Corporation Law, the Registrant intends to enter into, indemnification agreements with its directors and executive officers. These agreements, among other things, will require the Registrant to indemnify each director and officer to the fullest extent permitted by law and advance expenses to each indemnitee in connection with any proceeding in which indemnification is available.

At present, there is no pending litigation or proceeding involving any of our directors or executive officers as to which indemnification is required or permitted, and the Registrant is not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

The Registrant has an insurance policy covering our officers and directors with respect to certain liabilities, including liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, or otherwise.

The form of underwriting agreement will provide for indemnification by the underwriters named in this registration statement of our executive officers, directors and the Registrant, and by the Registrant of the underwriters named in this registration statement, for certain liabilities, including liabilities arising under the Securities Act, in connection with matters specifically provided in writing for inclusion in this registration statement.

Item 15. ***Recent sales of unregistered securities.***

The following sets forth information regarding all unregistered securities sold by the Registrant since January 1, 2015:

Series A-3 Preferred Interests Issuance

In December 2015, Aquestive, LLC, our parent and predecessor, issued 5,055,000 Series A-3 Preferred Interests to certain accredited investors for $5,055,000. The Series A-3 Preferred Interests contain a conversion option exercisable upon the offering, giving the holder the right to convert the interests into shares of our common stock.

Perceptive Warrants

In connection with the Credit Agreement and Guaranty we entered into with Perceptive Credit Opportunities Fund, LP, or Perceptive on August 16, 2016, we issued 11,625,437 warrants to purchase shares of our common stock representing 4.5% of our fully diluted common stock on an as converted basis. On January 1, 2018, in connection with our conversion into a Delaware corporation, we exchanged such warrants for new identical warrants that were immediately exercisable upon issuance into shares of our common stock at an exercise price of $0.01 per share. The warrants issued to Perceptive expire on August 16, 2023 and are subject to anti-dilution adjustments so that, upon exercise, they will represent 4.5% of our fully diluted common stock on an as converted basis. The warrants issued to perceptive will, unless exercised earlier, be automatically exercised as of immediately prior to the effective date of this offering.

PUP Plan Issuances

The PUP Plans of Aquestive, LLC were terminated in April 2018, with such termination deemed to be effective as of January 1, 2018. In connection with the termination of the PUP Plans and in lieu of cash, we paid the equivalent value in shares of our common stock. Shares of common stock were issued to directors, officers and key employees in the following amounts:

Keith J. Kendall	12,338,408
Daniel Barber	1,221,000
Peter Boyd	610,000
John T. Maxwell	1,710,274
A. Mark Schobel	12,338,405
Theresa Wood	978,000
Douglas Bratton	926,421
Gregory Brown, M.D.	926,421
John Cochran	926,426
Santo Costa	213,789
James S. Scibetta	71,263

Stock Option Grants

In April 2018, we granted stock options to purchase an aggregate of 1,000,376 shares of our common stock each with an exercise price $0.53 per share, to certain of our employees, consultants and directors in connection with services provided by such parties to us in the following amounts:

Nancy Lurker	62,657
Kenneth Marshal	246,768
Daniel Barber	320,799
Peter Boyd	370,152

The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions setting forth that the applicable securities have not been registered and reciting the applicable restrictions on transfer. All of the foregoing securities are deemed restricted securities for purposes of the Securities Act. There were no underwriters employed in connection with any of the transactions set forth in this Item 15. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about the Registrant.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act (or Regulation D promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701.

Item 16. ***Exhibits and financial statement schedules***.

(a) Exhibits

See the Exhibit Index attached to this Registration Statement, which is incorporated by reference herein.

(b) Financial statement schedules

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. ***Undertakings***.

The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3)That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4)That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities:

The undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
1.1*	Form of Underwriting Agreement.
3.1	Certificate of Incorporation, as currently in effect.
3.2	Certificate of Amendment to the Certificate of Incorporation, as currently in effect.
3.3	Form of Amended and Restated Certificate of Incorporation, to be in effect upon consummation of this offering.
3.4	Bylaws, as currently in effect.
3.5	First Amendment to Bylaws, as currently in effect.
3.6	Form of Amended and Restated Bylaws, to be in effect upon consummation of this offering.
4.1	Form of Common Stock Certificate of the Registrant.
4.2	Warrant to Purchase 11,625,437 senior common equity interests to Perceptive Credit Holdings, LP, dated as of January 1, 2018.
4.3	Registration Rights Agreement, dated June 24, 2016, by and between Aquestive Partners, LLC and certain of the holders of its membership interests.
5.1*	Opinion of Dechert LLP.
10.1	Form of Indemnity Agreement by and between Registrant and its directors and officers.
10.2	Credit Agreement and Guaranty dated August 16, 2016, by and between Monosol Rx, LLC and Perceptive Credit Opportunities Fund, LP.
10.3	Omnibus Amendment No. 1 dated January 1, 2018, by and between Monosol Rx, LLC, the Lenders party thereto and Perceptive Credit Holdings, LP.
10.4	Amendment No. 2 to Credit Agreement and Guaranty dated May 21, 2018, by and between Aquestive Therapeutics, Inc. and Perceptive Credit Opportunities Fund, LP.
10.5*	Employment Agreement dated , 2018, by and between Aquestive Therapeutics, Inc., LLC and Keith J. Kendall.
10.6	Employment Agreement dated June 26, 2018, by and between Aquestive Therapeutics, Inc., LLC and Daniel Barber.
10.7	Employment Agreement dated June 26, 2018, by and between Aquestive Therapeutics, Inc., LLC and John T. Maxwell.
10.8*	Employment Agreement dated , 2018, by and between Aquestive Therapeutics, Inc., LLC and A. Mark Schobel.
10.9†	Commercial Exploitation Agreement by and between MonoSol Rx, LLC and Reckitt Benckiser Pharmaceuticals Inc., dated August 15, 2008 (as amended on August 19, 2009, November 13, 2009, March 30, 2010, October 13, 2010, December 15, 2010, December 9, 2011, December 1, 2012, October 14, 2013 (by Addendum A), July 30, 2014 (by Addendum B), and January 12, 2017.
10.10†	Agreement by and between MonoSol Rx, LLC and Indivior UK Limited, dated September 24, 2017.
10.11†	Agreement to Terminate CLA by and between MonoSol Rx, LLC and KemPharm, Inc., dated as of March 20, 2012.
10.12†	License Agreement by and between MonoSol Rx, LLC and Cynapsus Therapeutics Inc., dated as of April 1, 2016.
10.13	Industrial Lease Agreement by and between Ashland Northwest Partners, L.P. and MonoSol Rx, LLC, dated October 24, 2006 (as amended on October 24, 2011 and February 8, 2018).
10.14*	Aquestive Therapeutics, Inc., 2018 Equity Incentive Plan and forms of agreement thereunder.
10.15*	Aquestive Therapeutics, Inc. Employee Stock Purchase Plan.
10.16	Form of Stock Option Agreement dated April 2018.
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Dechert LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see signature page of the original filing of this registration statement).

* To be filed by amendment.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment that will be separately filed with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Somerset, State of New Jersey, on the 27th day of June, 2018.

Aquestive Therapeutics, Inc.

By: /s/ Keith J. Kendall
Keith J. Kendall
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Keith J. Kendall and John T. Maxwell, as his true and lawful attorney-in-fact and agent, with the full power of substitution, for him and in his name, place or stead, in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments), and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Keith J. Kendall Keith J. Kendall	President, Chief Executive Officer and Member of the Board of Directors (Principal Executive Officer)	June 27, 2018
/s/ John T. Maxwell John T. Maxwell	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 27, 2018
/s/ Douglas Bratton Douglas Bratton	Chairman of the Board of Directors	June 27, 2018
/s/ Gregory Brown Gregory Brown, M.D.	Member of the Board of Directors	June 27, 2018
/s/ John Cochran John Cochran	Member of the Board of Directors	June 27, 2018
/s/ Santo Costa Santo Costa	Member of the Board of Directors	June 27, 2018
/s/ Nancy Lurker Nancy Lurker	Member of the Board of Directors	June 27, 2018
/s/ James S. Scibetta James S. Scibetta	Member of the Board of Directors	June 27, 2018
/s/ A. Mark Schobel A. Mark Schobel	Member of the Board of Directors	June 27, 2018

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
AQUESTIVE THERAPEUTICS, INC.

The undersigned, in order to form a corporation pursuant to the provisions of the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies:

ARTICLE I

The name of this corporation is Aquestive Therapeutics, Inc. (the "Corporation").

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is Corporation Service Company.

ARTICLE Ill

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

The name and mailing address of the incorporator are as follows:

John Maxwell
c/o Aquestive Therapeutics, Inc.
30 Technology Drive
Warren, NJ 07059

ARTICLE V

The total number of shares of capital stock which the Corporation shall have authority to issue is Twenty Five Thousand (25,000) shares of Common Stock par value $0.001 per share.

ARTICLE VI

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation (the "Board"). The number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:25PM 1212912017
FILED 02:25PM 12/29/2 017
SR 20177853465 –File Number 3753153

ARTICLE VII

In furtherance and not in limitation of the powers conferred by statute, the Board of is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation, but the stockholders may make additional bylaws and may alter or repeal any bylaw whether adopted by them or otherwise. Elections of directors of the Corporation need not be by written ballot except, and to the extent provided in, the bylaws of the Corporation. Advance notice of new business and stockholder nominations for the election of directors shall be given in the manner and to the extent provided in the Bylaws of the Corporation.

ARTICLE VIII

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

ARTICLE IX

The Corporation is authorized to provide indemnification of (and advancement of expenses to) every Corporate Agent (as defined below) to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), and to the fullest extent otherwise permitted by law; *provided*, *however*, that the Corporation shall not indemnify any person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person unless the initiation thereof was approved by the Board, unless such proceeding was brought by a director or officer of the Corporation to enforce such director's or officer's rights to indemnification or, in the case of a director, advancement of expenses in accordance with the Bylaws of the Corporation. As used in this Certificate of Incorporation, the term "Corporate Agent" means any person who was or is a director or officer of the Corporation, is or was serving at the request of the Corporation as a director or officer of another corporation, partnership limited liability company, joint venture or other enterprise, or any other persons to which the DGCL permits the Corporation to provide indemnification. The indemnification of Corporate Agents provided for in this Article IX shall not be deemed exclusive of any other rights to indemnification available to such Corporate Agents, whether through the Bylaws of the Corporation, any agreement with such Corporate Agents, a vote of the stockholders of the Corporation or of the disinterested directors of the Corporation or otherwise.

ARTICLE X

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the DGCL; or (d) for any transaction from which the director derived an improper personal benefit. If the DGCL or any other law of the State of Delaware is amended after the filing of the Certificate of Incorporation of which this Article is a part to authorize corporate action further eliminating or limiting the personal liability of directors or officers of Delaware corporations, then the liability of the directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL or such other law of the State of Delaware, as so amended. To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

ARTICLE XI

Any repeal or modification of the foregoing Articles IX and/or X of this Certificate of Incorporation by the stockholders of the Corporation shall not adversely affect any right or protection of a Corporate Agent of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

ARTICLE XII

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for: (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (c) any action or proceeding asserting a claim against the Corporation arising pursuant to any provision of the DGCL, this Certificate of Incorporation or the Bylaws of the Corporation; or (d) any action or proceeding asserting a claim governed by the internal affairs doctrine, in each case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

ARTICLE XIII

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XIV

This Certificate of lncorporation shall have an effective date of January 1, 2018.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this Certificate of Incorporation to be executed as of December 29, 2017.

By: _____
Name: John Maxwell
Title: Sole Incorporator

SIGNATURE PAGE TO
CERTIFICATE OF INCORPORATION OF
AQUESTIVE THERAPEUTICS, INC.

Exhibit 3.2

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:54PM
04/30/2018
FILED 01:54PM 04/30/2018
SR 20183160147 - File
Number 3753153

CERTIFICATE OF AMENDMENT
OF
THE CERTIFICATE OF INCORPORATION
OF
AQUESTIVE THERAPUETICS, INC.

Aquestive Therapeutics, Inc., a corporation organized and existing under the General Corporation Law ofthe State of Delaware (the "Corporation"), does hereby certify as follows:

FIRST: The Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on January 1, 2018 (the "Certificate of Incorporation") is hereby amended by striking out Article V thereof and by substituting in lieu of said Article the new Article V set forth as follows:

ARTICLE V

(a) *Capital stock*. The total number of shares of capital stock which the Corporation shall have authority to issue is Three Hundred Fifty Million (350,000,000) shares, divided into two classes consisting of: (i) Two Hundred Eighty Five Million (285,000,000) shares of Common Stock, par value $.001 per share "Voting Common Stock"); and (ii) Sixty Five Million (65,000,000) shares of non-voting Common Stock, par value $.001 per share ("Non-Voting Common Stock"). The rights, preferences, powers, privileges, and the restrictions, qualifications and limitations of the Non-Voting Common Stock are identical with those of the Voting Common Stock other than in respect of the rights as set torth herein.

(b) ·*Forward Stock Split*. Upon the effective time (the "Effective Time") of the filing of this Certificate of Amendment, each one (1) share of the Corporation's Common Stock that is issued and outstanding or held by the Corporation as treasury stock immediately prior to the Effective Time (which shall include each fractional interest in Common Stock in excess of one (1) share held by any stockholder), is and shall be subdivided and reclassified into 37,212 fully paid, nonassessable shares of Voting Common Stock (or, with respect to such fractional interests, such lesser number of shares as may be applicable based upon such 37,212~to-one ratio) (the "Forward Stock Split'). The par value per share of the Voting Common Stock shall not be affected by the Forward Stock Split.

(c) *Voting Rights*.

(i) *Voting Common Stock.* Except as otherwise required by law or this Certificate of lncorporation, the holders of the Voting Common Stock shall possess exclusively all voting power, and each holder of Voting Common Stock shall have one vote in respect of each share held by such holder of record on the books of the Corporation for the election of directors and on all matters submitted to a vote of stockholders of the Corporation.

(ii) *Non-Voting Common Stock.* Except as otherwise required by law, shares of Non-Voting Common Stock shan be non-voting.

(d) *Dividends.* Holders Voting Common Stock and Non-Voting Common Stock shall be entitled to receive dividends (whether as cash payments or distributions of stock or property),(d) *Dividends.* Holders Voting Common Stock and Non-Voting Common Stock shall be entitled to receive dividends (whether as cash payments or distributions of stock or property), when, as and if declared by the Board; *provided, however,* that the Corporation may not declare or pay or set apart any funds for payment of any dividends or make any other distribution upon the Non-Voting Common Stock, or redeem, purchase or otherwise acquire any Non-Voting Common Stock for any consideration and no monies may be paid to or made available for a sinking fund for the redemption of any shares of any such stock, unless and until the holders of Voting Common Stock shall have received in the aggregate, in one or more distributions on the Voting Common Stock, Thirty Million Dollars ($30,000,000) (the "Voting-Common Preference Amount"), whereupon the Non-Voting Common Stock shall participate *pari passu* with the Voting Common Stock in any and all dividends thereafter declared by the Board. The balance of the Voting Common Preference Amount then outstanding shall be reduced by the amount of cash received, the face amount of any debt instrument received, and the fair market value any property, rights, securities received holder of Voting Coll111lon Stock from the sale Voting Common Stock prior to the conversion of the Non-Voting Common Stock to Voting Common Stock under clause (e) of this Article V.

(e) *Mandatory Conversion.*

(i) *Trigger Events.* Effective upon the earlier of: (a) the closing of the sale of shares of Voting Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in the listing of the Voting Common Stock on the New York Stock Exchange, the NASDAQ Global Market or another internationally recognized stock exchange (a) "Qualified IPO"); or (b) a date specified by vote or written consent of the holders of a majority of the then outstanding shares of Voting Common Stock (voting together as a single class), each one (1) share of the Non-Voting Common Stock, whether issued and outstanding or held by the Corporation as treasury stock, shall automatically be converted into one (1) share of Voting Common Stock and such shares of Non-Voting Common Stock may not be reissued by the Corporation (the date of closing of such Qualiiied IPO is referred to herein as the "Mandatory Conversion Date").

(ii) *Procedural Requirements.* All holders of record of shares of Non-Voting Common Stock shall be given written notice of the Mandatory Conversion Date. Such notice need not be given in advance of the occurrence of the Mandatory Conversion Date. Such notice shall be sent by first class or registered mail, postage prepaid, or given by electronic communication in compliance with the provisions of the DGCL, to each record bolder of NonVoting Common Stock. On the Mandatory Conversion Date, all outstanding shares of Non-Voting Common Stock shall be deemed to have been conve1ied into shares of Voting Common Stock, which shall be deemed to be outstanding of record, and all rights with respect to shares of such Non-Voting Common Stock so converted (other than as a holder of Voting Common Stock), will terminate. As soon as practicable after the Mandatory Conversion Date, the Corporation shall cause to be issued uncertifieated shares of Voting Common Stock issuable on such conversion in accordance with the provisions hereof. All shares of Non-Voting Common Stock converted in accordance with the provisions hereof shall, from and after the Mandatory Conversion Date, be deemed to have been automatically retired and the shares of Non-Voting Common Stock represented thereby converted into Voting Common Stock for all purposes. Such converted shares of Non-Voting Common Stock shall not be available for reissuance, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Non-Voting Common Stock accordingly.

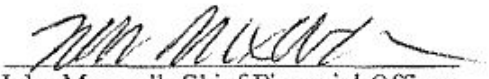
(iii) *Voting Common Stock Issuable Upon Conversion.* For the avoidance of doubt, in the event that all outstanding shares of Non-Voting Common Stock have been converted into Voting Common Stock, all references in this Article Vto "Non-Voting Common Stock" shall mean "Voting Common Stock" from and after such conversion.

SECOND: That, in lieu of a meeting of the stockholders, the sole stockholder of the Corporation has given its consent to the foregoing amendment in accordance with the provisions of Section 228 ofthe Delaware General Corporation Law.

THIRD: That the foregoing amendment was duly adopted in accordance with the provisions of Sections 228 and 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its duly authorized officer as of the 30th day of April, 2018.

AQUESTIVE THERAPUETICS, INC.

By: 

John Maxwell, Chief Financial Officer

Exhibit 3.3

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

AQUESTIVE THERAPEUTICS, INC.

AQUESTIVE THERAPEUTICS, INC., a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the corporation is Aquestive Therapeutics, Inc. The original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on December 29, 2017 and was effective as of January 1, 2018 (as in effect immediately prior to the adoption and effectiveness hereof, the "Original Certificate of Incorporation").

2. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and by the written consent of its sole stockholder in accordance with Section 228 of the General Corporation Law of the State of Delaware, and shall be effective as of 11:59 p.m., New York City time, on _____, 2018.

3. The Original Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

The name of the corporation (hereinafter called the "Corporation") is Aquestive Therapeutics, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, City of Wilmington, New Castle County, Delaware 19808. The name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware ("DGCL").

ARTICLE IV

Section 1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 260,000,000 shares, consisting of (1) 250,000,000 shares of Common Stock, par value $0.001 per share ("Common Stock"), and (2) 10,000,000 shares of Preferred Stock, par value $0.001 per share ("Preferred Stock"). The number of authorized shares of either Preferred Stock or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of either Preferred Stock or Common Stock voting separately as a class shall be required therefor.

Section 2. The Board of Directors of the Corporation (the "Board of Directors") is hereby expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolution or resolutions, all to the full extent now or hereafter permitted by the DGCL. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Except as otherwise provided in this Amended and Restated Certificate of Incorporation, no vote of the holders of Preferred Stock or Common Stock shall be a prerequisite to the designation or issuance of any shares of any series of Preferred Stock authorized by and complying with the conditions of this Amended and Restated Certificate of Incorporation, with the right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided in the certificate of designation or any resolution or resolutions providing for the issuance of such series adopted by the Board of Directors. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights and the qualifications, limitations and restrictions thereof stated in the Amended and Restated Certificate of Incorporation or the resolution or resolutions of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law.

Section 3. (a) Each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (which, as used herein shall mean this Amended and Restated Certificate of Incorporation as amended and/or restated from time to time including the terms of any certificate of designation of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation or pursuant to the DCGL. The holders of Common Stock shall have no preemptive rights to subscribe for any shares of any class of stock of the Corporation whether now or hereafter authorized. There shall be no cumulative voting.

(b) Subject to applicable law and the rights of the holders of any outstanding series of Preferred Stock, dividends may be declared and paid on Common Stock at such times and in such amounts as the Board of Directors in its discretion shall determine.

(c) Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights of the holders of any outstanding series of Preferred Stock, the holders of Common Stock, as such, shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them.

ARTICLE V

Section 1. (a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as otherwise fixed pursuant to the terms of any outstanding series of Preferred Stock pursuant to this Amended and Restated Certificate of Incorporation, the number of directors of the Corporation shall be fixed from time to time solely by resolution adopted by the affirmative vote of a majority of such directors then in office. In no event shall a decrease in the number of directors constituting the Board of Directors shorten the term of any incumbent director.

(b) The directors, other than those who may be elected by the holders of any series of Preferred Stock voting separately pursuant to this Amended and Restated Certificate of Incorporation, shall be elected by the stockholders entitled to vote thereon at each annual meeting of stockholders. The election of directors need not be by written ballot.

(c) Subject to the rights of holders of any outstanding series of Preferred Stock to elect directors, and effective upon the effectiveness of this Amended and Restated Certificate of Incorporation, the Board of Directors shall be and is divided into three classes, designated as Class I, Class II and Class III, and each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to Class I, Class II or Class III at the time such classification becomes effective. Subject to the rights of holders of any outstanding series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the Corporation's first annual meeting of stockholders held after the effectiveness of this Amended and Restated Certificate of Incorporation; each director initially assigned to Class II shall serve for a term expiring at the Corporation's second annual meeting of stockholders held after the effectiveness of this Amended and Restated Certificate of Incorporation; and each director initially assigned to Class III shall serve for a term expiring at the Corporation's third annual meeting of stockholders held after the effectiveness of this Amended and Restated Certificate of Incorporation; provided further that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal. In the case of any increase or decrease, from time to time, in the number of directors (other than directors elected by the holders of any series of Preferred Stock), any such increase or decrease shall be apportioned by the Board of Directors among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any such additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class.

Section 2. Advance notice of nominations for the election of directors shall be given in the manner and to the extent provided in the Bylaws of the Corporation.

Section 3. (a) Except as otherwise provided for or fixed by or pursuant to the provisions of this Amended and Restated Certificate of Incorporation relating to the rights of the holders of any series of Preferred Stock, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, removal or other cause shall be filled only by the Board of Directors by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director and shall not be filled by stockholders. Any director elected in accordance with the first sentence of this Section 3 shall hold office for a term that shall coincide with the remaining term of the class such director is elected to and until such director's successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal.

(b) Subject to the rights of holders of any outstanding series of Preferred Stock to elect directors and to remove any director whom the holders of any such series have the right to elect, any director (including persons elected by directors to fill vacancies in the Board of Directors) may be removed from office (i) only with cause and (ii) only by the affirmative vote of the holders of at least 66 2/3% of the voting power of the then outstanding stock of the Corporation entitled to vote generally in the election of directors of the Corporation, voting as a single class. At least forty-five (45) days prior to any annual or special meeting of stockholders at which it is proposed that any director be removed from office, written notice of such proposed removal and the alleged grounds thereof shall be sent to the director whose removal will be considered at the meeting.

ARTICLE VI

Subject to the rights of the holders of any outstanding series of Preferred Stock pursuant to the provisions of this Amended and Restated Certificate of Incorporation (including any certificate of designation relating to such series of Preferred Stock), any action required or permitted to be taken by the stockholders of the Corporation must be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

ARTICLE VII

Except as otherwise required by law and subject to the rights of the holders of any outstanding series of Preferred Stock pursuant to the provisions of this Amended and Restated Certificate of Incorporation (including any certificate of designation relating to such series of Preferred Stock), special meetings of stockholders of the Corporation for any purpose or purposes may be called only by the Board of Directors pursuant to a resolution approved by a majority of the members of the Board of Directors then in office or by the Chairman of the Board of Directors. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

ARTICLE VIII

The Corporation reserves the right to amend, alter or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are subject to this reservation; provided, however, that, in addition to any requirements of law and any other provision of this Amended and Restated Certificate of Incorporation, and notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of the holders of at least 66-2/3% of the voting power of the then outstanding stock of the Corporation entitled to vote generally in the election of directors of the Corporation, voting together as a single class, shall be required to amend or repeal, or to adopt any provision or Bylaw inconsistent with, Articles V, VI, VII, VIII, IX, X or XI of this Amended and Restated Certificate of Incorporation.

ARTICLE IX

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors is expressly authorized to adopt, repeal, alter or amend the Bylaws of the Corporation by the vote of a majority of the members of the Board of Directors then in office. In addition to any requirements of law and any other provision of this Amended and Restated Certificate of Incorporation and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least 66-2/3% of the voting power of the then outstanding stock of the Corporation entitled to vote generally in the election of directors of the Corporation, voting together as a single class, shall be required for stockholders to adopt, amend, alter or repeal any provision of the Bylaws of the Corporation.

ARTICLE X

Section 1. To the fullest extent that the DGCL or any other law of the State of Delaware, as it exists or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Section 2. To the fullest extent permitted by applicable law, the Corporation shall provide indemnification (and advancement of expenses) to directors and officers of the Corporation through Bylaw provisions, agreements with such directors and officers, vote of stockholders or disinterested directors, or otherwise.

Section 3. To the fullest extent permitted by applicable law, the Corporation may provide indemnification (and advancement of expenses) to employees and agents of the Corporation, and to any other persons to which the DGCL or any other law of the State of Delaware, as it exists or as it may hereafter be amended, permits, through Bylaw provisions, agreements with such employees and agents, vote of stockholders or disinterested directors, or otherwise.

Section 4. No amendment to or repeal of any Section of this Article X, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article X, shall eliminate or reduce the effect of this Article X in respect of any matter occurring, or any action or proceeding accruing or arising, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE XI

The Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director or officer of the Corporation arising pursuant to any provision of the DGCL or this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation (as either may be amended and/or restated from time to time) or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

ARTICLE XII

If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by _____, its _____, this __th day of _____, 2018.

AQUESTIVE THERAPEUTICS, INC.

By: _____

Name:
Title:

Exhibit 3.4

BYLAWS
OF
AQUESTIVE THERAPEUTICS, INC.,
a Delaware corporation
(the "Corporation")

Effective as of January 1, 2018

ARTICLE I: STOCKHOLDERS

Section 1. Annual Meeting of Stockholders. The annual meeting of stockholders shall be held each year on such date, and at such time and place, as may be designated by the Board of Directors of the Corporation (the "Board of Directors"). The annual meeting of stockholders shall be held at the principal office of the Corporation or such other place as shall be specified in the notice of meeting. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("DGCL").

Section 2. Special Meetings of Stockholders. Special meetings of stockholders may be called for any purpose or purposes by the Board of Directors or by any member of the Board of Directors. Special meetings of stockholders shall be held at the principal office of the Corporation or at such other place as shall be held at such place, on such date, and at such time as the Board of Directors shall fix.

Section 3. Notice of Meetings; Adjournments.

(a) Whenever stockholders are required or permitted to take any action at a meeting, a written notice of such meeting shall be given which shall state the place, date and hour of such meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called. The written notice of any stockholders meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of such meeting to each stockholder entitled to vote at such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic mail or other electronic transmission, in the manner provided in Section 232 of the DGCL. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(b) When any stockholders meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if: (i) the time and place to which the meeting is adjourned and the means of remote communications (if any) by which stockholders may be deemed to be present and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; (ii) the period of adjournment does not exceed thirty (30) days in any one adjournment; (iii) no new record date is fixed for the adjourned meeting; and (iv) at the adjourned meeting only such business is transacted as might have been transacted at the original meeting.

Section 4. Quorum. The holders of a majority of interest of all stock issued, outstanding and entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present. The stockholders present at a duly constituted meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough stockholders to reduce the voting shares below a quorum.

Section 5. Voting and Proxies. Except as otherwise provided by the Certificate of Incorporation of the Corporation (as may be amended from time to time, the "Certificate of Incorporation") or by law, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by either written proxy or by a transmission permitted by Section 212(c) of the DGCL, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period or is irrevocable and coupled with an interest. Proxies shall be filed with the Secretary of the meeting, or of any adjournment thereof. Except as otherwise limited therein, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting.

Section 6. Action at Meeting. When a quorum is present, any matter before the meeting shall be decided by vote of the holders of a majority of the shares of stock voting on such matter except where a larger vote is required by law, by the Certificate of Incorporation or by these Bylaws. Any election of directors by stockholders shall be determined by a plurality of the votes cast, except where a larger vote is required by law, by the Certificate of Incorporation or by these Bylaws. The Corporation shall not directly or indirectly vote any share of its own stock; provided, however, that the Corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

Section 7. Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL or of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, or waiver by electronic mail or other electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a stockholder at a meeting shall constitute a waiver of notice of such meeting, except when such stockholder attends a meeting for the express purpose of objecting, and does so object, at the beginning of such meeting, to the transaction of any business because such meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any stockholders meeting need be specified in the notice or waiver of notice of such meeting.

Section 8. Consent of Stockholders in Lieu of Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, as it may be amended from time to time, or by applicable Delaware law, any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded.

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in this Section. A facsimile, electronic mail or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for purposes of this Section to the extent permitted by law. Any such consent shall be delivered in accordance with Section 228(d)(1) of the DGCL.

(c) Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

(d) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing (including by electronic mail or other electronic transmission as permitted by law). If the action which is consented to is such as would have required the filing of a certificate under any section of the DGCL if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written notice and written consent have been given as provided in Section 228 of the DGCL.

ARTICLE II: DIRECTORS

Section 1. Board of Directors Generally; Committees. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. From time to time, the Board of Directors may create or abolish committees of the Board of Directors and appoint from among its members to serve on such committees. The committees so designated may include an executive committee to function between meetings of the Board of Directors. Each committee shall have such powers and perform such duties as shall be authorized by the resolution of the Board of Directors appointing it or by any amendment to that resolution; but no such committee shall have power or authority in reference to the following: (i) approving or adopting, or recommending to the stockholders, any action or matter required to be submitted to stockholders for approval; or (ii) adopting, amending or repealing any bylaw of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 2. Number and Term of Directors; Regular Meetings. The number of directors shall be no more than nine and no less than one less than one, or as may be determined from time to time by a majority of the entire Board of Directors. The term of office of each director shall be from the time of election and qualification until such director's successor shall have been elected and shall have qualified, or until the earlier death, resignation or removal of such director. Directors need not be stockholders unless so required by the Certificate of Incorporation or these Bylaws, wherein other qualifications for directors may be prescribed. Unless otherwise specified in the Certificate of Incorporation, elections of directors need not be by written ballot. A regular meeting of the Board of Directors for the election of officers and such other business as may come before such meeting shall be held without notice immediately following the annual meeting of stockholders at the same place. The Board of Directors may provide, by resolution adopted at any time by the Board of Directors, for additional regular meetings which may be held without notice, which may be within or outside the state of Delaware.

Section 3. Special Meetings of the Board of Directors. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chief Executive Officer, President or by a majority of the directors then serving on the Board of Directors. Such meetings shall be held upon at least (i) two days' notice given personally or by telephone, or (ii) two days' notice given by e-mail or facsimile, receipt of which is electronically or orally confirmed, or (iii) four business days' notice given by depositing notice in the mails, postage prepaid. Such notice shall specify the time and place of such meeting, which may be within or outside the state of Delaware. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director.

Section 4. Organization of Meeting. Such person as the Board of Directors may have designated or, in the absence of such a person, the Chief Executive Officer, or in his or her absence, the President or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the Secretary of the meeting shall be such person as the chairman of the meeting appoints. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including the manner of voting and the conduct of business. The date and time of opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 5. Waiver of Notice of Board of Directors Meetings; Notice of Purpose; Adjournment. A written waiver, signed by a director entitled to notice of a Board of Directors meeting, or waiver by electronic mail or other electronic transmission by a director, whether before or after such meeting, shall be deemed equivalent to notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when such director attends a meeting for the express purpose of objecting, and does so object, at the beginning of such meeting, to the transaction of any business because such meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in any notice or waiver of notice of such meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. Notice of an adjourned meeting need not be given if the time and place are fixed at the meeting adjourning and if the period of adjournment does not exceed 30 days in any one adjournment.

Section 6. Action Without Meeting. The Board of Directors or any committee thereof may act without a meeting if, prior or subsequent to such action, each member of the Board of Directors or of such committee, as the case may be, shall consent in writing or by electronic transmission to such action and the writing or writings or electronic transmission or electronic transmissions are filed with the minutes of the proceedings of the Board of Directors or such committee, as the case may be. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 7. Telephone Conference Meetings of the Board of Directors. Any or all directors may participate in any meeting of the Board of Directors or any committee of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in such meeting can hear each other, and participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

Section 8. Quorum of Board of Directors and Committees. One director shall constitute a quorum of the Board of Directors or any committee thereof for the transaction of business unless the Board of Directors or such committee, as the case may be, consists of two directors, in which case two directors shall constitute a quorum of the Board of Directors or such committee, and unless the Board of Directors or such committee, as the case may be, consists of three or more directors, in which case a majority of the directors then serving on the Board of Directors shall constitute a quorum. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 9. Vacancies in the Board of Directors. Unless otherwise provided in the Certificate of Incorporation, any vacancy in the Board of Directors, including a vacancy caused by an increase in the number of directorships, may be filled by the majority of the directors then in office, although less than a quorum, or a sole remaining director.

Section 10. Removal, Resignation. Unless otherwise provided in the Certificate of Incorporation, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Any director may resign at any time by written notice to the Chief Executive Officer, President or the Secretary of the Corporation. Resignations shall take effect at the time therein specified and, unless otherwise expressly set forth in the resignation, the Board of Directors' acceptance of the resignation shall not be necessary to make it effective. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

Section 11. Fees and Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. No such compensation shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE III: OFFICERS

Section 1. Officers. At its regular meeting following the annual meeting of stockholders, the Board of Directors shall elect a Chief Executive Officer, President, a Treasurer, a Secretary, and such other officers as it shall deem necessary or appropriate. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. No officer need be a stockholder or director of the Corporation. One person may hold two or more offices but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law or by these Bylaws to be executed, acknowledged or verified by two or more officers. The duties and authority of the officers shall be determined from time to time by the Board of Directors. Subject to any such determination, the officers shall have the following duties and authority:

(a) Subject to such supervisory powers (if any) as may be given by the Board of Directors, the Chief Executive Officer of the Corporation (if such an officer is appointed) shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the Corporation and shall have the general powers and duties of management usually vested in the office of Chief Executive Officer of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. The person serving as Chief Executive Officer shall also be the acting President of the Corporation whenever no other person is then serving in such capacity.

(b) Subject to such supervisory powers (if any) as may be given by the Board of Directors to the chairman of the Board of Directors (if any) or the Chief Executive Officer, the President shall have general supervision, direction, and control of the business and other officers of the Corporation. He or she shall have the general powers and duties of management usually vested in the office of President of a corporation and such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. The President may enter into and execute in the name of the Corporation contracts or other instruments not in the regular course of business which are authorized, either generally or specifically, by the Board of Directors. The President may delegate from time to time to any other officer, any or all of the duties and authority of the President contemplated in this paragraph. The person serving as President shall also be the acting Chief Executive Officer, Secretary or Treasurer of the Corporation, as applicable, whenever no other person is then serving in such capacity.

(c) Vice Presidents (including, without limitation, executive, senior or other Vice Presidents), if elected, shall have such duties and possess such authority as may be assigned or delegated to them by the President or assigned to them by the Board of Directors. In the absence or disability of the Chief Executive Officer (if any) and President, the Vice Presidents in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President.

(d) The Treasurer shall have the custody of the funds and securities of the Corporation and shall keep or cause to be kept regular books of account for the Corporation. The Treasurer shall perform such other duties and possess such other authority as are incident to the office of Treasurer or as may be assigned or delegated to the Treasurer by the President or assigned to the Treasurer by the Board of Directors.

(e) Assistant Treasurers, if elected, shall have such duties and possess such authority as may be delegated to them by the Treasurer or assigned or delegated to them by the President or assigned to them by the Board of Directors.

(f) The Secretary shall cause notices of all meetings to be served as prescribed in these Bylaws and shall keep or cause to be kept the minutes of all meetings of the stockholders and the Board of Directors. The Secretary shall have charge of the seal of the Corporation and shall perform such other duties and possess such authority as are incident to the office of Secretary or as may be assigned or delegated to the Secretary by the President or assigned to the Secretary by the Board of Directors.

(g) Assistant Secretaries, if elected, shall have such duties and possess such authority as may be delegated to them by the Secretary or assigned or delegated to them by the President or assigned to them by the Board of Directors.

(h) Subject to these Bylaws, each officer of the Corporation shall have in addition to the duties and powers specifically set forth in these Bylaws, such duties and powers as are customarily incident to such officer’s office, and such duties and powers as may be designated from time to time by the Board of Directors.

Section 2. Tenure. Except as otherwise provided by the Certificate of Incorporation or these Bylaws, each of the officers of the Corporation shall hold office from the time of election and qualification until such officer's successor shall have been elected and shall have qualified, or until the earlier death, resignation or removal of such officer.

Section 3. Removal, Resignation. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, any officer may be removed, with or without cause, by the vote of a majority of the directors then in office. Any officer may resign at any time by written notice to the Chief Executive Officer, President or the Secretary of the Corporation. Resignations shall take effect immediately, unless otherwise specified.

ARTICLE IV: CAPITAL STOCK

Section 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by a President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. Such signatures may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. The Corporation shall be permitted to issue fractional shares.

Section 2. Transfers. Subject to any restrictions on transfer, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

Section 3. Record Holders. Except as may otherwise be required by law, by the Certificate of Incorporation or by these Bylaws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Bylaws. It shall be the duty of each stockholder to notify the Corporation of such stockholder's post office address.

Section 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date on which it is established, and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, more than ten (10) days after the date on which the record date for stockholder consent without a meeting is established, nor more than sixty (60) days prior to any other action. In such case only stockholders of record on such record date shall be so entitled notwithstanding any transfer of stock on the books of the Corporation after the record date.

If no record date is fixed, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, (b) the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in this state, to its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded, and (c) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. Lost Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE V: INDEMNIFICATION

Section 1. Definitions. For purposes of this Article V:

(a) "Corporate Status" describes the status of a person who is serving or has served (i) as a Director of the Corporation, (ii) as an Officer of the Corporation, or (iii) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation. For purposes of this Section 1(a), an Officer or Director of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, "Corporate Status" shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person's activities prior to said transaction, unless specifically authorized by the Board of Directors or the stockholders of the Corporation;

(b) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) "Expenses" means all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) "Non-Officer Employee" means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(f) "Officer" means any person who serves or has served the Corporation as an officer appointed by the Board of Directors of the Corporation;

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative; and

(h) "Subsidiary" shall mean any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) 50% or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) 50% or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

Section 2. Indemnification of Directors and Officers. Subject to the operation of Section 4 of this Article V of these Bylaws, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against any and all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any threatened, pending or completed Proceeding or any claim, issue or matter therein, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding was authorized by the Board of Directors of the Corporation, unless such Proceeding was brought to enforce an Officer or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these Bylaws in accordance with the provisions set forth herein.

Section 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V of these Bylaws, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized by the Board of Directors of the Corporation.

Section 4. Good Faith. Unless ordered by a court, no indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made by (a) a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) a committee comprised of Disinterested Directors, such committee having been designated by a majority vote of the Disinterested Directors (even though less than a quorum), (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so directs, by independent legal counsel in a written opinion, or (d) by the stockholders of the Corporation.

Section 5. Advancement of Expenses to Directors Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status, upon the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Director has not met any applicable standard for indemnification set forth in the DGCL.

Section 6. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Officer and Non-Officer Employee in connection with any Proceeding in which such is involved by reason of the Corporate Status of such Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer and Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Officer or Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

Section 7. Contractual Nature of Rights.

(a) The foregoing provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article V is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any Proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within 60 days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to the action and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

Section 8. Non-Exclusivity of Rights. The rights to indemnification and advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director, Officer, or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Certificate or these Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise.

Section 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

Section 10. Other Indemnification. The Corporation's obligation, if any, to indemnify any person under this Article V as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise.

ARTICLE VI: MISCELLANEOUS

Section 1. Fiscal Year. Except as otherwise determined by the Board of Directors, the fiscal year of the Corporation shall end on December 31st of each year.

Section 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

Section 3. Execution of Instruments. Subject to any limitations which may be set forth in a resolution of the Board of Directors, all deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by, a President, or by any other officer, employee or agent of the Corporation as the Board of Directors may authorize.

Section 4. Representation of Shares of Other Corporations. The chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, the Secretary or Assistant Secretary of this corporation, or any other person authorized by the Board of Directors or the Chief Executive Officer or the President or a Vice President, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation.

Section 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

Section 6. Corporate Records. The original or attested copies of the Certificate of Incorporation, By laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock and transfer records, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, shall be kept at the principal office of the Corporation, at the office of its counsel, or at an office of its transfer agent.

Section 7. Amendment of Bylaws. These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by the stockholders or by the Board of Directors; provided, that (a) the Board of Directors may not alter, amend or repeal any provision of these Bylaws which by law, by the Certificate of Incorporation or by these Bylaws requires action by the stockholders and (b) any alteration, amendment or repeal of these Bylaws by the Board of Directors and any new Bylaw adopted by the Board of Directors may be altered, amended or repealed by the stockholders.

Section 8. Force and Effect of Bylaws. These Bylaws are subject to the provisions of the DGCL and the Certificate of Incorporation, as they may be amended from time to time. If any provision in these Bylaws is inconsistent with a provision in the DGCL or the Certificate of Incorporation, the provision of the DGCL or the Certificate of Incorporation shall govern to the extent of such inconsistency.

Adopted January 1, 2018

Exhibit 3.5

FIRST AMENDMENT TO BYLAWS
OF
AQUESTIVE THERAPEUTICS, INC.

The Bylaws of the Aquestive Therapeutics, Inc. (the "Bylaws") are hereby amended as follows:

1. Article IV, Section 1, of the Bylaws is hereby amended to read in its entirety as follows:

Section 1. Certificates of Stock. Unless otherwise required by applicable law or authorized by the Board of Directors, all shares of stock of the Corporation shall be issued, recorded, and transferred exclusively in uncertificated book-entry form, as provided by DGCL. Every certificate in respect of shares of stock which are subject to any restriction on transfer and every certificate or notice (in respect of uncertificated stock) issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. The Corporation shall be permitted to issue fractional shares.

2. Article IV, Section 2, of the Bylaws is hereby amended to read in its entirety as follows:

Section 2. Transfers. Subject to any restrictions on transfer, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require, or in the case of uncertificated shares of stock, in accordance with customary procedures for transferring shares in uncertificated form. Written notice of the transfer shall be given by the Corporation to the extent required by applicable law.

3. Article IV, Section 5, of the Bylaws is hereby amended to read in its entirety as follows:

Section 5. Lost Certificates. The Corporation may issue uncertificated shares of stock in the place of any certificate theretofore issued by it which are alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such uncertificated shares of stock.

Exhibit 3.6

AMENDED AND RESTATED

BYLAWS

OF

AQUESTIVE THERAPEUTICS, INC.

ARTICLE I
STOCKHOLDERS

Section 1. The annual meeting of the stockholders of Aquestive Therapeutics, Inc. (the "Corporation") for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting shall be held on such date, and at such time and place, if any, within or without the State of Delaware as may be determined exclusively from time to time by the Board of Directors of the Corporation (the "Board"). The Corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled.

Section 2. Except as otherwise required by law or the certificate of incorporation of the Corporation, and subject to the rights of the holders of one or more series of Preferred Stock (as defined in the certificate of incorporation of the Corporation), special meetings of the stockholders of the Corporation may be called only by or at the direction of the Board, acting pursuant to a resolution adopted by the affirmative vote of the majority of the members of the Board then in office or by the Chairman of the Board. The Corporation may postpone, reschedule or cancel any special meeting of stockholders previously scheduled.

Section 3. Except as otherwise provided by law, the certificate of incorporation of the Corporation or these Bylaws, notice of the date, time, place (if any), the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes of the meeting of stockholders, shall be given not more than sixty (60) nor less than ten (10) days before the date of each meeting of stockholders of the Corporation, to each stockholder entitled to vote at the meeting as of the record date for determining stockholders entitled to notice of the meeting at such address as appears on the records of the Corporation.

Section 4. The holders of a majority in voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided in these Bylaws, by law or by the certificate of incorporation of the Corporation; but, if at any meeting of stockholders there shall be less than a quorum present, the chairman of the meeting or, by a majority in voting power thereof, the stockholders present may, to the extent permitted by law, adjourn the meeting from time to time without further notice other than announcement at such meeting of the date, time and place, if any, of the adjourned meeting, until a quorum shall be present or represented by proxy. At any adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the original meeting. Notice need not be given of any adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. The Chairman of the Board, or in the Chairman's absence or at the Chairman's direction, the Chief Executive Officer, or in the Chief Executive Officer's absence or at the Chief Executive Officer's direction, any officer of the Corporation, shall call all meetings of the stockholders to order and shall act as chairman of any such meetings. The Secretary of the Corporation or, in such officer's absence, an Assistant Secretary, shall act as secretary of the meeting. If neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Unless otherwise determined by the Board prior to the meeting, the chairman of the meeting shall determine the order of business and agenda and shall have the authority in his or her discretion to regulate the conduct of any such meeting, including, without limitation, convening the meeting and adjourning the meeting (whether or not a quorum is present), announcing the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote, imposing restrictions on the persons (other than stockholders of record of the Corporation or their duly appointed proxies) who may attend any such meeting, establishing procedures for the transaction of business at the meeting (including the dismissal of business not properly presented), maintaining order at the meeting and safety of those present, restricting entry to the meeting after the time fixed for commencement thereof, limiting the circumstances in which any person may make a statement or ask questions at any meeting of stockholders, and limitations on the time allotted to questions or comments by participants at such meeting.

Section 6. At all meetings of stockholders, any stockholder entitled to vote thereat shall be entitled to vote in person or by proxy, but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for the stockholder as proxy pursuant to the General Corporation Law of the State of Delaware (the "DGCL"), the following shall constitute a valid means by which a stockholder may grant such authority: (i) a stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy, and execution of the writing may be accomplished by the stockholder or the stockholder's authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile or electronic signature; or (ii) a stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing by means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission; provided that any such means of electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. If it is determined that such electronic transmissions are valid, the inspector or inspectors of stockholder votes or, if there are no such inspectors, such other persons making that determination shall specify the information upon which they relied.

A proxy shall be irrevocable if it states that it is irrevocable and if and only as long as it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the first paragraph of this Section 6 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Proxies shall be filed with the secretary of the meeting prior to or at the commencement of the meeting to which they relate.

Section 7. When a quorum is present at any meeting of stockholders, the vote of the holders of a majority of the votes cast shall decide any question brought before such meeting, unless the question is one upon which by express provision of the certificate of incorporation of the Corporation, these Bylaws or the DGCL a different vote is required, in which case such express provision shall govern and control the decision of such question. Notwithstanding the foregoing in this Section 7, where a separate vote by a class or series or classes or series is required and a quorum is present, the affirmative vote of a majority of the votes cast by shares of such class or series or classes or series shall be the act of such class or series or classes or series, unless the question is one upon which by express provision of the certificate of incorporation of the Corporation, these Bylaws or the DGCL a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 8. (A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) days prior to such other action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 9. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder, as both appears on the records of the Corporation. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting; or (ii) during ordinary business hours, at the principal plàce of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 10. The Board, in advance of all meetings of the stockholders, may (and, if required by law, shall) appoint one or more inspectors of stockholder votes to make a written report thereof, who may be employees or agents of the Corporation or stockholders or their proxies, but who shall not be directors of the Corporation or candidates for election as directors. In the event that the Board fails to so appoint one or more inspectors of stockholder votes or, in the event that one or more inspectors of stockholder votes previously designated by the Board fails to appear or act at the meeting of stockholders, the chairman of the meeting may appoint one or more inspectors of stockholder votes to fill such vacancy or vacancies or such position or positions. Inspectors of stockholder votes appointed to act at any meeting of the stockholders, before entering upon the discharge of their duties, shall take and sign an oath to faithfully execute the duties of inspector of stockholder votes with strict impartiality and according to the best of their ability and the oath so taken shall be subscribed by them. Inspectors of stockholder votes shall take all actions required under the applicable provisions of the DGCL and any other applicable law, rule or regulation.

Section 11. (A) Annual Meetings of Stockholders.

1. Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto) delivered pursuant to Article I, Section 3 of these Bylaws, (b) by or at the direction of the Board or any authorized committee thereof or (c) by any stockholder of the Corporation who is entitled to vote on such election or such other business at the meeting, who complied with the notice procedures set forth in subparagraphs (2) and (3) of this paragraph (A) and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation.

2. For nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, and, in the case of business other than nominations of persons for election to the Board, such other business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal place of business of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that, in the event that the date of the annual meeting is advanced by more than twenty (20) days, or delayed by more than seventy (70) days, from the anniversary date of the previous year's meeting, or if no annual meeting was held in the preceding year (including for the Corporation's first annual meeting of stockholders after shares of its Common Stock (as defined in the certificate of incorporation of the Corporation) are first publicly traded), notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred and twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. For purposes of the application of Rule 14a-4(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (or any successor provision), the date for notice specified in this paragraph (A)(2) shall be the earlier of the date calculated as hereinbefore provided or the date specified in paragraph (c)(1) of Rule 14a-4 of the Exchange Act. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director (1) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (2) a description of all direct and indirect compensation and other material monetary agreements, assignments and understandings during the past three years, and any other material relationships, between or among the stockholders giving the notice of such nomination, the beneficial owner on whose behalf the nomination is made and any of its or their affiliates or associates and/or others on whose behalf the nomination is made ("nominating person"), on the one hand, and such proposed nominee and his or her respective affiliates and associates, on the other hand, including without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K promulgated by the Securities and Exchange Commission if such nominating person was the "registrant" for purposes of such rule and the proposed nominee was a director or executive officer of such registrant; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the records of the Corporation, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation which are owned directly or indirectly, beneficially and of record, by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of the giving of the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination, (iv) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group which will (A) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (B) otherwise solicit proxies or votes from stockholders in support of such proposal or nomination, (v) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation and (vi) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and/or, if a nominee is being so proposed, for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder; (d) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective affiliates or associates and/or any others acting in concert with any of the foregoing (collectively, "proponent persons"); and (e) a description of any agreement, arrangement or understanding (including without limitation any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) to which any proponent person is a party, the intent or effect of which may be (i) to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, (ii) to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or (iii) to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation. A stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to this paragraph (A)(2) or paragraph (B) of this Section 11 of these Bylaws) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining stockholders entitled to notice of the meeting and as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof, provided that, if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary of the Corporation at the principal place of business of the Corporation not later than five (5) days after the record date for determining stockholders entitled to notice of the meeting (in the case of any update or supplement required to be made as of the record date for determining stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or any adjournment or postponement thereof) and not later than five (5) days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the day prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior the date of the meeting or any adjournment or postponement thereof). The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules.

3. Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 11 of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board is increased, effective after the time period for which nominations would otherwise be due under paragraph (A)(2) of this Section 11 of these Bylaws, and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which a public announcement of such increase is first made by the Corporation; provided that, if no such announcement is made at least ten (10) days before the meeting, then no such notice shall be required.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Article I, Section 3 of these Bylaws. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting or (ii) (a) by or at the direction of the Board or a committee thereof or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote on such election at the meeting who complies with the notice procedures set forth in this Section 11 of these Bylaws and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting if the stockholder's notice, containing the same information required by, and which notice to be updated and supplemented in the same manner and at the same time or times as set forth in, paragraph (A)(2) of this Section 11 of these Bylaws, shall be delivered to the Secretary at the principal place of business of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. The Corporation may require any proposed nominee to furnish such other information as set forth in the last sentence of paragraph (A)(2) of this Section 11 of these Bylaws.

(C) (1) Only persons who are nominated in accordance with the procedures set forth in this Section 11 of these Bylaws shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 11 of these Bylaws. Except as otherwise provided by law, the certificate of incorporation of the Corporation or these Bylaws, the chairman of the meeting shall, in addition to making any other determination that may be appropriate for the conduct of the meeting, have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded or that such proposed business shall not be transacted.

Notwithstanding the foregoing provisions of this Section 11, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 11, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Bylaw, “public announcement” shall mean disclosure (a) in a press release released by the Corporation; provided such press release is released by the Corporation following its customary procedures, is reported by the Dow Jones News Service, Associated Press or comparable national news service, or is generally available on internet news sites, (b) in a document publicly filed or furnished by the Corporation with the Securities and Exchange Commission pursuant to Section 13,14 or 15(d) of the Exchange Act or (c) otherwise disseminated in a manner constituting “public disclosure” under Regulation FD promulgated by the Securities and Exchange Commission.

(3) For purposes of this Section 11, no adjournment or postponement or notice of adjournment or postponement of any meeting shall be deemed to constitute a new notice of such meeting for purposes of this Section 11, and in order for any notification required to be delivered by a stockholder pursuant to this Section 11 to be timely, such notification must be delivered within the periods set forth above with respect to the originally scheduled meeting.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11; provided, however, that, to the fullest extent permitted by law, any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 11 (including paragraphs (A)(1)(c) and (B) hereof), and compliance with paragraphs (A)(1)(c) and (B) of this Section 11 shall be the exclusive means for a stockholder to make nominations or submit other business at such meeting.

(5) Nothing in this Section 11 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the certificate of incorporation of the Corporation or these Bylaws. Nothing in this Section 11 shall apply to the right, if any, of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the certificate of incorporation of the Corporation.

ARTICLE II
BOARD OF DIRECTORS

Section 1. The Board shall consist, subject to the certificate of incorporation of the Corporation, of such number of directors as shall from time to time be fixed exclusively by resolution adopted by the Board. Directors shall (except as hereinafter provided for the filling of vacancies and newly created directorships and except as otherwise expressly provided in the certificate of incorporation of the Corporation) be elected by the holders of a plurality of the votes cast by the holders of shares present in person or represented by proxy at the meeting and entitled to vote on the election of such directors. A majority of the total number of directors then in office shall constitute a quorum for the transaction of business. Except as otherwise provided by law, these Bylaws or by the certificate of incorporation of the Corporation, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. Directors need not be stockholders. If a quorum shall not be present at any meeting of the Board or of any committee thereof, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 2. Subject to the certificate of incorporation of the Corporation, unless otherwise required by the DGCL, any newly created directorship on the Board that results from an increase in the number of directors and any vacancy occurring in the Board (whether by death, resignation, removal, retirement, disqualification or otherwise) shall be filled only by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

Section3. Meetings of the Board shall be held at such place, if any, within or without the State of Delaware as may from time to time be fixed by resolution of the Board or as may be specified in the notice of any meeting. Regular meetings of the Board shall be held without notice at such times as may from time to time be fixed by resolution of the Board and special meetings may be held at any time upon the call of the Chairman of the Board, the Chief Executive Officer of the Corporation or by a majority of the Board, by oral or written notice, including, without limitation, facsimile, email or other means of electronic transmission, duly served on or sent and delivered to each director to such director's address, e-mail address or telephone or telecopy number as shown on the books of the Corporation not less than twenty-four (24) hours before the meeting. The notice of any meeting of the Board need not specify the purposes thereof. A meeting of the Board may be held without notice immediately after the annual meeting of stockholders at the same place, if any, at which such meeting is held.

Section 4. If at any meeting for the election of directors, the Corporation has outstanding more than one class of stock, and one or more such classes or series thereof are entitled to vote separately as a class to elect directors, and there shall be a quorum of only one such class or series of stock, that class or series of stock shall be entitled to elect its quota of directors notwithstanding the absence of a quorum of the other class or series of stock.

Section 5. The Board may from time to time establish one or more committees of the Board to serve at the pleasure of the Board, which shall be composed of one or more members of the Board and have such duties as the Board shall from time to time determine; but no such committee shall have the power or authority in reference to amending the certificate of incorporation of the Corporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and-assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution or amending these Bylaws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger. Any director may belong to any number of committees of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each such committee shall keep minutes and make such reports as the Board may from time to time request. Except as the Board may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in this Article II of these Bylaws for the Board.

Unless otherwise provided in the certificate of incorporation of the Corporation, these Bylaws or the resolution of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to a subcommittee any or all of the powers and authority of the committee.

Section 6. Unless otherwise restricted by the certificate of incorporation of the Corporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or such committee, as the case may be.

Section 7. The members of the Board or any committee thereof may participate in a meeting of the Board or such committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such a meeting.

Section 8. The Board may establish policies for the compensation of directors and for the reimbursement of the expenses of directors, in each case, in connection with services provided by directors to the Corporation.

ARTICLE III
OFFICERS

Section 1. The Board shall elect officers of the Corporation, including a Chief Executive Officer, President and a Secretary. The Board may also from time to time elect such other officers (including, without limitation, a Chief Financial Officer, a Chief Operating Officer, a General Counsel, one or more Vice Presidents, a Treasurer, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) as it may deem proper and the Chief Executive Officer of the Corporation shall also have the power to appoint and remove any such other officers (other than the Chief Executive Officer, any President, any Chief Financial Officer, any Chief Operating Officer, any General Counsel, or any Executive Vice President) (collectively, “Other Officers”) and to prescribe the respective terms of office, authorities and duties of any such Other Officers. Any Vice President may be designated Executive, Senior or Corporate, or may be given such other designation or combination of designations as the Board or the Chief Executive Officer may determine. Any two or more offices may be held by the same person. The Board may also elect or appoint a Chairman of the Board, who may or may not also be an officer of the Corporation. The Board may elect or appoint co-Chairmen of the Board, co-Presidents or co-Chief Executive Officers and, in such case, references in thêse Bylaws to the Chairman of the Board, the President or the Chief Executive Officer shall refer to either such co-Chairman of the Board, co-President or co-Chief Executive Officer, as the case may be.

Section 2. The officers of the Corporation shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. All officers of the Corporation elected by the Board shall hold office for such terms as may be determined by the Board or, in the case of any Other Officers, the Chief Executive Officer, or until their respective successors are chosen and qualified or until his or her earlier resignation or removal. Any officer may be removed from office at any time either with or without cause by the affirmative vote of a majority of the members of the Board then in office, or, in the case of any Other Officers, by the Chief Executive Officer.

Section 3. Each of the officers of the Corporation elected by the Board or appointed by the Chief Executive Officer in accordance with these Bylaws shall have the powers and duties prescribed by law, by these Bylaws or by the Board or, in the case of Other Officers, by the Chief Executive Officer, and, unless otherwise prescribed by these Bylaws or by the Board or, in the case of Other Officers, by the Chief Executive Officer, shall have such further powers and duties as ordinarily pertain to that office.

Section 4. Unless otherwise provided in these Bylaws, in the absence or disability of any officer of the Corporation, the Board or the Chief Executive Officer may, during such period, delegate such officer's powers and duties to any other officer or to any director of the Board and the person to whom such powers and duties are delegated shall, for the time being, hold such office.

ARTICLE IV
CAPITAL STOCK

Section 1. Issuance of Stock. Unless otherwise voted by the stockholders and subject to the provisions of the certificate of incorporation of the Corporation, the whole or any part of any unissued balance of the authorized capital stock of the Corporation or the whole or any part of any shares of the authorized capital stock of the Corporation held in the Corporation's treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board in such manner, for such lawful consideration and on such terms as the Board may determine.

Section 2. Uncertificated Shares; Certificates of Stock. The shares of stock of the Corporation shall be uncertificated, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be represented by certificates. Notwithstanding the foregoing, nothing contained in this Section 2 of Article IV shall apply to shares represented by a certificate as of the date of adoption of these Bylaws until such certificate is surrendered to the Corporation. If shares are represented by certificates, such certificates shall be in the form, other than bearer form, approved by the Board. Every holder of stock represented by certificates shall be entitled to have a certificate, certifying the number of shares owned by such holder in the Corporation, signed by, or in the name of the Corporation by, any two authorized officers of the Corporation in accordance with the DGCL. Any or all signatures on any such certificate may be a facsimile or other electronic reproduction. In case any officer, transfer agent or registrar who has signed, whose facsimile or electronic signature has been used on or who has duly affixed a facsimile or electronic signature or signatures to any such certificate or certificates shall cease to be such officer, transfer agent or registrar of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been issued by the Corporation, such certificate or certificates may nevertheless be issued as though the person or persons who signed such certificate or certificates, whose facsimile or electronic signature or signatures have been used thereon or who duly affixed a facsimile or electronic signature or signatures thereon had not ceased to be such officer, transfer agent or registrar of the Corporation. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. The rights and obligations of stockholders within the same class and/or series of stock shall be identical whether or not their shares are represented by certificates.

Section 3. Transfers. Except as otherwise established by rules and regulations adopted by the Board, and subject to applicable law, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the Corporation or its transfer agent may reasonably require. Shares of stock that are not represented by a certificate may be transferred on the books of the Corporation by submitting to the Corporation or its transfer agent such evidence of transfer and following such other procedures as the Corporation or its transfer agent may require.

Section 4. Record Holders. Except as may be otherwise required by law, by the certificate of incorporation of the Corporation or by these Bylaws, the Corporation shall be entitled to treat the record holder of stock as shown on the Corporation's stock ledger as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the Corporation's stock ledger in accordance with the requirements of these Bylaws.

Section 5. Lost, Stolen or Destroyed Certificates. The Corporation may issue or direct a new certificate or certificates to be issued in place of any previously issued certificate or certificates alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Corporation may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond sufficient to indemnify the Corporation against any claim that may be made against it on account of such alleged loss, theft or destruction of any such certificate or the issuance of a new certificate for the protection of the Corporation or any transfer agent or registrar.

ARTICLE V
EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 1. Execution of Corporate Instruments. The Board may, in its discretion, detèrmine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the Corporation any corporate instrument or document, or to sign on behalf of the Corporation the corporate name without limitation, or to enter into contracts on behalf of the Corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the Corporation.

Unless authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 2. Voting of Securities Owned By the Corporation. All stock and other securities of other Corporations owned or held by the Corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board, or, in the absence of such authorization, by the Chairman of the Board, the Chief Executive Officer, or any Vice President.

ARTICLE VI
INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 1. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent, fiduciary or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, agent, fiduciary or trustee or in any other capacity while serving as a director, officer, employee, agent, fiduciary or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VI with respect to proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnitee, or as may otherwise be expressly approved by the Board or a committee thereof, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board.

Section 2. In addition to the right to indemnification conferred in Section 1 of this Article VI, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in appearing at, participating in or defending any such proceeding in advance of its final disposition or in connection with a proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article VI (which shall be governed by Section 3 of this Article VI) (hereinafter an "advancement of expenses"); provided, however, that if (x) the DGCL requires or (y) in the case of an advance made in a proceeding brought to establish or enforce a right to indemnification or advancement, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made solely upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified or entitled to advancement of expenses under Section 1 or 2 of this Article VI or otherwise.

Section 3. If a claim under Section 1 or 2 of this Article VI is not paid in full by the Corporation within (i) sixty (60) days after a written claim for indemnification has been received by the Corporation or (ii) twenty (20) days after a claim for an advancement of expenses has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim or to obtain advancement of expenses, as applicable. To the fullest extent permitted by law, if the indemnitee is successful in whole or in part in any such suit or in a suit brought by the Corporation to recover an advancement of expenses, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit (including, without limitation, attorneys' fees). In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

Section 4. The provision of indemnification to or the advancement of expenses and costs to any indemnitee under this Article VI, or the entitlement of any indemnitee to indemnification or advancement of expenses under this Article VI, shall not limit or restrict in any way the power of the Corporation to indemnify or advance expenses to such indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such indemnitee's capacity as an officer, director, employee, agent, fiduciary or trustee of the Corporation and as to action in any other capacity.

Section 5. The rights conferred upon indemnitees in this Article VI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be an officer, director, employee, agent, fiduciary or trustee of the Corporation and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its heirs, executors, administrators, and successors, as the case may be, shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Section 6. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee, agent, fiduciary and trustee of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 7. The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VI with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE VII
CORPORATE BOOKS

The books of the Corporation may be kept inside or outside of the State of Delaware at such place or places as the Board may from time to time determine.

ARTICLE VIII
FISCAL YEAR

The fiscal year of the Corporation shall be, unless otherwise determined by resolution of the Board, the calendar year ending on December 31.

ARTICLE IX
CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Corporation. In lieu of the corporate seal, when so authorized by the Board or a duly empowered committee thereof a facsimile thereof may be impressed or affixed or reproduced.

ARTICLE X
GENERAL PROVISIONS

Section 1. Whenever notice is required to be given by law or under any provision of the certificate of incorporation of the Corporation or these Bylaws, notice of any meeting need not be given to any person who shall attend such meeting (except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened), or who shall waive notice thereof before or after such meeting, in writing (including by electronic transmission).

Section 2. Form of Notice. Notices to directors and stockholders other than notices to directors of special meetings of the Board which may be given by any means stated in Section 3 of Article II, shall be in writing and, in addition to any other method of notice permitted by applicable law, may be delivered personally, mailed to the directors or stockholders at their addresses appearing on the books of the Corporation or transmitted to any director via electronic mail to an electronic mail address appearing on the books or as part of the records of the Corporation or transmitted to any stockholder via electronic mail to an electronic mail address at which the stockholder has consented to receive notice. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram.

Section 3. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 4. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the certificate of incorporation of the Corporation or the DGCL, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE XI
AMENDMENTS

These Bylaws may be made, amended, altered, changed, added to or repealed as set forth in the certificate of incorporation of the Corporation and these Bylaws.

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Exhibit 4.1

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

COMMON STOCK

PAR VALUE $.001

COMMON STOCK

Aquestive

Certificate Number

ZQ00000000

Shares

AQUESTIVE THERAPEUTICS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP XXXXX XX X

MR SAMPLE & MRS SAMPLE &
MR SAMPLE & MRS SAMPLE

is the owner of

ZERO HUNDRED THOUSAND
ZERO HUNDRED AND ZERO***

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

Aquestive Therapeutics, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

President

Secretary

AQUESTIVE THERAPEUTICS, INC. INCORPORATED SEAL 11/2018 DELAWARE

DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

By _____
AUTHORIZED SIGNATURE

1234567

Aquestive

PO BOX 43064, Providence, RI 02940-3064

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP/IDENTIFIER XXXXXX XX X
Holder ID XXXXXXXX
Insurance Value 1,000,000.00
Number of Shares 123456
DTC 12345678 12345678/12345

Certificate Numbers	Num	No.	Denom.	Total
12345678/12345678/0	1	1	1	1
12345678/12345678/0	2	2	2	2
12345678/12345678/0	3	3	3	3
12345678/12345678/0	4	4	4	4
12345678/12345678/0	5	5	5	5
12345678/12345678/0	6	6	6	6
Total Transaction				7

AQUESTIVE THERAPEUTICS, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	-.....(Cust).....Custodian.....(Minor)..... under Uniform Gifts to Minors Act.....(State).....
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	-.....(Cust).....Custodian (until age .....) .....(Minor).....under Uniform Transfers to Minors Act .....(State).....

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

For value received, _____ hereby sell, assign and transfer unto

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares

of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within-named Incorporated with full power of substitution in the premises.

Dated: _____ 20____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

V24231

Exhibit 4.2

Execution Version

WARRANT CERTIFICATE AND AGREEMENT

This WARRANT AGREEMENT (this "***Agreement***"), dated as of January 1, 2018 (the "***Issue Date***"), is among AQUESTIVE PARTNERS, LLC, a Delaware limited liability company (the "***Company***"), and each holder listed on **Schedule A** attached hereto (each, a "***Holder***" and, collectively, the "***Holders***"). Unless otherwise defined herein, capitalized terms have the meanings ascribed thereto in **Section 13** of this Agreement.

RECITALS

WHEREAS Aquestive Therapeutics, Inc. (formerly known as MonoSol Rx, LLC) (the "***Borrower***") and each Holder (or one of such Holder's Affiliates) have entered into that certain Credit and Guaranty Agreement, dated as of the August 16, 2016, as amended by Omnibus Amendment No. 1 being executed and delivered as of the date hereof (as the same may be further amended or otherwise modified from time to time, the "***Credit Agreement***"), among the Borrower, as borrower, certain subsidiaries of the Company from time to time parties thereto as guarantors, the Holders and certain other entities, as lenders (the "***Lenders***"), and Perceptive Credit Holdings, LP, a Delaware limited partnership, not in its individual capacity but as administrative agent on behalf of itself and lenders (in such capacity, "***Agent***"); and

WHEREAS, the Borrower requested that the Agent and the Lenders consent to (x) the Borrower converting from a Delaware limited liability company into a Delaware corporation and (y) a contribution by all the Persons (as defined in the Credit Agreement) who own any Equity Interests in the Borrower of their Equity Interests in the Borrower in exchange for equivalent percentage of Equity Interests in the Company, resulting in the Company directly owning 100% of the Equity Interests of the Borrower (collectively, the "***Conversion Transaction***"); and

WHEREAS, as a condition precedent to the Agent's and the Lenders' consent to the Conversion Transaction, the Agent and the Lenders require that Company issue to the Holders warrants (individually a "***Warrant***" and collectively "***Warrants***") that, when taken together, are exercisable into an aggregate number of Senior Common Interests equal to four and one half percent (4.5%) of the aggregate issued and outstanding Membership Interests of the Company, in all cases determined on a fully-diluted basis, subject to the exceptions set forth in this Agreement; and

WHEREAS, in exchange for the execution and delivery of this Agreement and the issuance of the Warrants hereunder, the parties have agreed that the Warrant Certificate and Agreement dated as of August 16, 2016 among the Borrower and each holder listed on Schedule A thereto shall be terminated and the warrant certificate issued in connection therewith shall be delivered by the Agent to the Borrower for cancellation.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Section 1. *Warrant Certificates.* The Company hereby issues the Warrants to the Holders in the amounts set forth opposite the name of each Holder on **Schedule A** attached hereto. Simultaneously upon entering into this Agreement, the Company shall deliver a duly executed certificate (a "***Warrant Certificate***") to each Holder evidencing the Warrant issued to such Holder hereunder. Such Warrant Certificate and any other certificates evidencing a Warrant issued under this Agreement shall be in registered as set forth in **Section 3** below and shall be substantially in the form set forth as **Exhibit A** attached hereto. Each Warrant Certificate shall be dated the Issue Date.

Section 2. *Execution of a Warrant Certificate.* Each Warrant Certificate shall be signed on behalf of the Company by its Manager or an authorized officer of the Company.

Section 3. *Warrant Register.* Upon issuance of each Warrant Certificate the Company shall number and record such Warrant Certificate in a warrant register (the "***Warrant Register***") which the Company shall maintain for so long as any Warrant Certificates remain outstanding. The Warrant Register shall be made available to the Holders, upon request, at reasonable times and intervals during normal business hours. The Company may deem and treat the registered holder(s) of a Warrant Certificate (as set forth in the Warrant Register) as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing on such certificate made by anyone) for all purposes and shall not be affected by any notice to the contrary, unless in writing from the applicable Holder or its permitted transferee or assign. The Company shall maintain an address for each Holder in the Warrant Register. On the Issue Date, the Warrant Certificates shall be registered initially in the names of each Holder as set forth on **Schedule A** attached hereto.

Section 4. *Exercise of Warrants*.

(a) A Warrant may be exercised by a Holder from time to time on any Business Day, in whole or in part, on or prior to August 16, 2023 (the "***Expiration Date***"), upon:

(i) delivery to the Company at its then registered office of an Exercise Certificate in substantially the form attached hereto as **Exhibit B** (each, an "***Exercise Certificate***"), duly executed and completed (including specifying the number or percentage of Senior Common Interests to be purchased and the Aggregate Exercise Price); and

(ii) simultaneously with the delivery of the Exercise Certificate, payment to the Company of the Aggregate Exercise Price in accordance with **Section 4(c)** below; provided that, notwithstanding anything to the contrary herein, in no event shall the Exercise Price with respect to any Senior Common Interest be lower than the par value thereof (or equivalent).

(b) Notwithstanding the foregoing, each Holder shall be deemed to have automatically exercised in full (and not in part) all of its unexercised Warrants outstanding pursuant to any Warrant Certificate on the Business Day immediately preceding the earlier of (i) the Expiration Date (unless prior thereto such Holder has provided written notice to the Company of its election not to exercise), and (ii) the effective date of a Qualified IPO (unless prior thereto an Early Redemption election has been made). In the event of an automatic exercise pursuant to this **Section 4(b)**, no Exercise Certificate shall be required (or any other written or oral notice) to be delivered to any Person, and the Holder shall be deemed to have elected to pay the Aggregate Exercise Price pursuant to the payment option described in **Section 4(c)(ii)** below.

(c) Payment of the Aggregate Exercise Price shall be made, at the option of the Holder as expressed in the Exercise Certificate, by any of the following methods:

(i) by delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company, in the amount of such Aggregate Exercise Price; or

(ii) by instructing the Company to withhold a number of units of Senior Common Interests then issuable upon exercise of this Warrant Certificate with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price. In the event of any withholding of Senior Common Interests pursuant to **Section 4(c)(ii)** (solely to the extent of such withholding, a "***Cashless Exercise***") where the number of units of Senior Common Interests whose value is equal to the Aggregate Exercise Price is not a whole number, the number of such units withheld by the Company shall be rounded up to the nearest whole unit and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a Senior Common Interest unit being so withheld by the Company in an amount equal to the product of (x) such incremental fraction of a unit being so withheld multiplied by (y) the Fair Market Value per unit of Senior Common Interest as of the Exercise Date.

(d) With respect to any exercise of any Warrant Certificate by its Holder, upon receipt by the Company of an Exercise Certificate and delivery of the Aggregate Exercise Price, the Company shall, within five (5) Business Days, deliver in accordance with the terms hereof to or upon the order of the Holder that number, or percentage of Senior Common Interests for the portion of such Warrant Certificate so exercised on such date, together with cash in lieu of any fraction of a unit, as provided in **Section 4(e)**. If the Senior Common Interests of the Company are issued in certificated form, the Company shall deliver a certificate or certificates, to the extent possible, representing the number of Senior Common Interests as the exercising Holder shall request in the Exercise Certificate. If the Senior Common Interests of the Company are issued in uncertificated form, the Company shall deliver upon request a confirmation evidencing the issuance and registration of such Senior Common Interests in the share register of the Company. Unless otherwise provided herein, a Warrant Certificate shall be deemed to have been exercised, in whole are in part, as the case may be, and Senior Common Interests shall be deemed to have been issued, and the Holder shall be deemed to have become a holder of record of such Senior Common Interests for all purposes as of the Exercise Date; provided that for purposes of Rule 144 the Holder shall be deemed to be the holder of such Senior Common Interests as of the Issue Date.

(e) The Company shall not be required to issue fractional units of Senior Common Interests upon exercise of any Warrant Certificate. As to any fraction of a Senior Common Interests that the Holder would otherwise be entitled to receive upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one Senior Common Interest unit on the Exercise Date.

(f) A Holder shall not be required to physically surrender its Warrant Certificate to the Company until its Warrant Certificate has been exercised in full by the Holder, at which time, the Holder shall, at the written request of the Company, surrender its Warrant Certificate to the Company for cancellation within three (3) Business Days after the date the final Exercise Certificate is delivered to the Company. Partial exercises of a Warrant Certificate resulting in subscriptions of a portion of the total number or percentages of Senior Common Interests available thereunder shall have the effect of lowering the outstanding number and percentage of Senior Common Interests purchasable pursuant to such Warrant Certificate by an amount equal to the applicable number or percentage of Senior Common Interests purchased. The Holder and the Company shall maintain records showing the number and percentage of Senior Common Interests subscribed for and the date of such purchases. The Holder and any assignee, by acceptance of a Warrant Certificate, acknowledge and agree that, by reason of the provisions of this **Section 4(f)**, following the purchase of a portion of the Senior Common Interests thereunder, the number and percentage of Senior Common Interests available for purchase thereunder at any given time may be fewer than the amount stated on the face of such Warrant Certificate. Notwithstanding the foregoing, to the extent that there are unexpired and unexercised Senior Common Interests remaining under any Warrant Certificate, the Holder may request that, upon its surrender to the Company of such Warrant Certificate, the Company (and the Company shall), at the time of delivery of issuance of the Senior Common Interests being issued in accordance with **Section 4(d)**, deliver to the Holder one or more new Warrant Certificates evidencing the rights of the Holder to subscribe for the unexpired and unexercised Senior Common Interests called for by such surrendered Warrant Certificate. Unless otherwise agreed upon by the Holder in its sole discretion, any such new Warrant Certificate shall in all other respects be identical to the surrendered Warrant Certificate.

(g) The Company shall pay all reasonable expenses, Taxes and other charges payable in connection with the preparation, execution and delivery of certificates evidencing Senior Common Interests, if any, pursuant to this **Section 4**, regardless of the name or names in which such certificates shall be registered. Upon exercise by any Holder of its Warrant Certificate, the Company shall take all necessary action to admit such Holder as a Member and holder of Senior Common Interests in accordance with the terms of the Operating Agreement, and such Holder shall execute the Operating Agreement (or a joinder thereto) and become bound by its terms as a Member and holder of Senior Common Interests.

(h) Notwithstanding any other provision of this Agreement, if an exercise of all or any portion of any Warrant or Warrant Certificate is to be made in connection with a Public Offering, any sale of the Company or all sale of or substantially all assets of the Company and its Subsidiaries (pursuant to a merger, sale of stock, sale of assets or otherwise) or any event or transaction described in **Sections 7**, **8 or 11**(**c**) **hereof**, such exercise may, at the election of the Holder, be conditioned upon the consummation of such event or transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction; provided that, with respect to any automatic exercise of any Warrant pursuant to **Section 4(b)** above in connection with a proposed Qualified IPO, the Company and the Holder hereby agree that such automatic conversion is conditioned upon the consummation of such transaction.

(i) With respect to the exercise of this Warrant Certificate, the Company hereby represents, covenants and agrees:

(i) This Warrant Certificate is, and any Warrant Certificate issued in substitution for or replacement of this Warrant Certificate shall be, upon issuance, duly authorized and validly issued.

(ii) All Senior Common Interests issuable upon the exercise of this Warrant Certificate (or any substitute or replacement Warrant Certificate) pursuant to the terms hereof shall be, upon issuance, and the Company shall take all such actions as may be necessary or appropriate in order that such Senior Common Interests are, validly issued, fully paid, non-assessable and issued without violation of any preemptive or similar rights of any equityholder of the Company, free and clear of all Taxes, Liens and charges.

(iii) The Company shall take all such actions as may be necessary to ensure that all such Senior Common Interests are issued without violation by the Company of any applicable Requirement of Law or Governmental Regulation.

(iv) The Company is a limited liability company duly organized and validly existing under the laws of Delaware and has the capacity and corporate power and authority to enter into this Agreement.

(v) The Company has taken all action required to be taken to authorize the execution, delivery and performance of this Agreement and the Warrant Certificates to be delivered hereunder.

(vi) This Agreement and the Warrant Certificates to be delivered hereunder has been duly executed by the Company.

(vii) The obligations of the Company under this Agreement are legal, valid and binding obligations of the Company, enforceable in accordance with the terms hereof (to the maximum extent permitted by applicable Requirements of Law).

Section 5. *Reservation.* The Company will at all times prior to the Expiration Date reserve and keep available, out of the aggregate of its authorized but unissued Membership Interests, such number of authorized Senior Common Interests solely for the purpose of delivery upon the exercise of the rights represented by the Warrant Certificates, as may at any time be deliverable (based upon the Senior Common Interests and Membership Interests outstanding at any such time) upon the exercise of any Warrant.

Section 6. *Dilution and Protection Against Dilution; Other Covenants of the Company*.

(a) *Dilution and Dilution Protection.* Each Warrant issued pursuant to this Agreement shall entitle the Holder to purchase Senior Common Interests in the Company representing the percentage of total Membership Interests specified in the related Warrant Certificate. None of such Senior Common Interests to be issued upon exercise of any Warrant shall be subject to any dilution for any reason (including, but not limited to, the conversion of any Equity Interests or other securities of the Company into additional Membership Interests of whatever class or series, the issuance of any Equity Interests or other securities of the Company for any purpose, or the consummation of any transaction or event of the type described in **Sections 7**, **8 or 11(c)** hereof) other than (i) the issuance by the Company after the Issue Date of Senior Common Interests issued to a Holder in connection with the exercise of any Warrant, (ii) the issuance of any Senior Common Interests, Common Interests or Preferred Interests to any director, employee or consultant of the Company pursuant to a Company equity-based compensation plan, arrangement or agreement approved by the Board of Directors of the Company, or (iii) the issuance of any Senior Common Interests, Common Interests or Preferred Interests to a Holder or its Affiliates as additional consideration in connection with any debt financing for the Company involving such Holder or its Affiliates, either directly or through the exercise of any warrant or option agreement (each of the issuances described in clauses (i), (ii) and (iii) above being an "***Excluded Issuance***"). Any term or provision hereof to the contrary notwithstanding: (A) any Qualified Private Placement of Borrower Equity Interests (as defined in the Omnibus Amendment) that occurs prior to a Qualified IPO Restructuring (as defined in the Omnibus Amendment) shall be deemed to be a dilutive issuance (and not an Excluded Issuance) for the purposes of this **Section 6(a)**, and, upon giving effect to the related Qualified IPO Restructuring, the Holder shall be entitled to the benefits of this **Section 6(a)** with respect to preserving against dilution its percentage of Equity Interests of the surviving or resulting entity of such Qualified IPO Restructuring issuable upon exercise of this Warrant, as if such deemed dilutive issuance was made by the Company; and (B) in the event that, prior to a Qualified IPO Restructuring, Borrower converts or replaces any of its existing phantom equity compensation plans into or with one or more equity-based compensation plans, arrangements or agreements (each, a "*Borrower Equity Compensation Plan*") any Equity Interests issued pursuant to any such Borrower Equity Compensation Plan shall be deemed to be a dilutive issuance (and not an Excluded Issuance) for the purposes of this **Section 6(a)** to the extent (but only to the extent) the aggregate economic value of the Equity Interests of Borrower issued pursuant to all such Borrower Equity Compensation Plans exceeds the aggregate economic impact of Borrower's phantom equity plans in place as of the Issue Date, and in such case and to such extent, upon giving effect to the related Qualified IPO Restructuring, the Holder shall be entitled to the benefits of this **Section 6(a)** with respect to preserving against dilution its percentage of Equity Interests of the surviving or resulting entity of such Qualified IPO Restructuring issuable upon exercise of the Warrant, as if such deemed dilutive issuance was made by the Company.

(b) *Member Notices.* In the event the Company's obligations under the Credit Agreement are extinguished prior to the Expiration Date, then, for so long as any Warrant shall remain outstanding through the Expiration Date, the Company shall deliver to each Holder a copy of each notice or other information sent to members or other Persons holding any Membership Interests in the Company.

Section 7. *Mergers, Consolidations, Sales.* In the case of any consolidation, amalgamation or merger of the Company with another Person, or the sale of all or substantially all of its assets to another Person, or any reorganization or reclassification of the Equity Interests of the Company, then, as a condition of such consolidation, merger, sale, reorganization or reclassification, lawful and adequate provision shall be made whereby the Holder of any Warrant shall thereafter have the right to receive upon the basis and upon the terms and conditions specified herein and in lieu of the Senior Common Interests immediately theretofore purchasable hereunder, such Equity Interests, shares of stock, securities or assets as may (by virtue of such consolidation, amalgamation, merger, sale, reorganization or reclassification) be issued or payable with respect to or in exchange for the Senior Common Interests for which such Warrant is exercisable immediately prior to such event (collectively, "***Substitute Interests***"), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of such Warrant so that the provisions of this Agreement and the Warrant Certificate applicable to such Warrant shall thereafter be applicable, as nearly as may be, in relation to any Substitute Interests, thereafter deliverable upon exercise of such Warrant. The Company shall not effect any such consolidation, amalgamation, merger or sale, unless prior to or simultaneously with the consummation thereof, the successor entity (if other than the Company) resulting from such consolidation, amalgamation, or merger or the entity purchasing such assets shall assume by written instrument executed and mailed or delivered to the Holder of each Warrant, the obligations set forth in this **Section 7**, as well as each and every other covenant and condition of this Agreement to be performed and observed by the Company and all the obligations and liabilities hereunder, including (without limitation) **Section 6(a)** above. The Company shall give written notice to the Holders of any event contemplated by the first sentence of this **Section 7** at least thirty days prior to such event. Such notice shall set forth in reasonable detail the terms of any such event. Nothing contained in this **Section 7** shall permit a merger, amalgamation, or consolidation or a sale of the assets of the Company otherwise prohibited by the provisions of any other agreement to which the Company and any Holder of a Warrant are a party, including, but not limited to, the Credit Agreement.

Section 8. *Dissolution or Liquidation.* In the event of any proposed distribution of the properties or assets of the Company in connection with a dissolution or liquidation (exclusive, however, of any event or transaction covered by **Section 7**), the Company shall deliver notice thereof to each Holder and shall make no distribution to Members or any other Persons until the expiration of thirty days from the date of mailing of the aforesaid notice and, in any such case, each Holder shall have the right to exercise its purchase rights with respect to its Warrants within sixty days from the date of mailing such notice and all rights herein granted not so exercised within such sixty-day period shall thereafter become null and void.

Section 9. *Certain Rights as a Member.* Except as expressly provided in this Agreement or in the Operating Agreement, no Holder, as such, shall be: (i) entitled to vote, or receive any allocations or distributions on account of, or be deemed the holder of, any Membership Interests or any other Equity Interests of the Company which may at any time be issuable on the exercise hereof for any purpose; (ii) entitled to any of the rights of a Member of the Company or any right to vote upon any matter submitted to the Members at any meeting thereof, or to receive notice of meetings, or to receive allocations, distributions or otherwise, except to the extent such Holder's Warrant Certificate shall have been exercised pursuant to **Section 4** of this Agreement and such Holder shall have executed the Operating Agreement and become bound by its terms as a Member and a holder of Senior Common Interests; or (iii) obligated in respect of any obligations or liabilities of a Member under the Operating Agreement, including (without limitation) any capital contributions or similar obligations of the type described in Section 3.02(b) of the Operating Agreement.

Section 10. *Fully Paid Senior Common Interests; Taxes.* The Company covenants that each Warrant is, and that all Senior Common Interests issued upon exercise of such Warrant, upon payment of the applicable Exercise Price and issue thereof and the Holder of such Warrant having executed the Operating Agreement and becoming bound by its terms as a Member and a holder of Senior Common Interests, will be, validly authorized and issued, fully paid, non-assessable, free of preemptive rights and free from all Taxes and Liens with respect to the issue thereof, except as provided in the Operating Agreement. The Company further covenants and agrees that it will pay when due and payable any and all federal, state and local Taxes (other than income Taxes) which may be payable by the Company in respect of any Warrant or any Senior Common Interests or other Equity Interests or certificates therefor upon the exercise of the Warrant pursuant to the provisions hereof.

Section 11. *Transferability*.

(a) *In General.* Notwithstanding any provision of the Operating Agreement to the contrary, prior to any Holder's exercise in full of all Warrants issued to such Holder hereunder, upon delivery to the Company by the Holder of a duly executed assignment in substantially the form set forth as **Exhibit C** hereto (the "***Assignment***"), each Warrant Certificate shall be transferable, in a transaction exempt from the registration provisions of the Securities Act (or any similar federal statute at the time in effect) and any applicable state securities laws, to any Person to whom a Lender could transfer its interest in a Loan under the Credit Agreement in accordance with the provisions of Section 14.05 thereof; provided, that any such assignment shall be for not less than ten percent (10%) of the Warrants issued to such Holder hereunder unless such assignee is itself a Lender under the Credit Agreement or an Affiliate of a Lender, or is receiving such assignment in connection with becoming Lender under the Credit Agreement. The Holder of each Warrant Certificate, by its acceptance thereof, agrees to sell or otherwise transfer such Warrant Certificate and any Senior Common Interest issuable upon exercise thereof in compliance with all applicable Requirements of Law (and, following the exercise of its Warrants, the Operating Agreement as in effect on the date hereof). Upon a permitted assignment of a Warrant Certificate, the original assigned Warrant Certificate shall be surrendered at the principal office of the Company and the Company shall issue one or more new Warrant Certificates as provided in such Assignment.

(b) *Restrictive Legend.* Each Warrant Certificate shall bear on the face thereof a legend substantially in the form set forth on the first page of the form of Warrant Certificate attached hereto as **Exhibit A**.

(c) *Tag Along and Drag Along Rights.* The Company shall deliver to the Holder of each Warrant a copy of any "Drag Along Exercise Notice" or "Sale Notice" (each, as defined in the Operating Agreement as in effect on the date hereof) received by the Company pursuant to Section 6.02 and 6.04 (as applicable) of the Operating Agreement as in effect on the date hereof, following which such Holder shall have the following rights and obligations:

(i) If the Drag Along Right is applicable, the Holder of each Warrant and the Senior Common Interest issuable thereunder shall be subject to the provisions of Section 6.02 of the Operating Agreement as in effect on the date hereof, with such Warrant being deemed exercised effective immediately prior to the closing of the transaction.

(ii) If the Tag Along Right is applicable, the Holder may elect to exercise such Warrants and participate in the sale to the third party as set forth in Section 6.04 of the Operating Agreement by exercising such Warrants and delivering notice in accordance with 6.04 of the Operating Agreement.

(d) *Early Redemption.* Upon the occurrence of a Redemption Event, a Holder may, at its option exercised by delivery of written notice to the Company within thirty (30) days of written notification from the Company of such Redemption Event (a "***Redemption Notice***"), ***elect*** to terminate its Warrant Certificate (in whole and not in part) and demand a redemption of the then unexercised portion of such Holder's Warrants (an "***Early Redemption***"). Upon any such Holder's election to cause an Early Redemption the Company shall be obligated to pay to such Holder, in full satisfaction of the Company's obligations hereunder, such Holder's pro rata share of the Redemption Amount (determined on the basis of such Holder's pro rata share of all Warrants originally issued hereunder); provided that, to the extent such Holder has timely exercised any of its Warrants in part (and not in whole) prior to its exercise of its Early Redemption election, the Redemption Amount payable to such Holder shall be prorated to reflect the proportionate share of such Holder's Warrants that remain unexercised. The Redemption Amount shall be payable in cash, by wire transfer of immediately available funds to the account of the Holder electing such Early Redemption, within ten (10) Business Days following the date of delivery of the Redemption Notice by the Holder. To the extent the Redemption Amount is not paid in full when due, the unpaid portion thereof shall accrue interest at a rate of 11.75% per annum until paid in full.

Section 12. *Rule 144 Compliance.* At all times after the effectiveness of any Public Offering of the Company's Equity Interests, with a view to making available to the Holders the benefits of Rule 144 under the Securities Act and any other rule or regulation of the SEC that may at any time permit a holder to sell securities of the Company to the public without registration or pursuant to a Registration Statement, the Company shall:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) use reasonable commercial efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to the Holder so long as the Holder owns Equity Interests of the Company not covered for sale pursuant to a Registration Statement, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company as such holder may reasonably request in connection with the sale of Equity Interests of the Company, without registration.

Section 13. *Definitions*.

(a) Unless otherwise defined herein, capitalized terms used in this Agreement have the meanings ascribed to such terms in the Credit Agreement (as in effect on the date hereof).

(b) The following terms have the following meanings: "*Agent*" has the meaning ascribed thereto in the recitals of this Agreement.

"*Agreement*" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"*Aggregate Exercise Price*" means, with respect to any exercise of any Warrant for Senior Common Interests, an amount equal to the product of (i) the number of units of Senior Common Interests in respect of which such Warrant is then being exercised pursuant to **Section 4**, multiplied by (ii) the Exercise Price.

"*Assignment*" has the meaning ascribed thereto in **Section 11(a)**.

"*Board of Directors*" means the board of directors (or equivalent governing body) of the Company.

"*Cashless Exercise*" has the meaning ascribed thereto in **Section 4(c)** of this Agreement. "*Common Interest*" has the meaning ascribed thereto in the Operating Agreement. "*Company*" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"*Credit Agreement*" has the meaning ascribed thereto in the recitals of this Agreement.

"*Drag Along Right*" has the meaning ascribed thereto in the Operating Agreement.

"*Early Redemption*" has the meaning ascribed thereto in **Section 11(d)**.

"*Equity Interest*" has the meaning ascribed thereto in the Credit Agreement (as in effect on the date hereof).

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Exercise Certificate*" has the meaning ascribed thereto in **Section 4(a)(i)** of this Agreement.

"*Exercise Price*" means a price per unit of Senior Common Interests equal to $0.01.

"*Expiration Date*" has the meaning ascribed thereto in **Section 4(a)** of this Agreement.

"*Fair Market Value*" means, as of any particular Business Day and with respect to any Membership Interests, the fair market value per unit of any such Membership Interest as determined by the Board of Directors in good faith, subject to **Section 21(b)**.

"*Holder*" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"*Issue Date*" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"*Manager*" has the meaning ascribed thereto in the Operating Agreement.

"*Member*" has the meaning ascribed thereto in the Operating Agreement.

"*Membership Interest*" has the meaning ascribed thereto in the Operating Agreement.

"*Non-Qualified Reorganization*" means a Qualified Reorganization (as defined in the Operating Agreement) pursuant to or as a result of which the Holders, after giving effect to the implementation of clauses (a) and (b) of Section 3.05(c)(iv) of the Operating Agreement in connection with such Qualified Reorganization, would fail to hold beneficially and of record Equity Interests of the Company (or its successor, survivor, transferee or assign resulting from such Qualified Reorganization) aggregating at least 4.5% of all issued and outstanding common Equity Interests of such Person, determined on a fully diluted basis, immediately prior to the consummation of the Public Offering contemplated in connection with such Qualified Reorganization.

"*Omnibus Amendment*" means the Omnibus Amendment No. 1, dated as of the date hereof, among MonoSol Rx, LLC (to be renamed Aquestive Therapeutics, Inc. upon consummation of the Conversion Transaction referred to therein), the Lenders party thereto and Perceptive Credit Holdings, LP, as administrative agent and collateral agent.

"*Operating Agreement*" means the Limited Liability Company Agreement of Aquestive Partners, LLC, dated as of January 1, 2018, as it may be amended from time to time in accordance with its terms and in accordance with the terms hereof.

"*Redemption Amount*" means, at all times prior to the first anniversary of the Issue Date, $3,000,000, and at all times on or after the first anniversary of the Issue Date, $5,000,000.

"*Redemption Event*" means (i) the occurrence of any Non-Qualified Reorganization, (ii) any consolidation, amalgamation or merger of the Company with another Person, or the sale of all or substantially all of the Company's assets or properties to another Person, or any reorganization or reclassification of the Equity Interests of the Company, (iii) any distribution of the properties or assets of the Company in connection with a dissolution or liquidation of the Company, (iv) any transaction or event as a result of which any Holder or any of its Warrants would be subject to Section 6.02 of the Operating Agreement, or (v) any other transaction or event that would require or cause any Warrants to be exercised (or deemed be exercised).

"*Redemption Notice*" has the meaning ascribed thereto in **Section 11(d)**.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*SEC*" means the Securities and Exchange Commission or any successor thereto.

"*Senior Common Interest*" has the meaning ascribed thereto in the Operating Agreement.

"*Substitute Interests*" has the meaning ascribed thereto in **Section 7** of this Agreement.

"*Tag Along Right*" means the right of any Holder to participate in the transfer of Membership Interests of the Company pursuant to the terms and provisions of Section 6.04 of the Operating Agreement.

"*Warrant Certificate*" has the meaning ascribed thereto in **Section 1** of this Agreement and shall include any replacement, alternative or substitute Warrant Certificates delivered pursuant to **Sections 4**(**1**), **11**(**a**) or **14**.

"*Warrant Register*" has the meaning ascribed thereto in **Section 3** of this Agreement.

"*Warrant*" has the meaning ascribed thereto in the recitals of this Agreement.

Section 14. *No Impairment*.

(a) The Company shall not, by way of amendment, waiver, consent or other modification of the Operating Agreement or its bylaws (or equivalent), through any resolution of its Board of Directors, by way of any voting or similar agreement, through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, through any other voluntary action, or otherwise, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it under this Agreement, or seek to diminish, impair or adversely affect any rights or benefits of the Holders hereunder, but shall instead at all times in good faith assist in the carrying out of all the provisions of this Agreement, including the taking of all such actions as may reasonably be requested by a Holder in order to protect such Holder's exercise rights and liquidation priority of such Holder, redemption rights, rights against dilution and other rights hereunder, consistent with the tenor and purpose of this Agreement.

(b) Any term or provision of the Operating Agreement to the contrary notwithstanding, the Company shall not, without the prior written consent of the majority of all Holders (determined on a fully diluted basis), (i) alter or change the rights, preferences or privileges of the Senior Common Interests so as to adversely affect the Senior Common Interests or any holder thereof (determined on a fully-diluted basis), or (ii) alter, amend, adopt or repeal any provision of the Operating Agreement or any by-laws (or equivalent), voting agreements or similar arrangements of the Company in a manner that adversely affects the Senior Common Interests or holders of the Senior Common Interests.

(c) Notwithstanding anything to the contrary set forth in this **Section 14**, the Company shall be free at any time to authorize or issue, or obligate itself to issue, any other Equity Interests, other than Disqualified Equity Interests (including any Equity Interests convertible into or exchangeable for any other securities), having a preference over, or being on a parity with, the Senior Common Interests with respect to voting, dividends, redemption, conversion or liquidation; provided, that the preference of the Senior Common Interests over the Common Interests set forth in the Operating Agreement is maintained, subject in any such case to **Section 6** hereof.

Section 15. *Lost, Stolen Warrant Certificates, Etc.* In case any Warrant Certificate shall be mutilated, lost, stolen or destroyed, the Company may issue a new Warrant Certificate of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of the mutilated Warrant Certificate, or in lieu of the Warrant Certificate lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft or destruction of such Warrant Certificate, and with respect to a lost, stolen or destroyed Warrant Certificate, reasonable indemnity or bond with respect thereto, if requested by the Company; in each case, such bond and indemnity to be in form and substance reasonably satisfactory to the Company.

Section 16. *Severability.* Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect.

Section 17. *Notices.* All communications provided for hereunder shall be in writing and, if to the Holder of any Warrant or Senior Common Interests issued thereunder, delivered or mailed prepaid by registered or certified mail or overnight air courier, or by facsimile communication, in each case addressed to the address of such Holder appearing in the Warrant Register (in the case of the initial Holder of the Warrants evidenced by the Warrant Certificates issued hereunder) or such other address as such Holder or any subsequent Holder of any Warrant evidenced by the Warrant Certificates issued hereunder or any such Senior Common Interests may designate to the Company in writing, and if to the Company, delivered or mailed by registered or certified mail or overnight air courier, or by facsimile communication, in each cased addressed to the address of the Company appearing in the Credit Agreement, or to such other address as the Company may in writing designate to any such Holder; provided that a notice to any Holder of a Warrant or any Senior Common Interests issued hereunder by facsimile communication shall only be effective if confirmed by transmission of a copy thereof by prepaid overnight air courier, or, in either case, as any such Holder may designate to the Company in writing.

Section 18. *GOVERNING LAW.* THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 19. *SUBMISSION TO JURISDICTION; WAIVER OF VENUE; WAIVER OF JURY TRIAL*. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE REQUIREMENTS OF LAW, EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY WARRANT CERTIFICATE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURTS OR, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE REQUIREMENTS OF LAW, IN SUCH FEDERAL COURTS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE REQUIREMENTS OF LAW, EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY WARRANT CERTIFICATE SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY WARRANT CERTIFICATE IN THE COURTS OF ANY OTHER JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY WARRANT CERTIFICATE IN ANY COURT REFERRED TO IN THIS SECTION, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO H EREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY ACTION, CLAIM OR PROCEEDING ARISING OR RELATING TO THIS AGREEMENT, ANY WARRANT CERTIFICATE OR THE TRANSACTIONS CONTEMPLATED BY ANY OF THE FOREGOING.

Section 20. *Captions.* The descriptive headings of the various sections of this Agreement are for convenience only and shall not affect the meaning or construction of the provisions hereof.

Section 21. *Exercise of Remedies; Dispute Resolution, Etc.*

(a) In the event that the Company shall fail to observe any provision contained in this Agreement or any Warrant Certificate, the Holder of any Warrant issued hereunder may enforce its rights hereunder by suit in equity, by action at law, or by any other appropriate proceedings in aid of the exercise of any power granted in this Agreement and, without limiting the foregoing, such Holder shall be entitled to make application for a decree for specific performance and to such other and further relief as such court may decree.

(b) In the case of any dispute as to the determination of the amount, percentage or number of units of any Senior Common Interests or other Membership Interests issuable upon exercise of any Warrant, the calculation of the Aggregate Exercise Price, the determination of Fair Market Value, the calculation of the Redemption Amount (or any Holder's proportionate share of the Redemption Amount) or any other computation or valuation required to be made hereunder or in connection with any Warrant, in the event the Holder, on the one hand, and the Board of Directors or the Company, on the other hand, are unable to settle such dispute within five (5) Business Days, then either party may elect to submit the disputed matter(s) for resolution by KPMG or another firm as may be mutually agreed upon by the Holder and the Board of Directors. Such firm's determination of such disputed matter(s) shall be binding upon all parties absent demonstrable error, and the Company and the Holder shall each pay one half of the fees and costs of such firm.

Section 22. *Successors and Assigns.* This Agreement shall be binding upon each of the Company and each Holder of a Warrant Certificate and each of their permitted respective successors and assigns.

Section 23. *Amendments.* This Agreement and the Warrant Certificates may only be amended or modified, and any provision hereof may only be waived, by an instrument in writing signed by the Company and agreed or consented to by the Holder.

Section 24. *Survival.* The provisions of this Agreement which by their terms or context are to remain applicable after the exercise of each Warrant shall survive the exercise hereof; *provided* that, following the exercise in full by a Holder of its Warrant pursuant to **Section 4** of this Agreement and such Holder having executed the Operating Agreement and become bound by its terms as a Member and a holder of Senior Common Interests, the provisions of Sections 4, 6, 7, 8 and 11 shall be of no further force and effect with respect to such Holder or the Company.

Section 25. *No Third Party Beneficiaries.* Except as expressly provided herein, there are no third party beneficiaries, expressed or implied, of this Agreement.

Section 26. *Entire Agreement.* This Agreement constitutes the entire agreement of the Company and the Holder (and each of its successors and assigns) with respect to the subject matter hereof, and supersedes all prior oral and written agreements concerning or relating to the subject matter hereof.

[Document continues with signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representative as of the date first written above.

AQUESTIVE PARTNERS, LLC

By: /s/ John Maxwell

Name: John Maxwell
Title: CFO

[Signature Page to Warrant Certificate and Agreement]

PERCEPTIVE CREDIT HOLDINGS, LP

By Perceptive Credit Opportunities GP, LLC, its general partner

By: /s/ Sandeep Dixit
Name: Sandeep Dixit
Title: Chief Credit Officer

By: /s/ Sam Chawla
Name: Sam Chawla
Title: Portfolio Manager

[Signature Page to Warrant Certificate and Agreement]

SCHEDULE OF HOLDERS

Warrant Holders	Number of Senior Common Interests Issuable Upon Exercise	Percentage of Membership Interests in Company Represented by Senior Common Interests
Perceptive Credit Holdings, LP	11,625,437	4.5%
TOTAL:	100%	

FORM OF WARRANT CERTIFICATE

NEITHER THIS WARRANT CERTIFICATE NOR THE SECURITIES UNDERLYING THIS WARRANT CERTIFICATE HAVE BEEN THE SUBJECT OF REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER APPLICABLE STATE SECURITIES LAWS. THIS WARRANT CERTIFICATE HAS BEEN TAKEN BY THE REGISTERED OWNER FOR INVESTMENT PURPOSES ONLY AND NOT WITH A CURRENT VIEW TOWARD RESALE OR DISTRIBUTION HEREOF. THIS WARRANT CERTIFICATE MAY NOT BE TRANSFERRED OR DISPOSED OF TO ANY NON-AFFILIATE OF THE HOLDER WITHOUT AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER HEREOF THAT SUCH TRANSFER OR DISPOSITION DOES NOT VIOLATE THE SECURITIES ACT, THE RULES AND REGULATIONS THEREUNDER, OR APPLICABLE STATE SECURITIES LAWS. IN CONNECTION WITH COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, NO EXERCISE, TRANSFER OR DISPOSITION OF THIS WARRANT OR THE SECURITIES UNDERLYING THIS WARRANT CERTIFICATE SHALL BE MADE UNLESS THE CONDITIONS SPECIFIED HEREIN ARE SATISFIED.

Warrant Certificate No. _____
Issue Date: _____
Percentage of Aggregate Membership Interests: _____

WARRANT CERTIFICATE

Reference is made to that certain Warrant Certificate and Agreement, dated as of January 1, 2018 (as amended or otherwise modified, the "***Warrant Agreement***"), among Aquestive Partners, LLC (the "***Company***") and each holder listed on **Schedule A** of the Warrant Agreement (together with their permitted transferees and assigns, the "***Holders***"). Unless otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Warrant Agreement.

This Warrant Certificate certifies that _____, or its successors, is the registered holder of a Warrant (the "***Warrant***") entitling such holder to purchase Senior Common Interests of the Company representing ____% of the aggregate issued and outstanding Membership Interests of the Company (determined on a fully-diluted basis as of the date of exercise of the Warrant). Exercise of the Warrant shall be subject to delivery of an Exercise Certificate, at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Warrant Agreement. The number of units of Senior Common Interests issuable upon exercise of the Warrant is subject to anti-dilution protections as set forth in the Warrant Agreement.

The Warrant evidenced by this Warrant Certificate is part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, the terms and provisions of which are incorporated herein by reference in and made a part of this instrument and are hereby referred to for a description of the rights, limitation of rights, obligations, duties, and immunities thereunder of the Company and the holders (the words "*holders*" or "*holder*" meaning the registered holders or registered holder) of the Warrant. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company.

The Warrant evidenced by this Warrant Certificate shall only be exercisable at the times and subject to the satisfaction of the conditions on exercise set forth in **Section 4** of the Warrant Agreement.

This Warrant Certificate, when surrendered at the office of the Company by the registered holder thereof may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing one or more Warrants that would allow for the purchase of Senior Common Interests that, in the aggregate, represent the percentage of the aggregate issued and outstanding Membership Interests eligible to be purchased pursuant to this Warrant Certificate immediately prior to such exchange.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary (unless in writing by the registered holder hereof). Exempt as expressly provided in the Warrant Agreement, neither the Warrant nor this Warrant Certificate entitles any holder hereof to any rights of an equity holder of the Company.

IN WITNESS WHEREOF, this Warrant Certificate is duly executed on behalf of _____as of the _____ day of _____, 201__.

AQUESTIVE PARTNERS, LLC

By: _____
Name:
Title:

FORM OF EXERCISE CERTIFICATE

AQUESTIVE PARTNERS, LLC

Reference is made to Warrant Certificate No. [_____] (the "***Warrant Certificate***"), issued pursuant to that certain Warrant Certificate and Agreement, dated as of January 1, 2018 (as amended or otherwise modified, the "***Warrant Agreement***"), between AQUESTIVE PARTNERS, LLC and [Name(s) of Holder(s)]. Unless otherwise defined, capitalized terms used herein have the meanings ascribed thereto in the Warrant Agreement.

The undersigned, _____, pursuant to the provisions of the Warrant Agreement and the Warrant Certificate, hereby elects to purchase [[_____] units of Senior Common Interests][a number of units of Senior Common Interests equal to [__%] of the aggregate issued and outstanding Membership Interests of the Company, determined on a fully-diluted basis as of the date hereof].

The undersigned further elects to make payment of the Aggregate Exercise Price for the Senior Common Interests it is electing to purchase pursuant to this Exercise Certificate by the following method:

(Check all that apply):

(check if applicable) The undersigned hereby elects to make payment of the Aggregate Exercise Price of [_____ Dollars ($[_____)] for [([_____)] Senior Common Interests using the method described in **Section 4(c)(i)** of the Warrant Agreement.

_____ (check if applicable) The undersigned hereby elects to make payment of the Aggregate Exercise Price of [[_____ Dollars ($[_____)] for [([_____)] Senior Common Interests using the method described in **Section 4(c)(ii)** of the Warrant Agreement.

_____ (check if applicable) The undersigned hereby elects to make payment of the Aggregate Exercise Price of [_____ Dollars ($[_____)] for [([_____)] Senior Common Interests using the method described in **Section 4(c)(iii)** of the Warrant Agreement.

The undersigned hereby directs that the Senior Common Interests being purchased pursuant hereto be registered as follows:

NAME	ADDRESS

By signing below, the undersigned agrees to become a Member in the Company on the terms and conditions of the Operating Agreement.

Taxpayer ID _____

Signature: _____

Address: _____

Dated: _____

EXHIBIT C
to Warrant Certificate

[FORM OF WARRANT ASSIGNMENT]

Dated: _____

Reference is made to that certain Warrant Certificate and Agreement, dated as of January 1, 2018 (as amended or otherwise modified, the "***Warrant Agreement***"), among Aquestive Partners, LLC (the "***Company***") and each holders listed on **Schedule A** of the Warrant Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Warrant Agreement.

The undersigned is the holder (in such capacity, the "**Holder**") of a Warrant Certificate issued by the Company pursuant to the Warrant Agreement, bearing Warrant Certificate No. [___] (the "***Warrant Certificate***"), entitling the Holder to purchase a number of units of Senior Common Interests of the Company representing [___]% of the aggregate Membership Interests of the Company (determined on a fully-diluted basis).

FOR VALUE RECEIVED, the Holder hereby sells, assigns and transfers to [NAME OF ASSIGNEE] (the "***Assignee***") the right to acquire [all Senior Common Interests entitled to be purchased upon exercise of the Warrant Certificate [___] units of Senior Common Interests entitled to be purchased upon exercise of the Warrant Certificate, representing __% of the aggregate Membership Interests of the Company (determined on a fully-diluted basis)]. In furtherance of the foregoing assignment, the Holder hereby irrevocably instructs the Company to (i) memorialize such assignment on the Warrant Register as required pursuant to **Section 3** of the Warrant Agreement, and (ii) pursuant to **Section 11(a)** of the Warrant Agreement, execute and deliver to the Assignee [and the Holder] [a new Warrant Certificate][new Warrant Certificates] reflecting the foregoing assignment ([each] a "***Substitute Warrant Certificate***").

The Assignee acknowledges and agrees that its Substitute Warrant Certificate and the Senior Common Interests to be issued upon exercise thereof are being acquired for investment and that the Assignee will not offer, sell or otherwise dispose of its Substitute Warrant Certificate or any Senior Common Interests to be issued upon exercise or conversion thereof, except under circumstances which will not result in a violation of the Securities Act or any applicable state securities laws. The Assignee represents and warrants for the benefit of the Company that the Assignee is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended.

The Assignee acknowledges and agrees that a restrictive legend shall be applied to the Assignee's Substitute Warrant Certificate substantially consistent with the legend described and referenced in **Section 11(b)** of the Warrant Agreement.

[SIGNATURE PAGE FOLLOWS]

[Name of Holder]

By _____
Name:
Title:

Accepted and agreed,

[NAME OF ASSIGNEE]

By _____
Name:
Title:

Exhibit 4.3

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of June 24, 2018 (the "Effective Date"), is by and among Aquestive Therapeutics, Inc., a Delaware corporation (the "Corporation"), Aquestive Partners, LLC, a Delaware limited liability company ("APL"), the holders of membership interests of APL (the "Membership Interests") that are signatories hereto (each, a "Member", and collectively, the "Members"), the members of the board of directors of APL (the "Directors"), and each of the other holders of Registrable Securities who at any time become a party hereto (the "Other Holders"). Except as otherwise indicated herein, capitalized terms used herein are defined in Section 8 hereof.

RECITALS

A. The Corporation currently contemplates conducting an initial Public Offering of the Corporation's common stock (an "Initial Public Offering").

B. APL is the owner of the voting common stock of the Corporation. In the event of an Initial Public Offering, the voting common stock of the Corporation owned by APL (the "Distributed Shares") shall be distributed to the Members immediately prior to the Initial Public Offering (the "Distribution").

C. In connection with the proposed Initial Public Offering, the parties hereto wish to agree upon certain registration rights with respect to: (i) the Distributed Shares; and (ii) the non-voting common stock of the Corporation beneficially owned as of the Effective Date by certain Affiliates of the Members, Affiliates of APL, and other Persons which non-voting common stock of the Corporation will be converted into voting common stock of the Corporation immediately preceding the proposed Initial Public Offering.

D. In consideration of the agreements set forth herein, and in contemplation of the proposed Initial Public Offering, the Corporation has agreed to provide the registration rights set forth in this Agreement.

NOW, THEREFORE, in consideration of the agreements and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, and in contemplation of the proposed Initial Public Offering, the parties to this Agreement intending to be legally bound hereby agree as follows:

1. Demand Registrations.

(a) Series A-3 Demand Registration. At any time after 180 days after the date of consummation of an Initial Public Offering: (i) the holders of Registerable Securities representing at least 40% of the Registrable Securities into which the Series A-3 Preferred Interests have been converted in the Distribution (the "Series A-3 Registrable Securities") may request one registration under the Securities Act of all or any portion of their Registerable Securities on Form S-1 or any similar long-form registration (a "Long-Form Registration"); and (ii) the holders of at least 50% of the Series A-3 Registrable Securities may request one registration under the Securities Act of all or any portion of their Registerable Securities on Form S-3 (including for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act) or any similar short-form registration (a "Short-Form Registration"), if available for use by the Corporation, in each twelve month period, in the case of clauses (i) and (ii) above; provided that all registrations requested pursuant to this Section 1(a) (each, a "Series A-3 Demand Registration") shall be Short-Form Registrations whenever the Corporation is permitted to use any applicable short form; provided further that the anticipated gross proceeds in connection with any such demand request under this Section 1(a) (each, a "Series A-3 Demand Request") exceeds $5 million. Each Series A-3 Demand Request shall specify the approximate number of Registerable Securities requested to be registered, the anticipated method or methods for distribution and the anticipated per share price range for such offering. Within 10 days after receipt of any such Series A-3 Demand Request, the Corporation shall give written notice of such requested registration to all other holders of Series A-3 Registrable Securities and the Corporation shall include (subject to the provisions of this Agreement) in such registration all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within 10 days after the delivery of the Corporation's notice; provided that any such holder of Series A-3 Registrable Securities may withdraw its request for inclusion at any time prior to executing the underwriting agreement or, if none, prior to the applicable registration statement becoming effective.

(b) Series A-2 Demand Registration. At any time after 180 days after the date of consummation of an Initial Public Offering: (i) the holders of Registerable Securities representing at least 40% of the Registrable Securities into which the Series A-2 Preferred Interests have been converted in the Distribution (the "Series A-2 Registrable Securities") may request one Long Form Registration; and (ii) the holders of at least 50% of the Series A-2 Registrable Securities may request one Short Form Registration, if available for use by the Corporation, in each twelve month period, in the case of clauses (i) and (ii) above; provided that all registrations requested pursuant to this Section 1(b) (each, a "Series A-2 Demand Registration") shall be Short-Form Registrations whenever the Corporation is permitted to use any applicable short form; provided further that the anticipated gross proceeds in connection with any such demand request under this Section 1(b) (each, a "Series A-2 Demand Request") exceeds $20 million. Each Series A-2 Demand Request shall specify the approximate number of Registerable Securities requested to be registered, the anticipated method or methods for distribution and the anticipated per share price range for such offering. Within 10 days after receipt of any such Series A-2 Demand Request, the Corporation shall give written notice of such requested registration to all other holders of Series A-2 Registrable Securities and the Corporation shall include (subject to the provisions of this Agreement) in such registration all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within 10 days after the delivery of the Corporation's notice; provided that any such holder of Series A-2 Registrable Securities may withdraw its request for inclusion at any time prior to executing the underwriting agreement or, if none, prior to the applicable registration statement becoming effective. The registration rights set forth in this Section 1(b) shall terminate on July 31, 2018.

(c) Demand Registrations. The Corporation shall use its reasonable best efforts to: (i) prepare and file with the Securities and Exchange Commission, and cause to be declared effective, the appropriate registration statement(s) in respect of such Demand Registrations as soon as practicable thereafter; and (ii) take all other actions to cause such Demand Registrations to be consummated. Each Demand Registration may, at the election of the holders of Registerable Securities making the Demand Request, be undertaken through an underwritten offering process. A registration statement shall not count as a Long-Form Registration or a Short-Form Registration requested under Section 1(a) or Section 1(b) unless and until it has become effective and the holders requesting such registration are able to register and sell at least 80% of the Registrable Securities requested to be included in such registration.

(d) Priority on Demand Registrations. The Demand Registration rights provided for in Section 1 shall be subject to the right of the Corporation and the underwriters, in view of market conditions and in their reasonable and good faith opinion, to reduce the number of securities proposed to be registered in any offering; provided that to the extent any holder of Series A-3 Registrable Securities or Series A-2 Registrable Securities, as applicable, requests to participate in a Demand Registration, such holder's Registrable Securities shall not be reduced until all of the Registrable Securities of the other holders of Series A-3 Registrable Securities or Series A-2 Registrable Securities, as applicable, are reduced on the same pro rata basis, and the Registrable Securities of all other holders requested to be registered in connection with such Demand Registration, if any, are reduced in accordance with Section 2(b).

(e) Restrictions on Demand Registrations. The Corporation shall not be obligated to file any Short-Form Registration in connection with any Demand Request if the holders of Registerable Securities were provided the opportunity to participate in two or more Piggyback Registrations within the preceding twelve-month period. The Corporation may postpone for up to 180 days the filing or the effectiveness of a registration statement for a Demand Registration if the Corporation determines in its good faith judgment that such Demand Registration would reasonably be expected to have a material adverse effect on any proposal or plan by the Corporation or any of its subsidiaries to acquire financing, engage in any acquisition of assets (other than in the ordinary course of business), or engage in any merger, consolidation, tender offer, reorganization, or similar material transaction. The Corporation may delay a Demand Registration hereunder only once in any 12-month period; provided, that in such event the holders requesting such registration shall be entitled to withdraw such request and, if such request for a Demand Registration is withdrawn, such Demand Registration shall not count as one of the permitted Demand Registrations hereunder and the Corporation shall pay all registration expenses in connection with such registration.

(f) Inapplicability of Demand Registration Rights. The registration rights set forth in this Section 1 shall not apply to securities which may be sold pursuant to Rule 144 under the Securities Act after the Corporation has completed an Initial Public Offering without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1).

2. Piggyback Registrations.

(a) Right to Piggyback. Whenever the Corporation proposes to register any of its equity securities (including any proposed registration of the Corporation's equity securities by any third party) under the Securities Act (other than in connection with registrations on Form S-4, S-8 or any successor or similar forms) and the registration form to be used may be used for the registration of Registerable Securities (each, a "Piggyback Registration"), the Corporation shall give prompt written notice (in any event no later than 45 days prior to filing such Piggyback Registration) to all holders of Registerable Securities of its intention to effect such a registration and of such holders' rights under this Section 2(a). In connection with: (i) any Demand Registration; and (ii) otherwise upon the written request of either (A) the holders of at least 50% of the Series A-3 Registrable Securities or (B) the holders of at least 50% of the Series A-2 Registrable Securities (each of which request must specify the Registerable Securities intended to be included by such holders in such registration), then in each such case of clause (i) or (ii) above, the Corporation shall include in such registration (subject to the provisions of this Agreement) all Registerable Securities requested to be registered pursuant to this Section 2(a) by such holders, together with Registrable Securities requested to be registered pursuant to this Section 2(a) from all other holders of Registrable Securities (which request must specify the Registerable Securities intended to be included by such holders in such registration), subject to Sections 2(b) and 2(c) below, with respect to which the Corporation has received written requests for inclusion therein within 20 days after the receipt of the Corporation's notice. A Piggyback Registration shall not be considered a Demand Registration for purposes of Section 1.

(b) Priority on Piggyback Registrations. The Piggyback Registration rights provided for in this Section 2 shall be subject to the right of the Corporation and the underwriters, in view of market conditions and in their reasonable and good faith opinion, to reduce the number of securities proposed to be registered in any offering; provided that to the extent any holder of Registerable Securities requests to participate in a Piggyback Registration, then, subject to Section 1(d), the shares of Registrable Securities to be included by the Corporation in such Piggyback Registration shall be allocated as follows:

(i) first, all securities proposed to be sold by the Corporation, if such registration is one that is an underwritten Public Offering initiated by the Corporation for its own account;

(ii) second, all Registrable Securities requested to be included in such Piggyback Registration (A) pursuant to Section 1(a) and/or Sections 2(a)(i) and (ii) (the "Demand Holders") and (B) pursuant to Section 2(a) by the Other Priority Holders, pro rata among such Demand Holders and Other Priority Holders on the basis of the percentage of the Registrable Securities requested to be included in such Piggyback Registration by such holders; and

(iii) third, all other Registrable Securities requested to be included in such Piggyback Registration pursuant to Section 2(a) pro rata among such holders on the basis of the percentage of the Registrable Securities requested to be included in such offering by such holders ("Other Holders");

provided that any holder of Piggyback Registration rights under Section 2(a) may withdraw his, her or its request for inclusion in such Piggyback Registration at any time prior to executing the underwriting agreement or, if none, prior to the applicable registration statement becoming effective.

(c) Other Registrations. The Piggyback Registration rights provided for in this Section 2 shall not apply to securities which may be sold pursuant to Rule 144 under the Securities Act without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1). If the Corporation has previously filed a registration statement with respect to Registerable Securities pursuant to Section 1 or pursuant to this Section 2, and if such previous registration has not been withdrawn or abandoned, then the Corporation shall not be required to file or cause to be effected any other registration of any of its equity securities or securities convertible or exchangeable into or exercisable for its equity securities under the Securities Act (except on Form S-8 or any successor form), whether on its own behalf or at the request of any holder or holders of such securities, until a period of at least 180 days has elapsed from the effective date of such previous registration.

3. Holdback Period; Lockup Agreements.

(a) Prohibited Actions during Holdback Period. Each holder of Registerable Securities agrees that in connection with any Demand Registration or Piggyback Registration that is an underwritten Public Offering of the Corporation's equity securities, from the date on which the Corporation gives written notice to the holders of Registerable Securities that a registration statement becomes effective for such underwritten Public Offering to the date that is up to 180-days following the date of the final prospectus for such underwritten Public Offering (each such period, a "Holdback Period"), he, she or it shall not without the prior written consent of the underwriter: (1) offer, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of), or require the Corporation to file with the Securities and Exchange Commission a registration statement under the Securities Act, to register, any shares of the Corporation's equity securities or any securities convertible into or exercisable or exchangeable for the Corporation's equity securities or warrants or other rights to acquire shares of the Corporation's equity securities of which the holder of Registerable Securities is now, or may in the future become, the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (such shares, securities, warrants or rights collectively, the "Restricted Securities"), (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic benefits or risks of ownership of such Restricted Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of the Corporation's equity securities or other securities, in cash or otherwise, or (3) publicly disclose the intention to enter into any transaction described in clause (1) or (2) above. Each holder of Registerable Securities also agrees and consents to the entry of stop transfer instructions with the Corporation's transfer agent and registrar against the transfer of Restricted Securities owned either of record or beneficially by the holder of Registerable Securities except in compliance with the foregoing restrictions. The foregoing provisions of this Section 3(a) shall not apply to Registrable Securities that are otherwise subject to a lock-up agreement contemplated by Section 3(b) and shall be applicable to the holders of Registrable Securities only if all officers and directors of the Corporation and all Members, Affiliates of Members and Other Holders owning more than 10% of the Corporation's outstanding common stock are subject to the same restrictions.

(b) Lockup Agreements, etc. In connection with any underwritten Public Offering of the Corporation's equity securities, each holder of Registerable Securities agrees to enter into any holdback, lockup or similar customary agreement in customary forms as may be reasonably requested by the underwriters managing such underwritten Public Offering.

4. Registration Procedures. Whenever the holders of Registerable Securities have requested that any Registerable Securities be registered pursuant to this Agreement, the Corporation shall use reasonable best efforts to effect the registration and the sale of such Registerable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Corporation shall as expeditiously as possible:

(a) prepare and file with the Securities and Exchange Commission a registration statement with respect to such Registerable Securities and use reasonable best efforts to cause such registration statement to become effective as soon as practicable thereafter, in each case in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder;

(b) notify in writing each holder of Registerable Securities of the effectiveness of each registration statement filed hereunder and prepare and file with the Securities and Exchange Commission such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) within a reasonable time before filing such registration statement, prospectus or amendments, post-effective amendment or supplements thereto with the Securities and Exchange Commission, furnish to counsel selected by holders requesting such registration copies of such documents proposed to be filed, which documents shall be subject to the review, comment and approval of such counsel, provided, that the Corporation shall not have any obligation to modify any information if the Corporation expects that so doing would cause: (i) the applicable registration statement to contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) the prospectus to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) furnish to each seller of Registerable Securities such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), each Free-Writing Prospectus (as defined in Rule 405 of the Securities Act) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registerable Securities owned by such seller;

(e) use reasonable best efforts to register or qualify such Registerable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller of Registerable Securities to consummate the disposition in such jurisdictions of the Registerable Securities owned by such seller of Registerable Securities (provided that the Corporation shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 4(e), (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction);

(f) promptly notify in writing each seller of such Registerable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement (i) contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made or (ii) is otherwise not legally available to support sales of Registerable Securities, and, at the request of any such seller, the Corporation shall promptly prepare and furnish to each such seller a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registerable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(g) cause all such Registerable Securities to be listed on each securities exchange on which similar securities issued by the Corporation are then listed;

(h) provide a transfer agent and registrar for all such Registerable Securities not later than the effective date of such registration statement;

(i) enter into and perform such customary agreements (including underwriting agreements in customary form) and take all such other actions as the holders of a majority of the Registerable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of Registerable Securities (including, without limitation, a stock split or combination);

(j) make available for inspection by any seller of Registerable Securities, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant, or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Corporation, and cause the Corporation's officers, directors, employees, independent accountants and agents to supply all information reasonably requested by any such seller, underwriter or any attorney, accountant or other agent retained by such seller or underwriter in connection with such registration statement;

(k) otherwise use reasonable best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Corporation's first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(l) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any equity securities included in such registration statement for sale in any jurisdiction, the Corporation shall use reasonable best efforts promptly to obtain the withdrawal of such order;

(m) use reasonable best efforts to cause such Registerable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registerable Securities;

(n) take all reasonable actions to ensure that any Free-Writing Prospectus utilized in connection with any Demand Registration or Piggyback Registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(o) obtain one or more "cold comfort" letters, dated the effective date of such registration statement (and, if such registration includes an underwritten Public Offering, dated the date of the closing under the underwriting agreement and addressed to the underwriters), from the Corporation's independent public accountants in customary form and covering such matters of the type customarily covered by such letters as the holders of a majority of the Registerable Securities being sold in such registered offering reasonably request;

(p) provide a legal opinion of the Corporation's outside counsel, dated the effective date of such registration statement (or, if such registration includes an underwritten Public Offering, dated the date of the closing under the underwriting agreement and addressed to the underwriters), with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature; and

(q) cooperate with the holders of the Registrable Securities to facilitate the timely preparation and delivery of certificates (or electronic notation through the use of The Depository Trust Corporation's Direct Registration System) representing the Registrable Securities to be sold pursuant to such registration statement or Rule 144 free of any restrictive legends and representing such number of shares of common stock registered in such names as the holders of the Registrable Securities may reasonably request in a reasonable period of time prior to sales of Registrable Securities pursuant to such registration statement or Rule 144.

5. Registration Expenses.

All expenses (exclusive of sales commissions, stock transfer taxes, underwriting discounts and the fees and disbursements of counsel for the selling security holders, other than one special counsel for the selling security holders, all of which shall be borne by the selling security holders in proportion to their respective pro rata share of Registrable Securities sold in such offering) incurred in complying with its obligations pursuant to this Agreement and in connection with the registration and disposition of Registrable Securities shall be paid by APL and the Corporation, including, without limitation, all: (a) registration and filing fees (including, without limitation, any fees relating to filings required to be made with, or the listing of any Registrable Securities on, any securities exchange or over-the-counter trading market on which the Registrable Securities are listed or quoted); (b) underwriting expenses (other than fees, commissions or discounts); (c) expenses of any audits incident to or required by any such registration; (d) fees and expenses of complying with securities and "blue sky" laws (including, without limitation, fees and disbursements of counsel for the Corporation in connection with "blue sky" qualifications or exemptions of the Registrable Securities); (e) printing expenses; (f) messenger, telephone and delivery expenses; (g) fees and expenses of the Corporation's counsel and accountants; (h) Financial Industry Regulatory Authority, Inc. filing fees (if any); and (i) fees and expenses of one counsel for the holders of Registrable Securities participating in such registration as a group (selected by the Demand Holders and, if none are participating in such registration, by holders initially requesting such registration) up to a maximum aggregate of $25,000.

6. Indemnification.

(a) Indemnification of Holders of Registerable Securities and Underwriters. The Corporation agrees to indemnify and hold harmless, to the fullest extent permitted by law, each holder of Registerable Securities, its officers, directors, advisors, agents, employees, partners, managers, members, Affiliates and each Person who controls (within the meaning of the Securities Act) such holder against all losses, claims, damages, liabilities, and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof), whether joint and several or several, together with reasonable costs and expenses (including reasonable attorneys' fees) to which any such indemnified party may become subject under the Securities Act or otherwise (collectively, "Losses") caused by, resulting from, arising out of, based upon, or relating to: (i) any untrue or alleged untrue statement of material fact contained in (A) any registration statement, prospectus or preliminary prospectus, free writing prospectus, or any amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 6 each, an "application") executed by or on behalf of the Corporation or based upon written information furnished by or on behalf of the Corporation filed in any jurisdiction in order to qualify any securities covered by such registration under the "blue sky" or securities laws thereof; (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Corporation or APL of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Corporation or APL and relating to action or inaction required of the Corporation or APL in connection with any such registration, qualification or compliance; provided, that the Corporation shall not be liable in any such case to the extent that any such Losses result from, arise out of, are based upon, or relate to an untrue statement or alleged untrue statement, or omission or alleged omission, made in such registration statement, any such prospectus, or preliminary prospectus or any amendment thereof or supplement thereto, or in any application, in each case, made in reliance upon, and in conformity with, written information prepared and furnished in writing to the Corporation by such holder expressly for use therein or by such holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Corporation has furnished such holder with a sufficient number of copies of the same prior to any written confirmation of sale of Registrable Securities.

(b) Provision of Information; Indemnity of holders. In connection with any registration statement in which a holder of Registerable Securities is participating, each such holder will furnish to the Corporation in writing such information and affidavits as the Corporation reasonably requests for use in connection with any such registration statement or prospectus and, to the fullest extent permitted by law, shall indemnify and hold harmless the other holders of Registerable Securities and the Corporation, and their respective officers, directors, agents, and employees, and each other Person who controls the Corporation (within the meaning of the Securities Act) against any Losses caused by, resulting from, arising out of, based upon, or relating to: (i) any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus, or any amendment thereof or supplement thereto or in any application; or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that such untrue statement or omission is made in such registration statement, any such prospectus or preliminary prospectus or any amendment or supplement thereto, or in any application, in each case, in reliance upon and in conformity with written information prepared and furnished to the Corporation by such holder expressly for use therein, and such holder will reimburse the Corporation and each such other indemnified party for any reasonable legal or any other expenses incurred by them in connection with investigating or defending any such Losses; provided that the obligation to indemnify shall be several, not joint and several, for each holder and shall be limited to the net amount of proceeds (after underwriting fees, commissions or discounts) actually received by such holder from the sale of such holder's Registerable Securities pursuant to such registration statement.

(c) Claims. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party); and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, then the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, delayed or conditioned). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay: (i) the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim; or (ii) any settlement made by any indemnified party without such indemnifying party's consent (but such consent will not be unreasonably withheld, delayed or conditioned).

(d) Additional Indemnification Rights. The indemnification provided for under this Agreement shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract, and will remain in full force and effect regardless of any investigation made or omitted by or on behalf of the indemnified party or any officer, director, or controlling Person of such indemnified party and shall survive the transfer of securities.

(e) Contribution. If the indemnification provided for in this Section 6 is unavailable to or is insufficient to hold harmless an indemnified party under the provisions above in respect to any Losses referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (i) in such proportion as is appropriate to reflect the relative fault of the Corporation on the one hand and the sellers of Registerable Securities and any other sellers participating in the registration statement on the other hand (proportional to the number of Registrable Securities of such sellers participating in such registration statement) or (ii) if the allocation provided by clause (i) of this Section 6(e) is not permitted by applicable law, then in such proportion as is appropriate to reflect not only the relative fault referred to in clause (i) of this Section 6(e) but also the relative benefit of the Corporation on the one hand and of the sellers of Registerable Securities and any other sellers participating in the registration statement on the other in connection with the statement or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative benefits received by the Corporation on the one hand and the sellers of Registerable Securities and any other sellers participating in the registration statement on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) to the Corporation bear to the total net proceeds from the offering (before deducting expenses) to the sellers of Registerable Securities and any other sellers participating in the registration statement. The relative fault of the Corporation on the one hand and of the sellers of Registerable Securities and any other sellers participating in the registration statement on the other shall be determined by reference to, among other things, whether the untrue statement or alleged omission to state a material fact relates to information supplied by the Corporation or by the sellers of Registerable Securities or other sellers participating in the registration statement and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(f) Contribution Limits. The Corporation and the sellers of Registerable Securities agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the sellers of Registerable Securities were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in Section 6(e). The amount paid or payable by an indemnified party as a result of the Losses referred to in Section 6(e) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no seller of Registerable Securities shall be required to contribute pursuant to this Section 6 any amount in excess of the sum of (i) any amounts paid pursuant to Section 6(b) and (ii) net amount of proceeds (after underwriting fees, commissions or discounts) actually received by such seller from the sale of Registerable Securities covered by the registration statement filed pursuant hereto. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

7. Participation in Underwritten Registrations.

(a) Cooperation with Underwriting Arrangements. No Person may participate in any underwritten registration hereunder unless such Person: (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including pursuant to the terms of any over-allotment or "green shoe" option requested by the managing underwriter(s), provided that no holder of Registerable Securities will be required to sell more than the number of Registerable Securities that such holder has requested the Corporation to include in any registration); and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other customary documents reasonably required under the terms of such underwriting arrangements; provided that no holder of Registerable Securities included in any underwritten registration shall be required to make any representations or warranties to the Corporation or the underwriters (other than representations and warranties regarding such holder and such holder's intended method of distribution) or to undertake any indemnification obligations to the Corporation or the underwriters with respect thereto, except as otherwise provided in Section 6.

(b) Supplements or Amendments to Prospectus. Each Person that is participating in any registration hereunder agrees that, upon receipt of any notice from the Corporation of the happening of any event of the kind described in Section 4(f), such Person will immediately discontinue the disposition of its Registerable Securities pursuant to the registration statement until such Person's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 4(f). In the event the Corporation shall give any such notice, the applicable time period mentioned in Section 4(b) during which a registration statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to this Section 4(b) to and including the date when each seller of a Registerable Security covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 4(f).

8. Definitions.

"Affiliate" of a Person means any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. For purposes of the foregoing: (a) each of APL, MRX Partners, LLC, Monoline RX, LP, Monoline RX II, LP, Monoline RX III, LP and MonoSol Rx Genpar, and each officer, director, manager, member or partner of any of the foregoing, shall be deemed an Affiliate of the others; (b) each of Richard C. Fuiz and Joseph M. Fuisz shall be deemed an Affiliate of Kosmos Pharma Ltd.; and (c) each direct or indirect equityholder and each beneficial owner of a Member shall be deemed an Affiliate of that Member.

"APL LLC Agreement" means that certain limited liability company of APL dated as of January 1, 2018, by and among APL and the members of APL, as amended.

"Demand Registration" means a Series A-2 Demand Registration or a Series A-3 Demand Registration, as applicable.

"Membership Interest" means a membership interest in APL.

"Other Priority Holders" means any executive employee of the Corporation who has been granted registration rights by the Corporation with respect to such executive employee's Registrable Securities and who elects to have any such Registrable Securities registered in any Public Offering and who is not eligible to sell such Registrable Securities under Rule 144 of the Securities Act.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or other entity, or a government or any branch, department, agency, political subdivision or official thereof.

"Public Offering" means a public offering and sale of the Corporation's equity securities pursuant to an effective registration statement under the Securities Act; provided that a Public Offering shall not include an offering made in connection with a business acquisition or combination pursuant to a registration statement on Form S-4 or any similar form, or an employee benefit plan pursuant to a registration statement on Form S-8 or any similar form.

"Registerable Securities" means: (a) the common stock of the Corporation to be issued in the Distribution to the Members that are signatories hereto and their respective Affiliates and transferees that become signatories hereto; (b) the common stock of the Corporation beneficially owned, as of the date of consummation of the Initial Public Offering, by the Members and their Affiliates that are signatories hereto and their respective Affiliates and transferees that become signatories hereto; (c) the common stock of the Corporation (or other equity securities of the Corporation convertible into common stock of the Corporation) owned of record or beneficially by the Directors who are signatories to this Agreement, and other holders for which registration rights have been granted by the Corporation to such holders in a separate agreement or plan outside of this Agreement; and (d) any common stock issued or issuable with respect to any shares described in subsection (a) through and including (c) above by way of a stock dividend or stock split or in exchange for or upon conversion of such shares or otherwise in connection with a combination of shares, distribution, recapitalization, merger, consolidation, other reorganization or other similar event with respect to the common stock (it being understood that, for purposes of this Agreement, a Person shall be deemed to be a holder of Registrable Securities whenever such Person (i) has the right to then acquire or obtain from APL or the Corporation any Registrable Securities, whether or not such acquisition has actually been effected or (ii) receives a Transfer of Registrable Securities and becomes a signatory to this Agreement). As to any particular equity securities of the Corporation constituting Registerable Securities, such equity securities of the Corporation will cease to be Registerable Securities when they have been (x) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them or (y) eligible to be sold to the public through a broker, dealer or market maker pursuant to Rule 144 (or by any similar provision then in force) under the Securities Act without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1), in each case in compliance with the terms and conditions of this Agreement.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Series A-2 Preferred Interests" means the Membership Interests comprised of "Series A-2 Preferred Interests" (as defined in the APL LLC Agreement) outstanding from time to time.

"Series A-3 Preferred Interests" means the Membership Interests comprised of "Series A-3 Preferred Interests" (as defined in the APL LLC Agreement) outstanding from time to time.

"Transfer" means the sale, transfer, assignment, pledge or other disposal of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of law) any interest (legal or beneficial) in any Registerable Securities.

9. Miscellaneous.

(a) Other Rights Superseded. Subject to the provisions of Section 9(c) below, the parties to this Agreement acknowledge and agree that all of the registration rights held by the Members prior to the Effective Date pursuant to any other agreement shall be replaced and superseded by the registration rights under this Agreement, and shall be subject to all of the terms and conditions set forth in this Agreement.

(b) Confidentiality. Each holder of Registrable Securities hereby agrees that upon receiving notice of a pending Demand Registration or Piggyback Registration under this Agreement, such holder shall not, without the prior written consent of the Corporation, disclose the existence of such pending Demand Registration or Piggyback Registration or any information relating thereto, to a third party, other than on a "need to know" basis to any Affiliate, partner, shareholder, member, manager, employee, agent or other representative of such holder, and each such holder shall maintain and cause its representatives to maintain, the confidentiality of such information until the public announcement or earlier termination of such Public Offering.

(c) Termination.

(i) This Agreement shall automatically terminate and become null and void: (A) at such time as the underwriters in the proposed Initial Public Offering, on the one hand, or the Corporation, on the other hand, advises the other in writing, prior to the execution of an underwriting agreement relating to the Initial Public Offering (the "Underwriting Agreement"), that it has determined not to proceed with the proposed Initial Public Offering; (B) upon the termination of the Underwriting Agreement before the closing of the Initial Public Offering; or (C) on September 30, 2018, if the Initial Public Offering shall not have closed by such date; *provided*, *however*, that the underwriters or the Corporation shall not have extended such date.

(ii) After the closing of an Initial Public Offering, this Agreement shall automatically terminate and become null and void when there shall no longer be any Registrable Securities outstanding; provided, that the provisions of Section 5 and Section 6 shall survive any such termination.

(d) Amendment and Waiver. Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only upon the prior written consent of the Corporation and the holders of at least a majority of the then outstanding Registerable Securities, and any amendment to which such written consent is obtained shall be binding upon the Corporation and all holders of Registerable Securities. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(e) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(f) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by APL, the Corporation, and the Members and their respective successors and assigns. Each holder of Registrable Securities may assign its rights hereunder to any purchaser or transferee of such Registrable Securities; provided, that such purchaser or transferee shall, as a condition to receiving the benefits of this Agreement, be required to execute a counterpart to this Agreement whereupon such purchaser or transferee shall have the benefits of, and shall be subject to the restrictions contained in, this Agreement.

(g) Remedies; Third-Party Beneficiaries. The parties hereto acknowledge and agree that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that the Corporation and any party hereto shall have the right to specific performance and other injunctive relief, in addition to all of its rights and remedies at law or in equity, to enforce the provisions of this Agreement. Nothing contained in this Agreement shall be construed to confer upon any Person who is not a signatory hereto or any successor or assign of a signatory hereto any rights or benefits, as a third party beneficiary or otherwise; provided that each of a party's Affiliates, to the extent not a party to this Agreement, is an express third-party beneficiary of this Agreement.

(h) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when personally delivered, sent by telecopy (with receipt confirmed) on a business day during regular business hours of the recipient (or, if not, on the next succeeding business day) or three business days after sent by reputable overnight express courier (charges prepaid), at the address listed on the signature page hereto for such Member, or at any other address for such Member or Other Holder listed in the Corporation's records, and to APL and the Corporation as follows:

If to the Corporation:

Aquestive Therapeutics, Inc.
30 Technology Drive
Warren, New Jersey 07059
Attention: Chief Financial Officer
Facsimile: (908) 561-1209

With a copy to:

Day Pitney LLP
One Jefferson Road
Parsippany, New Jersey 07054
Attention: Lori J. Braender
Facsimile: (973) 206-6093

If to APL:

Aquestive Partners, LLC
30 Technology Drive
Warren, New Jersey 07059
Attention: Chief Financial Officer
Facsimile: (908) 561-1209

With a copy to:

Day Pitney LLP
One Jefferson Road
Parsippany, New Jersey 07054
Attention: Lori J. Braender
Facsimile: (973) 206-6093

(i) **GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE. THE DELAWARE GENERAL CORPORATIONS LAW WILL GOVERN ALL ISSUES CONCERNING THE RELATIVE RIGHTS OF THE CORPORATION AND ITS SHAREHOLDERS. ALL OTHER ISSUES CONCERNING THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS (PROCEDURAL AND SUBSTANTIVE) OF THE STATE OF NEW JERSEY, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW JERSEY OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW JERSEY. EACH PARTY HERETO HEREBY SUBMITS TO THE CO-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY, AND OF ANY NEW JERSEY STATE COURT OVER ANY LAWSUIT UNDER THIS AGREEMENT AND WAIVES ANY OBJECTION BASED ON VENUE OR *FORUM NON CONVENIENS* WITH RESPECT TO ANY ACTION INSTITUTED THEREIN. EACH PARTY HERETO HEREBY WAIVES THE NECESSITY FOR PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL (RETURN RECEIPT REQUESTED), IN EACH CASE DIRECTED TO SUCH PARTY AT ITS ADDRESS SET FORTH IN, AND WITH COPIES SENT AS REQUIRED BY, SECTION 9(h) ABOVE, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED ON THE DATE OF ACTUAL RECEIPT. EACH PARTY HERETO HEREBY CONSENTS TO SERVICE OF PROCESS AS AFORESAID. NOTHING IN THIS SECTION 9(i) WILL PROHIBIT PERSONAL SERVICE IN LIEU OF THE SERVICE BY MAIL CONTEMPLATED HEREIN.**

(j) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(k) Entire Agreement. Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(l) Counterparts. This Agreement may be executed in any number of counterparts (including by .pdf file exchanged via email or other electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

AQUESTIVE THERAPEUTICS, INC.

By: /s/ Keith J. Kendall
Name: Keith J. Kendall
Title: President and Chief Executive Officer

AQUESTIVE PARTNERS, LLC

By: MONOSOL *RX* GENPAR, L.P., Manager
a Texas limited partnership

By: BRATTON CAPITAL, INC.,
its General Partner

By: /s/ John Cochran
Name: John Cochran
Title: Vice President

Address:

[Signature Page to Aquestive Therapeutics, Inc. Registration Rights Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

MRX PARTNERS, LLC

By: /s/ John Cochran
Name: John Cochran
Title: Vice President

Address:

MONOLINE RX, LP

By: /s/ John Cochran
Name: John Cochran
Title: Vice President

Address:

MONOLINE RX II, LP

By: /s/ John Cochran
Name: John Cochran
Title: Vice President

Address:

MONOLINE RX III, LP

By: /s/ John Cochran
Name: John Cochran
Title: Vice President

Address:

MONOLINE RX GENPAR

By: /s/ John Cochran
Name: John Cochran
Title: Vice President

Address:

MONOSOL INVESTORS, L.P.

By: GENPAR MONOSOL LLC, its general partner

By: /s/ Michael T. Marshall
Name: Michael T. Marshall
Title: Member

Address:

CNF INVESTMENTS

By: /s/ Robert J. Flanagan
Name: Robert J. Flanagan
Title: Manager

Address:

KOSMOS PHARMA LTD.

By: _____

Name: _____

Title: _____

Address: _____

_____

[Signature Page to Aquestive Therapeutics, Inc. Registration Rights Agreement]

(Entity)

By:

Name:

Title:

Address:

(Individual):

/s/ Douglas K. Bratton

SIGNATURE

Douglas K. Bratton

PRINT NAME

ADDRESS

(Individual):

/s/ Gregory B. Brown

SIGNATURE

Gregory B. Brown

PRINT NAME

ADDRESS

(Individual):

/s/ John Cochran

SIGNATURE

John Cochran

PRINT NAME

ADDRESS

(Individual):

/s/ Santo J. Costa

SIGNATURE

Santo J. Costa

PRINT NAME

ADDRESS

(Individual):

/s/ Keith J. Kendall

SIGNATURE

Keith J. Kendall

PRINT NAME

ADDRESS

(Individual):

/s/ Nancy Lurker
SIGNATURE

Nancy Lurker
PRINT NAME

ADDRESS

(Individual):

/s/ James S. Scibetta
SIGNATURE

James S. Scibetta
PRINT NAME

ADDRESS

(Individual):

/s/ A. Mark Schobel
SIGNATURE

A. Mark Schobel
PRINT NAME

ADDRESS

Exhibit 10.1

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "**Agreement**") is made and entered into this ___ day of _____, 2018, by and between Aquestive Therapeutics, Inc., a Delaware corporation (the "**Company**," which term shall include, where appropriate, any Enterprise (as hereinafter defined) controlled directly or indirectly by the Company), and _____ (the "**Indemnitee**").

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Amended and Restated Certificate of Incorporation (as it may be amended from time to time, the "**Charter**") and the Amended and Restated Bylaws (as it may be amended from time to time, the "**Bylaws**") of the Company currently require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "**DGCL**");

WHEREAS, the Charter, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company's stockholders;

WHEREAS, it is reasonable and prudent for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, regardless of any amendment or revocation of the Charter or the Bylaws, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification and advancement of expenses currently provided in the Charter and the Bylaws (as well as any indemnification or advancement of expenses as may hereafter be provided in any amendment to the Charter or Bylaws) and pursuant to any resolutions of the directors of the Company, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Services to the Company**.** Indemnitee agrees to serve as an [officer] [director] [officer and/or director] of the Company. Indemnitee may at any time and for any reason resign from such position or positions (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. **[Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), or other applicable formal severance policies duly adopted by the Board.]** The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as an [officer] [director] [officer and/or director] of the Company, as provided in Section 16 hereof.

2. Definitions.

As used in this Agreement:

(a) "**Agent**" means any person who is or was a director, officer, or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

(b) A "**Change in Control**" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

(ii) Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its ultimate parent, as applicable) more than fifty percent (50%) of the combined voting power of the voting securities of the surviving entity or its ultimate parent, as applicable, outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity or its ultimate parent, as applicable;

(iv) Liquidation or Sale. The approval by the stockholders of the Company of a complete liquidation of the Company or the effective date of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(b), the following terms shall have the following meanings:

(A) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(B) "**Person**" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "**Beneficial Owner**" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust or other enterprise which such person is or was serving at the request of the Company.

(d) "**Disinterested Director**" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "**Enterprise**" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, employee, agent or fiduciary.

(f) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include: (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise (unless a court of competent jurisdiction determines that the assertions made by Indemnitee in such Proceeding or otherwise were not made in good faith or were frivolous). The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed to be reasonable. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "**Independent Counsel**" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter (other than with respect to matters concerning other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(h) The term "**Proceeding**" shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, arbitrative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company or by reason of any action taken by him (or a failure to take action by him) or of any action (or failure to act) on his part while acting pursuant to his Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(i) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner "not opposed to the best interests of the Company" as referred to in this Agreement.

3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that his conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by applicable law for indemnification in excess of any indemnification provided by the Charter, the Bylaws, vote of its stockholders or disinterested directors or applicable law.

4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court (as hereinafter defined) or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter**.**

6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his Corporate Status, a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

8. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

(i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

9. Exclusions**.** Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment:

(a) in connection with any claim for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) except as provided in Section 14(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee (by complaint, counterclaim or otherwise), including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

(d) to provide any indemnification or advancement of expenses that is prohibited by applicable law (as such law exists at the time payment would otherwise be required pursuant to this Agreement).

10. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 14(d)), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 14(d), advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed (unless a court of competent jurisdiction determines that the assertions made by Indemnitee in such Proceeding or otherwise were not made in good faith or were frivolous). The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking by the Indemnitee to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company with respect to such applicable Proceeding or claim as to which the advancement of expenses was made. No other form of undertaking shall be required other than the execution of this Agreement. This Section 10 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 9.

11. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a reasonable description of the nature of the Proceeding and the facts underlying the Proceeding, based upon the information available to the Indemnitee. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding, provided that documentation and information need not be so provided to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. The omission by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement unless (and then only to the extent) the Company's ability to participate in the defense of such claim was materially and adversely affected by such failure, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) In the event that the Company shall be obligated hereunder to provide indemnification for or make any advancement of Expenses with respect to any Proceeding, the Company shall be entitled to assume the defense of such Proceeding, or any claim, issue or matter therein, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld or delayed) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded based on the advice of counsel that there may be a conflict of interest between the Company and Indemnitee in the conduct of such defense, or (C) the Company shall not continue to retain such counsel to defend such Proceeding, then the reasonable fees and expenses actually and reasonably incurred by Indemnitee with respect to his or her separate counsel shall be Expenses hereunder (but not for more than one law firm plus, if applicable, local counsel in respect of any such Proceeding).

(c) In the event that the Company does not assume the defense in a Proceeding pursuant to Section 11(b) above, then the Company will be entitled to participate in the Proceeding at its own expense.

(d) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). The Company shall not, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed), enter into any settlement which (i) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or any monetary damages for which Indemnitee is not wholly and actually indemnified hereunder or (ii) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or may be otherwise entitled to seek indemnification hereunder, does not include the full release of Indemnitee from all liability in respect of such Proceeding.

12. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 11(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (D) if there are no Disinterested Directors and if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 14(e), if the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 13(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a) of this Agreement and if (A) within thirty (30) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within ninety (90) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within thirty (30) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

14. Remedies of Indemnitee.

(a) Subject to Section 14(e), in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification or, in the case of a determination to be made by the stockholders of the Company, within the time period provided therefor in Section 13(b), (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 or 6 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise (unless a court of competent jurisdiction determines that the assertions made by Indemnitee in such Proceeding or otherwise were not made in good faith or were frivolous) because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by applicable law (unless a court of competent jurisdiction determines that the assertions made by Indemnitee in such Proceeding or otherwise were not made in good faith or were frivolous), whichever is greater.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Charter, the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company currently has directors and officers liability insurance and will use all reasonable efforts to maintain such insurance coverage during the term of this Agreement, but if it is unable to do so, it will immediately notify Indemnitee of this fact.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The Company shall keep Indemnitee reasonably informed as to the status of all relevant insurance matters.

(d) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust or other enterprise.

16. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a [officer] [director] [officer or director, whichever is later,] of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee has rights of indemnification or advancement of Expenses under this Agreement and of any proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director and/or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director and/or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes and replaces all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof, including any indemnification agreement previously entered into between the Company and the Indemnitee; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

19. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. No supplement, modification or amendment of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such supplement, modification or amendment.

20. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company, to:

Aquestive Therapeutics, Inc.
30 Technology Drive
Warren, NJ 07059
Attn: Keith Kendall, Chief Executive Officer

or to any other address as may have been furnished to Indemnitee by the Company. Either party may change his or its address for purposes of receiving notice under this Agreement by providing such address change by notice under this Section 21, which notice shall be effective as provided above in this Section 21.

22. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company, on the one hand, and Indemnitee, on the other hand, as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its other directors, officers, employees and agents), on the one hand, and Indemnitee, on the other hand, in connection with such event(s) and/or transaction(s).

23. Internal Revenue Code Section 409A. The Company intends for this Agreement to comply with the Indemnification exception under Section 1.409A-1(b)(10) of the regulations promulgated under the Internal Revenue Code of 1986, as amended (the "**Code**"), which provides that indemnification of, or the purchase of an insurance policy providing for payments of, all or part of the expenses incurred or damages paid or payable by Indemnitee with respect to a bona fide claim against Indemnitee or the Company do not provide for a deferral of compensation, subject to Section 409A of the Code, where such claim is based on actions or failures to act by Indemnitee in his or her capacity as a service provider of the Company. The parties intend that this Agreement be interpreted and construed with such intent.

24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably RL&F Service Corp., 920 North King Street, 2nd Floor, Wilmington, New Castle County, Delaware 19801 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

25. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

26. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

27. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[The remainder of this page is intentionally blank]

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement as of the day and year first above written.

AQUESTIVE THERAPEUTICS, INC.

By: _____
Name:
Title:

INDEMNITEE

_____
Name:

[Signature Page to Aquestive Indemnification Agreement]

Exhibit 10.2

Execution Version

CREDIT AGREEMENT AND GUARANTY

dated as of

August 16, 2016

between

MONOSOL RX, LLC
as Borrower,

The Subsidiary Guarantors from Time to Time Party Hereto,

The Lenders from Time to Time Party Hereto,

and

PERCEPTIVE CREDIT HOLDINGS, LP,
as Administrative Agent and Collateral Agent

U.S. $50,000,000

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SCHEDULES AND EXHIBITS

CREDIT AGREEMENT AND GUARANTY

Credit Agreement and Guaranty, dated as of August 16, 2016 (this ***"Agreement"***), among MonoSol Rx, LLC, a Delaware limited liability company (***"Borrower"***), the Subsidiary Guarantors from time to time parties hereto, the Lenders from time to time parties hereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the Lenders (in such capacity, together with its successors and assigns, ***"Administrative Agent"***).

WITNESSETH:

WHEREAS, Borrower has requested that the Lenders provide a senior secured term loan facility to Borrower in an aggregate principal amount of $50,000,000 (with up to $45,000,000 to be available on the Closing Date and up to $5,000,000 to be available on the Delayed Draw Date, in each case subject to the terms and conditions set forth herein); and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions set forth herein, to extend the Commitment and make the Loans to Borrower.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1.
DEFINITIONS

1.01 Certain Defined Terms. As used herein, the following terms have the following respective meanings:

"Act" has the meaning set forth in **Section 14.17.**

"Acquisition" means any transaction, or any series of related transactions, by which any Person directly or indirectly, by means of a take-over bid, tender offer, amalgamation, merger, purchase of assets, or similar transaction having the same effect as any of the foregoing, (i) acquires any business or all or substantially all of the assets of any Person engaged in any business, (ii) acquires control of securities of a Person engaged in a business representing more than 50% of the ordinary voting power for the election of directors or other governing body if the business affairs of such Person are managed by a board of directors or other governing body, or (iii) acquires control of more than 50% of the ownership interest in any Person engaged in any business that is not managed by a board of directors or other governing body.

"Administrative Agent" has the meaning set forth in the introduction hereto.

"Affected Lender" has the meaning set forth in **Section 2.07(a)**.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agreement" has the meaning set forth in the introduction hereto.

"*Applicable Margin*" means 9.75%, as may be increased pursuant to **Section 3.02(b)**.

"*Asset Sale*" has the meaning set forth in **Section 9.09**.

"*Assignment and Assumption*" means an assignment and assumption entered into by a Lender and an assignee of such Lender substantially in the form of **Exhibit F.**

"*Bailee Letter*" means a bailee letter substantially in the form of Exhibit F to the Security Agreement.

"*Bankruptcy Code*" means Title l1 of the United States Code entitled "Bankruptcy."

"*Benefit Plan*" means any employee benefit plan as defined in Section 3(3) of ERISA (whether governed by the laws of the United States or otherwise) to which any Obligor or Subsidiary thereof incurs or otherwise has any obligation or liability, contingent or otherwise.

"*Borrower*" has the meaning set forth in the introduction hereto.

"*Borrower Party*" has the meaning set forth in **Section 14.03(b)**.

"*Borrowing*" means, as the context may require, either the borrowing of the Initial Loans on the Closing Date or the borrowing of the Delayed Draw Loans on the Delayed Draw Date.

"*Borrowing Date*" means, with respect to the Initial Loan, the Closing Date, and with respect to the Delayed Draw Loan, the Delayed Draw Date.

"*Borrowing Notice*" means a written notice substantially in the form of **Exhibit B**.

"*Business Day*" means a day (other than a Saturday or Sunday) on which commercial banks are not authorized or required to close in New York City.

"*Calculation Date*" has the meaning set forth in **Section 10.02**.

"*Capital Lease Obligations*" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property, which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"*Casualty Event*" means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

"*Change of Control*" means (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons acting jointly or otherwise in concert of Equity Interests representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Borrower, (ii) during any period of 12 consecutive calendar months, the occupation of a majority of the seats (other than vacant seats) on the board of directors of Borrower by Persons who were neither (x) nominated by the board of directors of Borrower, nor (y) appointed by directors so nominated, (iii) the acquisition of direct or indirect Control of Borrower by any Person or group of Persons acting jointly or otherwise in concert; in each case whether as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, (iv) the sale, conveyance or disposal of all or substantially all of the property or business of Borrower and its Subsidiaries, taken as a whole or (v) Borrower shall cease to own, directly or indirectly, beneficially and of record, 100% of the issued and outstanding Equity Interests of each of its Subsidiaries, free and clear of all Liens.

"Claims" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions, informations (brought by a public prosecutor without grand jury indictment) or other similar processes, assessments or reassessments.

"Closing Date" means August 16, 2016.

"Closing Date Certificate" has the meaning set forth in **Section 6.01(b)**.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral" means any property in which a Lien is purported to be granted under any of the Security Documents (or all such property, as the context may require).

"Commitment" means, with respect to each Lender, the obligation of such Lender to make Loans to Borrower in accordance with the terms and conditions of this Agreement, which commitment is in the amount set forth opposite such Lender's name on **Schedule 1** under the caption "Commitment", as such Schedule may be amended from time to time pursuant to an Assignment and Assumption or otherwise. The aggregate Commitments on the date hereof equal $50,000,000.

"Commodity Account" is defined in the Security Agreement.

"Compliance Certificate" has the meaning set forth in **Section 8.01(d)**.

"Contracts" means contracts, licenses, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements under which a Person has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied).

"Control" means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Controlled Account" has the meaning set forth in **Section 8.18(a)**.

"Copyright" is defined in the Security Agreement.

"*Default*" means any Event of Default and any event that, upon the giving of notice, the lapse of time or both, would constitute an Event of Default.

"*Default Rate*" has the meaning set forth in **Section 3.02(b)**.

"*Defaulting Lender*" means, subject to **Section 2.06**,any Lender that (i) has failed to perform any of its funding obligations hereunder, including in respect of its Loans, within three Business Days of the date required to be funded by it hereunder, (ii) has notified Borrower or any Lender that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, or (iii) has, or has a direct or indirect parent company that has, (x) become the subject of an Insolvency Proceeding, (y) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (z) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

"*Delayed Draw Certificate*" has the meaning set forth in **Section 6.02(a)**.

"*Delayed Draw Date*" means the date of the making of the Delayed Draw Loan hereunder, which shall be no sooner than the date on which each of the conditions precedent set forth in **Section 6.02** shall have been satisfied.

"*Delayed Draw Loan*" means the term loan made by the Lenders on the Delayed Draw Date in an aggregate principal amount not to exceed $5,000,000.

"*Deposit Account*" is defined in the Security Agreement.

"*Designated Jurisdiction*" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"*Disqualified Equity Interests*" means, with respect to any Person, any Equity Interest of such Person that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (i) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), including pursuant to a sinking fund obligation or otherwise, (ii) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (iii) provides for the scheduled payments of dividends in cash, or (iv) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after all monetary Obligations are satisfied in full in cash.

"*Dollars*" and **"*$*"** means lawful money of the United States of America.

"*Domestic Subsidiary*" means any Subsidiary that is a corporation, limited liability company, partnership or similar business entity incorporated, formed or organized under the laws of the United States, any State of the United States or the District of Columbia.

"*Eligible Transferee*" means and includes (i) any commercial bank, (ii) any insurance company, (iii) any finance company, (iv) any financial institution, (v) any investment fund that invests in loans, (vi) with respect to any Lender, any of its Affiliates, and (vii) any other "accredited investor" (as defined in Regulation D of the Securities Act) that is principally in the business of managing investments or holding assets for investment purposes; provided, that an Eligible Transferee shall expressly exclude any of the foregoing that is a competitor of any Obligor.

"*Environmental Law*" means any federal, state, provincial or local governmental law, rule, regulation, order, writ, judgment, injunction or decree relating to pollution or protection of the environment or the treatment, storage, disposal, release, threatened release or handling of hazardous materials, and all local laws and regulations related to environmental matters and any specific agreements entered into with any competent authorities which include commitments related to environmental matters.

"*Equity Interest*" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, and whether voting or nonvoting), of equity of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on another Person the right to receive a share of the profits and losses of, or distributions of property of, such Person, but excluding debt securities convertible or exchangeable into such equity.

"*Equivalent Amount*" means, with respect to an amount denominated in one currency, the amount in another currency that could be purchased by the amount in the first currency determined by reference to the Exchange Rate at the time of determination.

"*ERISA*" means the United States Employee Retirement Income Security Act of 1974, as amended.

"*ERISA Affiliate*" means, collectively, any Obligor, Subsidiary thereof, and any Person under common control, or treated as a single employer, with any Obligor or Subsidiary thereof, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" means (i) a reportable event as defined in Section 4043 of ERISA with respect to a Title IV Plan, excluding, however, such events as to which the PBGC by regulation has waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; (ii) the applicability of the requirements of Section 4043(b) of ERISA with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, to any Title IV Plan where an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such plan within the following 30 days; (iii) a withdrawal by any Obligor or any ERISA Affiliate thereof from a Title IV Plan or the termination of any Title IV Plan resulting in liability under Sections 4063 or 4064 of ERISA; (iv) the withdrawal of any Obligor or any ERISA Affiliate thereof in a complete or partial withdrawal (within the meaning of Section 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefore, or the receipt by any Obligor or any ERISA Affiliate thereof of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA; (v) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Title IV Plan or Multiemployer Plan; (vi) the imposition of liability on any Obligor or any ERISA Affiliate thereof pursuant to Sections 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (vii) the failure by any Obligor or any ERISA Affiliate thereof to make any required contribution to a Plan, or the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Title IV Plan (whether or not waived in accordance with Section 412(c) of the Code) or the failure to make by its due date a required installment under Section 430 of the Code with respect to any Title IV Plan or the failure to make any required contribution to a Multiemployer Plan; (viii) the determination that any Title IV Plan is considered an at-risk plan or a plan in endangered to critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (ix) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan; (x) the imposition of any liability under Title I or Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or any ERISA Affiliate thereof; (xi) an application for a funding waiver under Section 303 of ERISA or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Title IV Plan; (xii) the occurrence of a non-exempt prohibited transaction under Sections 406 or 407 of ERISA for which any Obligor or any Subsidiary thereof may be directly or indirectly liable; (xiii) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person for which any Obligor or any ERISA Affiliate thereof, may be directly or indirectly liable; (xiv) the occurrence of an act or omission which could give rise to the imposition on any Obligor or any ERISA Affiliate thereof of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Sections 409, 502(c), (i) or (1) or 4071 of ERISA; (xv) the assertion of a material claim (other than routine claims for benefits) against any Plan or the assets thereof, or against any Obligor or any Subsidiary thereof in connection with any such plan; (xvi) receipt from the IRS of notice of the failure of any Qualified Plan to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Qualified Plan to fail to qualify for exemption from taxation under Section 501(a) of the Code; (xvii) the imposition of any lien (or the fulfillment of the conditions for the imposition of any lien) on any of the rights, properties or assets of any Obligor or any ERISA Affiliate thereof, in either case pursuant to Title I or IV, including Section 302(f) or 303(k) of ERISA or to Section 401(a)(29) or 430(k) of the Code; or (xviii) the establishment or amendment by any Obligor or any Subsidiary thereof of any "welfare plan", as such term is defined in Section 3(1) of ERISA, that provides post-employment welfare benefits in a manner that would increase the liability of any Obligor.

"ERISA Funding Rules" means the rules regarding minimum required contributions (including any installment payment thereof) to Title IV Plans, as set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"*Event of Default*" has the meaning set forth in **Section 11.01**.

"*Exchange Rate*" means, as of any date, the rate at which any currency may be exchanged into another currency, as set forth on the relevant Reuters screen at or about 1l:00 a.m. (Eastern time) on such date. In the event that such rate does not appear on the Reuters screen, the "Exchange Rate" shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by Borrower and Administrative Agent or, in the absence of such agreement, such Exchange Rate shall instead be determined by Administrative Agent by any reasonable method that it deems applicable to determine such rate, and such determination shall be conclusive absent manifest error.

"*Excluded Taxes*" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax, (ii) Other Connection Taxes, (iii) U.S. federal withholding Taxes that are imposed on amounts payable to a Lender to the extent that the obligation to withhold amounts existed on the date that such Lender became a "Lender" under this Agreement, except in each case to the extent such Lender is a direct or indirect assignee of any other Lender that was entitled, at the time the assignment of such other Lender became effective, to receive additional amounts under **Section 5.03**,(iv) any Taxes imposed in connection with FATCA, and (v) Taxes attributable to such Recipient's failure to comply with **Section 5.03(e)**.

"*Existing Credit Agreement*" means the Amended and Restated Loan and Security Agreement, dated as of December 18, 2013, among MonoSol Rx, LLC, as Borrower, the subsidiaries of Borrower from time to time party thereto, the entities from time to time party thereto as lenders, and White Oak Global Advisors, LLC, as Agent, as may be amended or otherwise modified.

"*FATCA*" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not more onerous to comply with), any regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"*FD&C Act*" means the U.S. Food, Drug and Cosmetic Act of 1938 (or any successor thereto), as amended from time to time, and the rules and regulations promulgated thereunder.

"*FDA*" means the U.S. Food and Drug Administration and any successor entity.

"*Fee Letter*" means the Fee Letter Agreement, dated as of the Closing Date, between Borrower and Administrative Agent.

"*Foreign Lender*" means a Lender that is not a U.S. Person.

"*Foreign Subsidiary*" means a Subsidiary of Borrower that is not a Domestic Subsidiary or a Permitted Foreign Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time, set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants, in the statements and pronouncements of the Financial Accounting Standards Board and in such other statements by such other entity as may be in general use by significant segments of the accounting profession that are applicable to the circumstances as of the date of determination. Subject to **Section 1.02**, all references to "GAAP" shall be to GAAP applied consistently with the principles used in the preparation of the financial statements described in **Section 7.04(a)**.

"Governmental Approval" means any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"Governmental Authority" means any nation, government, branch of power (whether executive, legislative or judicial), state, province or municipality or other political subdivision thereof and any entity exercising executive, legislative, judicial, monetary, regulatory or administrative functions of or pertaining to government, including without limitation regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, courts, bodies, boards, tribunals and dispute settlement panels, and other law-, rule- or regulation-making organizations or entities of any State, territory, county, city or other political subdivision of any country, including the United States.

"Guarantee" of or by any Person (the ***"guarantor"***) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the ***"primary obligor"***) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Assumption Agreement" means a Guarantee Assumption Agreement substantially in the form of **Exhibit A** by an entity that, pursuant to **Section 8.12(a)**, is required to become a "Subsidiary Guarantor."

"Guaranteed Obligations" has the meaning set forth in **Section 13.01**.

"Hazardous Material" means any substance, element, chemical, compound, product, solid, gas, liquid, waste, by-product, pollutant, contaminant or material which is hazardous or toxic, and includes, without limitation, (i) asbestos, polychlorinated biphenyls and petroleum (including crude oil or any fraction thereof) and (ii) any material classified or regulated as "hazardous" or "toxic" or words of like import pursuant to an Environmental Law.

"*Hedging Agreement*" means any interest rate exchange agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"*IND*" means (i) (x) an investigational new drug application (as defined in the FD&C Act) that is required to be filed with the FDA before beginning clinical testing in human subjects, or any successor application or procedure and (y) any similar application or functional equivalent relating to any investigational new drug application applicable to or required by any country, jurisdiction or Governmental Authority other than the U.S. and (ii) all supplements and amendments that may be filed with respect to the foregoing.

"*Indebtedness*" of any Person means, without duplication, (i) all obligations of such Person for borrowed money or obligations of such Person with respect to deposits or advances of any kind by third parties, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person upon which interest charges are customarily paid, (iv) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (v) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (vi) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (vii) all Guarantees by such Person of Indebtedness of others, (viii) all Capital Lease Obligations of such Person, (ix) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (x) obligations under any Hedging Agreement, currency swaps, forwards, futures or derivatives transactions, (xi) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (xii) all obligations of such Person under license or other agreements containing a guaranteed minimum payment or purchase by such Person, (xiii) all other obligations required to be classified as indebtedness of such Person under GAAP, excluding any of the foregoing to the extent comprised of an obligation in respect of a trade payable, a commercial letter of credit supporting one or more trade payables or similar obligations to a trade creditor, in each case in the ordinary course of business and (xiv) any Disqualified Equity Interests. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"*Indemnified Party*" has the meaning set forth in **Section 14.03(b)**.

"*Indemnified Taxes*" means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any Obligation and (ii) to the extent not otherwise described in **clause (i)**, Other Taxes.

"*Initial Loan*" means the term loan made by the Lenders on the Closing Date in an aggregate principal amount not to exceed $45,000,000.

"Insolvency Proceeding" means (i) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (ii) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of any Person's creditors generally or any substantial portion of such Person's creditors, in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Intellectual Property" means all Patents, Trademarks, Copyright, and Technical Information, whether registered or not, domestic and foreign. Intellectual Property shall include all:

(a) applications or registrations relating to such Intellectual Property;

(b) rights and privileges arising under any Requirement of Law with respect to such Intellectual Property;

(c) rights to sue for past, present or future infringements of such Intellectual Property; and

(d) rights of the same or similar effect or nature in any jurisdiction corresponding to such Intellectual Property throughout the world.

"Interest-Only Period" means the period from and including the Closing Date through and including December 31, 2018.

"Interest Period" means, with respect to any Borrowing, (i) initially, the period commencing on (and including) the Borrowing Date thereof and ending on (and including) the last Business Day of the calendar month in which such Borrowing was made, and (ii) thereafter, the period beginning on (and including) the first day following the last day of the preceding Interest Period and ending on the earlier of (and including) (x) the last Business Day of the calendar month next following such preceding Interest Period and (y) the Maturity Date.

"Interest Rate" means the sum of (i) the Applicable Margin plus (ii) the greater of (x) One-Month LIBOR and (y) 2.00%; provided that if Administrative Agent is at any time unable to determine One-Month LIBOR, One-Month LIBOR shall be deemed to be 2.00%.

"Invention" means any novel, inventive and useful art, apparatus, method, process, machine (including article or device), manufacture or composition of matter, or any novel, inventive and useful improvement in any art, method, process, machine (including article or device), manufacture or composition of matter.

"Investment" means, for any Person, any direct or indirect acquisition or investment by such Person, whether by means of (i) the purchase or other acquisition of Equity Interests or other securities of another Person, (ii) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees any Indebtedness of such other Person, or (iii) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance hereunder or under any other Loan Document, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"*IRS*" means the U.S. Internal Revenue Service or any successor agency, and to the extent relevant, the U.S. Department of the Treasury.

"*Key Persons*" means (i) Keith Kendall, in his capacity as Chief Executive Officer of Borrower, and (ii) Mark Schobel, in his capacity as Chief Technology Officer of Borrower.

"*Key Person Event*" means, at any time prior to the occurrence of a Qualified IPO, that any of the following events or circumstances occurs or continues for a period of 60 consecutive days (or such longer period as the Administrative Agent may agree to in its sole discretion): (i) Mr. Kendall has not held the office of Chief Executive Officer and Mr. Schobel has not held the office of Chief Technology Officer, (ii) Mr. Kendall fails to possess the power and authority typically associated with individuals holding the office of Chief Executive Officer at companies similar to Borrower and Mr. Schobel fails to possess the power and authority typically associated with individuals holding the office of Chief Technology Officer at companies similar to Borrower, (iii) both Key Persons fail to be directly and actively involved in the day to day management and direction of Borrower, or (iv) neither Key Person is devoting his full working time and efforts to the business and affairs of Borrower; provided that, for the purposes **of clauses (iii)** and **(iv)** hereof, each Key Person may manage his personal investments and may engage in civic, educational, religious, charitable or other community activities, and may serve as a member of one or more advisory boards or boards of directors of companies or organizations as long as such activities do not pose an actual or apparent conflict of interest and do not materially interfere with such Key Person's performance of his full-time duties as Chief Executive Officer or Chief Technology Officer, as the case may be.

"*Landlord Consent*" means a landlord consent substantially in the form of Exhibit E to the Security Agreement.

"*Laws*" means, collectively, all international, foreign, federal, state, provincial, territorial, municipal and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"*Lenders*" means Perceptive Credit Holdings, LP and each other entity identified under the caption "LENDERS" on the signature pages hereto, as well as any successor entities thereof, and each assignee of any Lender who has executed an Assignment and Assumption pursuant to **Section 14.05(b)**, and "Lender" means any one of them.

"*Lien*" means any mortgage, lien, pledge, charge or other security interest, or any lease, title retention agreement, mortgage, restriction, easement, right-of-way, option or adverse claim (of ownership or possession) or other encumbrance of any kind or character whatsoever or any preferential arrangement that has the practical effect of creating a security interest.

"*LLC Agreement*" means Borrower's Fourth Amended and Restated Limited Liability Company Agreement, made and entered into as of August 20, 2015.

"*Loans*" means the Initial Loan and the Delayed Draw Loan.

"*Loan Documents*" means, collectively, this Agreement, the Notes, the Security Documents, the Warrant Agreement, each Warrant, the Fee Letter and any subordination agreement, intercreditor agreement or other present or future document, instrument, agreement or certificate delivered to Administrative Agent or any Lender in connection with this Agreement or any of the other Loan Documents, in each case, as amended or otherwise modified.

"*Loss*" means judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any Claim or any proceeding relating to any Claim.

"*Majority Lenders*" means, at any time, Lenders having at such time in excess of 50% of the aggregate Commitments (or, if such Commitments are terminated, the outstanding principal amount of the Loans) then in effect, ignoring, in such calculation, the Commitments of and outstanding Loans owing to any Defaulting Lender.

"*Manufacturing Revenue*" means, with respect to Borrower, any Obligor or any of their respective Subsidiaries, all revenue generated by such Person as a result of the ordinary course manufacturing and sale of Products that, in accordance with GAAP, would be classified as net revenue, excluding upfront payments, milestones and royalties revenue generated by such Person that are not related to the sale of products or services.

"*Margin Stock*" means "margin stock" within the meaning of Regulations U and X.

"*Material Adverse Change*" and **"*Material Adverse Effect*"** mean a material adverse change in or effect on (i) the business, condition (financial or otherwise), operations, performance, property or prospects of Borrower and its Subsidiaries taken as a whole, (ii) the ability of any Obligor to perform its obligations under the Loan Documents, or (iii) the legality, validity, binding effect or enforceability of the Loan Documents or the rights and remedies of Administrative Agent or the Lenders under any of the Loan Documents.

"*Material Agreements*" means (i) the agreements which are listed in **Schedule 7.14**,(ii) all other agreements to which any Obligor is a party or a beneficiary from time to time, the absence or termination of which would reasonably be expected to result in a Material Adverse Effect, and (iii) all agreements and documents directly or indirectly associated with contract manufacturing, distribution of Products and the payment of royalties by the Obligors to third parties, if any.

"*Material Indebtedness*" means, at any time, any Indebtedness of any Obligor, the outstanding principal amount of which, individually or in the aggregate, exceeds $250,000 (or the Equivalent Amount in other currencies).

"*Material Intellectual Property*" means, the Obligor Intellectual Property described in **Schedule 7.05(c)** and any other Obligor Intellectual Property after the date hereof the loss of which could reasonably be expected to have a Material Adverse Effect.

"*Maturity Date*" means the fourth anniversary of the Closing Date.

"*Membership Interest*" has the meaning set forth in the LLC Agreement (as in effect on the date hereof).

"*Multiemployer Plan*" means any multiemployer plan, as defined in Section 400l(a)(3) of ERISA, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

"*NDA*" means (i) (x) a new drug application (as defined in the FD&C Act) and (y) any similar application or functional equivalent relating to any new drug application applicable to or required by any country, jurisdiction or Governmental Authority other than the United States and (ii) all supplements and amendments that may be filed with respect to the foregoing.

"*Non-Consenting Lender*" has the meaning set forth in **Section 2.07(a)**.

"*Note*" means a promissory note, in substantially the form attached hereto as **Exhibit C**,executed and delivered by Borrower in accordance with **Section 2.04**.

"*NYUCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"*Obligations*" means, with respect to any Obligor, all amounts, obligations, liabilities, covenants and duties of every type and description owing by such Obligor to any Lender, any other indemnitee hereunder or any participant, arising out of, under, or in connection with, any Loan Document, whether direct or indirect (regardless of whether acquired by assignment), absolute or contingent, due or to become due, whether liquidated or not, now existing or hereafter arising and however acquired, and whether or not evidenced by any instrument or for the payment of money, including, without duplication, (i) if such Obligor is Borrower, all Loans, (ii) all interest, whether or not accruing after the filing of any petition in bankruptcy or after the commencement of any insolvency, reorganization or similar proceeding, and whether or not a claim for post-filing or post-petition interest is allowed in any such proceeding, and (iii) all other fees, expenses (including fees, charges and disbursement of counsel), interest, commissions, charges, costs, disbursements, indemnities and reimbursement of amounts paid and other sums chargeable to such Obligor under any Loan Document.

"*Obligor Intellectual Property*" means Intellectual Property owned by or licensed to any of the Obligors.

"*Obligors*" means, collectively, Borrower and the Subsidiary Guarantors and their respective successors and permitted assigns.

"One-Month LIBOR" means, with respect to any applicable Interest Period hereunder, the one-month London Interbank Offered Rate for deposits in Dollars at approximately 1l:00 a.m. (London, England time), as determined by Administrative Agent from the appropriate Bloomberg or Telerate page selected by Administrative Agent (or any successor thereto or similar source reasonably determined by Administrative Agent from time to time), which shall be that one-month London Interbank Offered Rate for deposits in Dollars in effect two Business Days prior to the first day of such Interest Period rounded up to the nearest l/16 of l%. Administrative Agent's determination of interest rates shall be determinative in the absence of manifest error.

"Organic Document" means, for any Person, its certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability company agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to such Person's Equity Interests.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 5.03(g)**).

"Participant" has the meaning set forth in **Section 14.05(e)**.

"Patents" is defined in the Security Agreement.

"Payment Date" means (i) the last day of each Interest Period and (ii) the Maturity Date.

"PBGC" means the United States Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisition" means any acquisition by Borrower or any of its Subsidiaries, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Equity Interests of, or a business line or unit or a division of, any Person; provided that:

(a) immediately prior to, and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom;

(b) all transactions in connection therewith shall be consummated, in all material respects, in accordance with all Requirements of Law and in conformity with all applicable Governmental Approvals;

(c) in the case of the acquisition of all of the Equity Interests of such Person, all of the Equity Interests (except for any such securities in the nature of directors' qualifying shares required pursuant to any Requirement of Law) acquired, or otherwise issued by such Person or any newly formed Subsidiary of Borrower in connection with such acquisition, shall be owned 100% by an Obligor or any other Subsidiary, and Borrower shall have taken, or caused to be taken, as of the date such Person becomes a Subsidiary of Barrower, each of the actions set forth in **Section 8.12**, if applicable;

(d) such Person (in the case of an acquisition of Equity Interests) or assets (in the case of an acquisition of assets or a division) (i) shall be engaged or used, as the case may be, in the same business or lines of business in which Borrower and/or its Subsidiaries are engaged or (ii) shall have a similar customer base as Borrower and/or its Subsidiaries;

(e) on a *pro forma* basis after giving effect to such acquisition, Borrower and its Subsidiaries shall be in compliance with the financial covenants set forth in **Section l0**; and

(f) such acquisition (i) when taken with together all other acquisitions consummated or effected in the prior l2-month period, does not exceed $2,000,000 in the aggregate, and (ii) when taken together with all other acquisitions consummated or effected since the Closing Date, does not exceed $5,000,000 in the aggregate.

"Permitted Cash Equivalent Investments" means (i) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than two years from the date of acquisition and (ii) commercial paper maturing no more than one year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.

"Permitted Foreign Subsidiary" means any Subsidiary of Borrower organized under the Laws of the Cayman Islands.

"Permitted Indebtedness" means any Indebtedness permitted under **Section 9.01**.

"Permitted Liens" means any Liens permitted under **Section 9.02**.

"Permitted Priority Liens" means (i) Liens permitted under **Section 9.02(c), (d), (e), (f)** or **(i),** and (ii) Liens permitted under **Section 9.02(b);** provided that such Liens are also of the type described in **Section 9.02(c), (d), (e), (f)** or **(i)**.

"Permitted Refinancing" means, with respect to any Indebtedness, any extensions, renewals and replacements of such Indebtedness; provided that such extension, renewal or replacement (i) shall not increase the outstanding principal amount of such Indebtedness, (ii) contains terms relating to outstanding principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole no less favorable in any material respect to Borrower and its Subsidiaries or the Secured Parties than the terms of any agreement or instrument governing such existing Indebtedness, (iii) shall have an applicable yield which does not exceed the yield of the Indebtedness being replaced, (iv) shall not contain any new requirement to grant any lien or security or to give any guarantee that was not an existing requirement of such Indebtedness, and (v) after giving effect to such extension, renewal or replacement, no Default shall have occurred as a result thereof.

"*Person*" means any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization or Governmental Authority or other entity of whatever nature.

"*Plan*" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"*Prepayment Premium*" means, (i) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring on or prior to the first anniversary of the Closing Date, an amount equal to 5.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; (ii) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring after the first anniversary of the Closing Date and on or prior to the second anniversary of the Closing Date, an amount equal to 3.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; (iii) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring after the second anniversary of the Closing Date and on or prior to the third anniversary of the Closing Date, an amount equal to 2.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; and (iv) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring at any time after the third anniversary of the Closing Date, an amount equal to 1.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date.

"*Products*" means Suboxone, Zuplenz, Diazepam, Riluzole, Clobazam or Epinephrine, and each of their respective successors, and any other current or future product developed, manufactured, licensed, marketed, sold or otherwise commercialized by any Obligor, including any such product in development or which may be developed.

"*Product Authorizations*" means any and all approvals (including applicable supplements, amendments, pre and post approvals, drug master files, governmental price and reimbursement approvals and approvals of applications for regulatory exclusivity), licenses, registrations or authorizations of any Governmental Authority necessary for the manufacture, development, distribution, use, storage, import, export, transport, promotion, marketing, sale or other commercialization of a Product in any country or jurisdiction, including without limitation INDs, NDAs or similar applications.

"*Product Development and Commercialization Activities*" means, with respect to any Product, any combination of research, development, manufacture, importation, use, sale, storage, design, labeling, marketing, promotion, supply, distribution, testing, packaging, purchasing or other commercialization activities, receipt of payment in respect of any of the foregoing, or like activities the purpose of which is to commercially exploit such Product.

"*Prohibited Payment*" means any bribe, rebate, payoff, influence payment, kickback or other payment or gift of money or anything of value (including meals or entertainment) to any officer, employee or ceremonial office holder of any government or instrumentality thereof, political party or supra-national organization (such as the United Nations), any political candidate, any royal family member or any other person who is connected or associated personally with any of the foregoing that is prohibited under any Requirement of Law for the purpose of influencing any act or decision of such payee in his official capacity, inducing such payee to do or omit to do any act in violation of his lawful duty, securing any improper advantage or inducing such payee to use his influence with a government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality.

"*Proportionate Share*" means, with respect to any Lender, the percentage obtained by dividing (i) the sum of the Commitment (or, if the Commitments are terminated, the outstanding principal amount of the Loans) of such Lender then in effect by (ii) the sum of the Commitments (or, if the Commitments are terminated, the outstanding principal amount of the Loans) of all Lenders then in effect.

"*Public Offering*" means any sale of Equity Interests of a Person pursuant to an offering that is underwritten on a firm commitment basis by a nationally recognized investment banking firm and, as a result of which, such Person becomes subject to the reporting requirements of Section 13 or Section 15 of the Securities Act immediately following such offering.

"*Qualified Equity Interest*" means, with respect to any Person, any Equity Interest of such Person that is not a Disqualified Equity Interest.

"*Qualified IPO*" means Borrower's initial Public Offering of its common Equity Interests, as a result of which such Equity Interests are listed on either the New York Stock Exchange or the NASDAQ National Market.

"*Qualified Plan*" means an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (i) that is or was at any time maintained or sponsored by any Obligor or any ERISA Affiliate thereof or to which any Obligor or any ERISA Affiliate thereof has ever made, or was ever obligated to make, contributions, and (ii) that is intended to be tax qualified under Section 401(a) of the Code.

"*Real Property Security Documents*" means any Landlord Consents, Bailee Letters and any mortgage or deed of trust or any other real property security document executed or required hereunder to be executed by any Obligor and granting a security interest in real property owned or leased (as tenant) by any Obligor in favor of Administrative Agent for the benefit of the Secured Parties.

"*Recipient*" means any Lender or any other recipient of any payment to be made by or on account of any Obligation.

"*Redemption Date*" has the meaning set forth in **Section 3.03(a)(i)**.

"*Redemption Price*" has the meaning set forth in **Section 3.03(a)(i)**.

"*Register*" has the meaning set forth in **Section 14.05(d)**.

"*Regulation T*" means Regulation T of the Board of Governors of the Federal Reserve System, as amended.

"*Regulation U*" means Regulation U of the Board of Governors of the Federal Reserve System, as amended.

"*Regulation X*" means Regulation X of the Board of Governors of the Federal Reserve System, as amended.

"*Regulatory Approvals*" means (i) any registrations, licenses, authorizations, permits or approvals issued by any Governmental Authority and applications or submissions related to any of the foregoing and (ii) with respect to any Product, all approvals, clearances, authorizations, orders, exemptions, registrations, certifications, licenses and Permits granted by any Regulatory Authorities, including all NDAs and Product Authorizations held by any Obligor or any of their respective licensors, as applicable, or that are pending before the FDA or equivalent non-U.S. Governmental Entity with respect to the Products.

"*Regulatory Authority*" means any Governmental Authority that is concerned with or has regulatory oversight with respect to the use, control, safety, efficacy, reliability, manufacturing, marketing, distribution, sale or other Product Development and Commercialization Activities relating to any Product of an Obligor, including the FDA and all equivalents of such agencies in other jurisdictions.

"*Related Parties*" has the meaning set forth in **Section 14.16**.

"*Requirement of Law*" means, as to any Person, any statute, law, treaty, rule or regulation or determination, order, injunction or judgment of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its properties or revenues.

"*Responsible Officer*" means (i) with respect to Borrower in connection with any Borrowing Notice, any Compliance Certificate or any other certificate or notice pertaining to any financial information required to be delivered by Borrower hereunder, the chief financial officer, treasurer or controller of Borrower, and (ii) otherwise, with respect to Borrower or any Subsidiary Guarantor, the chief executive officer, president, chief financial officer, treasurer or controller of such Person.

"*Restricted Payment*" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of Borrower or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Borrower or any of its Subsidiaries or any option, warrant or other right to acquire any such shares of capital stock of Borrower or any of its Subsidiaries.

"*Restrictive Agreement*" means any indenture, agreement, instrument or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets (other than (x) customary provisions in Contracts (including without limitation leases and licenses of Intellectual Property) restricting the assignment thereof and (y) restrictions or conditions imposed by any agreement governing secured Permitted Indebtedness permitted under **Section 9.01(g)**, to the extent that such restrictions or conditions apply only to the property or assets securing such Indebtedness), or (i) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to Borrower or any other Subsidiary or to Guarantee Indebtedness of Borrower or any other Subsidiary.

"*Revenue*" of a Person means all receipts received by such Person resulting from the sale or outbound license of Products that, in accordance with GAAP, would be classified as revenue, less all rebates, discounts and other price allowances applicable thereto.

"*Revenue Covenant Cure*" has the meaning set forth in **Section 10.03**.

"*Sanction*" means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union or its Member States, Her Majesty's Treasury or other relevant sanctions authority.

"*Secured Parties*" means the Lenders, Administrative Agent, each other Indemnified Party and any other holder of any Obligation.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"*Security Agreement*" means the Security Agreement, dated as of the date hereof, among the Obligors and Administrative Agent, granting a security interest in the Obligors' personal property in favor of Administrative Agent, for the benefit of the Secured Parties, and in substantially the form attached hereto as **Exhibit H**.

"*Security Documents*" means, collectively, the Security Agreement, each Short-Form IP Security Agreement, each Real Property Security Document, and each other security document, control agreement or financing statement required or recommended to perfect Liens in favor of the Secured Parties.

"*Securities Account*" has the meaning set forth in the Security Agreement.

"*Senior Common Interest*" has the meaning set forth in the LLC Agreement (as in effect on the date hereof).

"*Shortfall Default*" has the meaning set forth in **Section 10.03**.

"Short-Form IP Security Agreements" means short-form copyright, patent or trademark (as the case may be) security agreements, dated as of the date hereof and substantially in the form attached as Exhibits B, C, and D to the Security Agreement, entered into by one or more Obligors in favor of Administrative Agent, for the benefit of the Secured Parties, each in form and substance satisfactory to the Majority Lenders (and as amended, modified or replaced from time to time).

"Solvent" means, with respect to any Person at any time, that (i) the present fair saleable value of the property of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person has not incurred and does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature and (iv) such Person would be able to obtain a letter from its auditors that did not contain a going concern qualification.

"Subsidiary" means, with respect to any Person (the ***"parent"***) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary Guarantors" means each of the Subsidiaries of Borrower identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto and each Subsidiary of Borrower that becomes, or is required to become, a "Subsidiary Guarantor" after the date hereof pursuant to **Section 8.12(a)**.

"Substitute Lender" has the meaning set forth in **Section 2.07(a)**.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Technical Information" means all trade secrets and other proprietary or confidential information, public information, non-proprietary know-how, any information of a scientific, technical, or business nature in any form or medium, standards and specifications, conceptions, ideas, innovations, discoveries, Invention disclosures, all documented research, developmental, demonstration or engineering work and all other information, data, plans, specifications, reports, summaries, experimental data, manuals, models, samples, know-how, technical information, systems, methodologies, computer programs, information technology and any other information.

"*Title IV Plan*" means an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (i) that is or was at any time maintained or sponsored by any Obligor or any ERISA Affiliate thereof or to which any Obligor or any ERISA Affiliate thereof has ever made, or was obligated to make, contributions, and (ii) that is or was subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA.

"*Trademarks*" is defined in the Security Agreement.

"*Transactions*" means the execution, delivery and performance by each Obligor of this Agreement and the other Loan Documents to which such Obligor is intended to be a party, and the Borrowings (and the use of the proceeds of the Loans).

"*United States*" or **"*U.S.*"** means the United States of America.

"*U.S. Person*" means a "United States Person" within the meaning of Section 7701(a)(30) of the Code.

"*U.S. Tax Compliance Certificate*" has the meaning set forth in **Section 5.03(e)(ii)(B)(3)**.

"*UCC*" means the Uniform Commercial Code as in effect in the applicable jurisdiction, as may be modified from time to time.

"*Warrant Agreement*" means that that certain Warrant Certificate and Agreement, dated as of the date hereof, by and between the Borrower and Perceptive Credit Holdings, LP, and in substantially the form attached hereto as **Exhibit I**.

"*Warrant*" means one or more warrants, issued pursuant to the Warrant Agreement, exercisable into an aggregate number of Senior Common Interests equal to four and half percent (4.5%) of the aggregate issued and outstanding Membership Interests of Borrower, in each case determined on a fully-diluted basis. Each Warrant shall be exercisable at $0.01 per unit of Senior Common Interests and shall be subject to the terms and conditions of the Warrant Agreement.

"*Warrant Obligations*" means, with respect to any Obligor, all Obligations arising out of, under or in connection with, any Warrant.

"*Withdrawal Liability*" means, at any time, any liability incurred (whether or not assessed) by any ERISA Affiliate and not yet satisfied or paid in full at such time with respect to any Multiemployer Plan pursuant to Section 4201 of ERISA.

1.02 Accounting Terms and Principles. Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under **Section l0** and any definitions used in such calculations) shall be made, in accordance with GAAP. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for Borrower and its Subsidiaries, in each case without duplication.

1.03 Interpretation. For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires,

(a) the terms defined in this Agreement include the plural as well as the singular and vice versa;

(b) words importing gender include all genders;

(c) any reference to a Section, Annex, Schedule or Exhibit refers to a Section of, or Annex, Schedule or Exhibit to, this Agreement;

(d) any reference to "this Agreement" refers to this Agreement, including all Annexes, Schedules and Exhibits hereto, and the words herein, hereof, hereto and hereunder and words of similar import refer to this Agreement and its Annexes, Schedules and Exhibits as a whole and not to any particular Section, Annex, Schedule, Exhibit or any other subdivision;

(e) references to days, months and years refer to calendar days, months and years, respectively;

(f) all references herein to "include" or "including" shall be deemed to be followed by the words "without limitation";

(g) the word "from" when used in connection with a period of time means "from and including" and the word "until" means "to but not including";

(h) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer broadly to any and all assets and properties, whether tangible or intangible, real or personal, including cash, securities, rights under contractual obligations and permits and any right or interest in any such assets or property; and

(i) accounting terms not specifically defined herein (other than "property" and "asset") shall be construed in accordance with GAAP.

Unless otherwise expressly provided herein, references to organizational documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto permitted by the Loan Documents.

SECTION 2.
TIIE COMMITMENT AND THE LOANS

2.01 Loans.

(a) On the terms and subject to the conditions of this Agreement, the Lenders agree to make the Initial Loan available to Borrower in a single Borrowing on the Closing Date.

(b) On the terms and subject to the conditions of this Agreement, the Lenders agree to make the Delayed Draw Loan to Borrower in a single Borrowing on the Delayed Draw Date.

(c) No amounts paid or prepaid with respect to any Loan may be reborrowed.

(d) Any term or provision hereof (or of any other Loan Document) to the contrary notwithstanding, Loans made to Borrower will be denominated solely in Dollars and will be repayable solely in Dollars and no other currency.

2.02 Borrowing Procedures.

(a) At least three (but not more than five) Business Days prior to the proposed Borrowing Date, Borrower shall deliver to Administrative Agent an irrevocable Borrowing Notice (which notice, if received by Administrative Agent on a day that is not a Business Day or after 10:00 A.M. Eastern time on a Business Day, shall be deemed to have been delivered on the next Business Day).

(b) Upon receipt of a Borrowing Notice, Administrative Agent shall promptly notify each Lender thereof. No later than (i) 12:00 Noon Eastern time on the anticipated Borrowing Date, each Lender shall make available to Administrative Agent an amount in immediately available funds equal to the Loan to be made by such Lender.

2.03 [Reserved]

2.04 Notes. If requested by any Lender, the Loans of such Lender shall be evidenced by one or more Notes. Borrower shall prepare, execute and deliver to Administrative Agent such promissory note(s) payable to the Lenders (or, if requested by the Lenders, to the Lenders and their registered assigns) and substantially in the form attached hereto as **Exhibit C**.Thereafter, the Loans and interest thereon shall at all times (including after assignment pursuant to **Section 14.05**) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

2.05 Use of Proceeds. Borrower shall use the proceeds of the Loans first, to pay in full all amounts outstanding under the Existing Credit Agreement and terminate all commitments thereunder to make future credit extensions, and, thereafter, for general business purposes, including the payment of fees and expenses associated with this Agreement.

2.06 Defaulting Lenders.

(a) **Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by Requirements of Law:

(i) **Waivers and Amendments.** Such Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in **Section 14.04**.

(ii) **Reallocation of Payments.** Any payment of principal, interest, fees or other amounts received by the Lenders for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to **Section 11** or otherwise), shall be applied at such time or times as follows: first, as Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement; second, if so determined by the Majority Lenders and Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of such Defaulting Lender to fund Loans under this Agreement; third, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fourth, so long as no Default exists, to the payment of any amounts owing to Borrower as a result of any judgment of a court of competent jurisdiction obtained by Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made at a time when the conditions set forth in **Section 6** were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this **Section 2.06(a)(ii)** shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) **Defaulting Lender Cure.** If Borrower and the Majority Lenders agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as necessary to cause the Loans to be held on a *pro rata* basis by the Lenders in accordance with their Proportionate Share, whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.07 Substitution of Lenders.

(a) **Substitution Right.** If any Lender (an **"*Affected Lender*"**), (i) becomes a Defaulting Lender or (ii) does not consent to any amendment, waiver or consent to any Loan Document for which the consent of the Majority Lenders is obtained but that requires the consent of other Lenders (a **"*Non-Consenting Lender*"**), then (x) Borrower may elect to pay in full such Affected Lender with respect to all Obligations (other than Warrant Obligations) due to such Affected Lender or (y) either Borrower or the Majority Lenders shall identify any willing Lender or Affiliate of any Lender or Eligible Transferee (in each case, a **"*Substitute Lender*"**) to substitute for such Affected Lender; provided that any substitution of a Non-Consenting Lender shall occur only with the consent of Administrative Agent and the Majority Lenders.

(b) **Procedure.** To substitute such Affected Lender or pay in full all Obligations (other than Warrant Obligations) owed to such Affected Lender, Borrower shall deliver a notice to such Affected Lender. The effectiveness of such payment or substitution shall be subject to the delivery by Borrower (or, as may be applicable in the case of a substitution, by the Substitute Lender) of (i) payment for the account of such Affected Lender, of, to the extent accrued through, and outstanding on, the effective date for such payment or substitution, all Obligations (other than Warrant Obligations) owing to such Affected Lender (which shall not include any Prepayment Premium) and (ii) in the case of a substitution, an Assignment and Assumption executed by the Substitute Lender, which shall thereunder, among other things, agree to be bound by the terms of the Loan Documents.

(c) **Effectiveness.** Upon satisfaction of the conditions set forth in **Sections 2.07(a)** and **(b)**, Administrative Agent shall record such substitution or payment in the Register, whereupon (i) in the case of any payment in full of an Affected Lender, such Affected Lender's Commitments shall be terminated and (ii) in the case of any substitution of an Affected Lender, (x) such Affected Lender shall sell and be relieved of, and the Substitute Lender shall purchase and assume, all rights and claims of such Affected Lender under the Loan Documents, except that the Affected Lender shall retain such rights under the Loan Documents that expressly provide that they survive the repayment of the Obligations and the termination of the Commitments, (y) such Affected Lender shall no longer constitute a "Lender" hereunder and such Substitute Lender shall become a "Lender" hereunder and (z) such Affected Lender shall execute and deliver an Assignment and Assumption to evidence such substitution; provided that the failure of any Affected Lender to execute any such Assignment and Assumption shall not render such sale and purchase (or the corresponding assignment) invalid.

SECTION 3.
PAYMENTS OF PRINCIPAL AND INTEREST

3.01 Repayment.

(a) During the Interest-Only Period, no payments of principal shall be due.

(b) Subject to **clause (e)** below, during the period commencing on January 1, 2019 and ending on July 31, 2019, Borrower shall make monthly scheduled repayments of the Loans in an amount equal to $550,000, such repayments to be made on the Payment Date of each calendar month ending during such period.

(c) Subject to **clause (e)** below, during the period commencing on August l, 20l9 and ending on July 31, 2020, Borrower shall make monthly scheduled repayments of the Loans in an amount equal to $750,000, such repayments to be made on the Payment Date of each calendar month ending during such period.

(d) Borrower shall repay the entire remaining outstanding balance of the Loans on the Maturity Date.

(e) In the event that, on or before the last day of the eighteenth (18^{th}) calendar month following the Closing Date, Borrower has made more than $10,000,000 in optional or mandatory pre-payments of the Loans pursuant to **Section 3.03**,Borrower and Administrative Agent shall negotiate in good faith for a period of no more than five (5) Business Days whether a mutually satisfactory reduction of the monthly scheduled repayments (required pursuant to **Sections 3.01(b)** and **3.01(c)** above) is warranted; providedthat if Borrower and Administrative Agent are unable to mutually agree upon any such reduction the amount of such monthly scheduled repayments shall remain as in effect on the date hereof.

3.02 Interest.

(a) **Interest Generally.** The outstanding principal amount of the Loans, as well as all other outstanding Obligations, shall accrue interest at the Interest Rate.

(b) **Default Interest.** Notwithstanding the foregoing, upon the occurrence and during the continuance of any Event of Default, the Applicable Margin shall increase automatically by 3.00% *per annum* (the Interest Rate, as increased pursuant to this **Section 3.02(b)**,being the ***"Default Rate"***). If any Obligation is not paid when due under any applicable Loan Document, the amount thereof shall accrue interest at the Default Rate.

(c) **Interest Payment Dates.** Accrued interest on the Loans shall be payable in arrears on each Payment Date in cash, and upon the payment or prepayment of the Loans (on the principal amount being so paid or prepaid); provided that interest payable at the Default Rate shall also be payable from time to time on demand by Administrative Agent or the Majority Lenders.

3.03 Prepayments.

(a) **Optional Prepayments.**

(i) Subject to prior written notice pursuant to **clause (ii)** below, Borrower shall have the right to optionally prepay in whole or in part the outstanding principal amount of the Loans on any Business Day (a ***"Redemption Date"***) for an amount equal to the sum of (x) the aggregate principal amount of the Loans being prepaid, (y) the applicable Prepayment Premium on the principal amount of the Loans being prepaid and (z) any accrued but unpaid interest on the principal amount of the Loans being prepaid (such aggregate amount, the ***"Redemption Price"***).

(ii) A notice of optional prepayment shall be effective only if received by Administrative Agent not later than 2:00 p.m. (Eastern time) on a date not less than three (nor more than five) Business Days prior to the proposed date of prepayment. Each notice of optional prepayment shall specify the Redemption Price and the principal amount to be prepaid, as well as the date of prepayment.

(b) **Mandatory Prepayments.** Upon the occurrence of a Casualty Event or an initial Public Offering, Borrower shall make a mandatory prepayment of the Loans as set forth below:

(i) in the event of any Casualty Event, Borrower shall mandatorily prepay the outstanding principal amount of the Loans in an amount equal to the sum of (i) 100% of the net insurance or other proceeds received by Borrower with respect thereto, (ii) the applicable Prepayment Premium on the principal amount of the Loans being prepaid and (iii) any accrued but unpaid interest on any principal amount of the Loans being prepaid; provided that the Borrower may, upon notice to Administrative Agent, use such proceeds to acquire or repair fixed or capital assets useful in Borrower's or its Subsidiaries' businesses, as long as such investment is made within six months of the Casualty Event; and

(ii) in the event of an initial Public Offering, Borrower shall mandatorily prepay the outstanding principal amount of the Loans in an amount equal to the sum of (i) 25% of the net cash proceeds thereof; (ii) the applicable Prepayment Premium on the principal amount of the Loans being prepaid and (iii) any accrued but unpaid interest on any principal amount of the Loans being prepaid.

(c) **Application.** All prepayments made pursuant to **clauses (a)** or **(b)** above shall be applied as follows:

(i) first, in reduction of Borrower's obligation to pay any unpaid interest and any fees then due and owing;

(ii) second, in reduction of Borrower's obligation to pay any costs or expenses referred to in **Section 14.03** then due and owing;

(iii) third, in reduction of Borrower's obligation to pay any amounts due and owing on account of the unpaid principal amount of the Loans;

(iv) fourth, in reduction of any other Obligation then due and owing, including payment of the Prepayment Premium; and

(v) fifth, to Borrower or such other Persons as may lawfully be entitled to or directed by Borrower to receive the remainder.

SECTION 4.
PAYMENTS, ETC.

4.01 Payments.

(a) **Payments Generally.** Each payment of principal, interest and other amounts to be made by the Obligors under this Agreement or any other Loan Document shall be made in Dollars, in immediately available funds, without deduction, set off or counterclaim, to an account to be designated by Administrative Agent by notice to Borrower, not later than 2:00 p.m. (Eastern time) on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

(b) **Application of Payments.** Unless otherwise agreed by Administrative Agent or as otherwise set forth in **Section 3.03(c)**,all payments and prepayments made in respect of the Loans will be applied *pro rata* against outstanding Initial Loans and Delayed Draw Loans in reverse order of scheduled amortization. If at any time insufficient funds are received by and available to Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds will be applied (i) first, towards payment of fees then due hereunder, ratably (to the extent provided herein) among the parties entitled thereto in accordance with the amount of fees then due to such parties, and (ii) second, towards payment of interest then due hereunder in respect of the Loans, ratably (to the extent provided herein) among the parties entitled thereto in accordance with the amount of interest then due to such parties and (iii) third, towards payment of principal then due hereunder in respect of the Loans, ratably (to the extent provided herein) among the parties entitled thereto in accordance with the amount of principal due to such parties.

(c) **Non-Business Days.** If the due date of any payment under this Agreement would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

4.02 Computations. All computations of interest and fees hereunder shall be computed on the basis of a year of 360 days and actual days elapsed during the period for which payable.

4.03 [Reserved].

4.04 Set-Off.

(a) **Set-Off Generally.** Upon the occurrence and during the continuance of any Event of Default, each of Administrative Agent, each Lender and each of their Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by Administrative Agent, any Lender and any of their Affiliates to or for the credit or the account of any Obligor against any and all of the Obligations, whether or not such Person shall have made any demand and although such obligations may be unmatured. Administrative Agent and each Lender agree promptly to notify Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Administrative Agent, each Lender and each of their Affiliates under this **Section 4.04** are in addition to other rights and remedies (including other rights of set-off) that such Persons may have.

(b) **Exercise of Rights Not Required.** Nothing contained in **Section 4.04(a)** shall require Administrative Agent, any Lender and any of their Affiliates to exercise any such right or shall affect the right of such Persons to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of any Obligor.

SECTION 5.
YIELD PROTECTION, ETC.

5.01 Additional Costs

(a) **Change in Requirements of Law Generally.** If, on or after the date hereof, the adoption of any Requirement of Law, or any change in any Requirement of Law, or any change in the interpretation or administration thereof by any court or other Governmental Authority charged with the interpretation or administration thereof, or compliance by any of the Lenders (or its lending office) with any request or directive (whether or not having the force of law) of any such Governmental Authority, shall impose, modify or deem applicable any reserve (including any such requirement imposed by the Board of Governors of the Federal Reserve System), special deposit, contribution, insurance assessment or similar requirement, in each case that becomes effective after the date hereof, against assets of, deposits with or for the account of, or credit extended by, a Lender (or its lending office) or shall impose on a Lender (or its lending office) any other condition affecting the Loans or the Commitment, and the result of any of the foregoing is to increase the cost to such Lender of making or maintaining the Loans, or to reduce the amount of any sum received or receivable by such Lender under this Agreement or any other Loan Document, by an amount deemed by such Lender to be material (other than (i) Indemnified Taxes and (ii) Taxes described in **clause (iii)** or **(iv)** of the definition of ***"Excluded Taxes"***), then, within five (5) Business Days of Borrower's receipt of written notice described in **Section 5.01(b)** below, Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction; provided that if such additional amount or amounts exceeds $250,000 in the aggregate, Borrower (at its option) may defer payment of the additional amount or amounts in excess of $250,000 until a day not later than the thirtieth (30^{th}) day following Borrower's receipt of such written notice from a Lender.

(b) **Notification by Lender.** Each Lender promptly will notify Borrower in writing of any event of which it has knowledge, occurring after the date hereof which will entitle such Lender to compensation pursuant to **Section 5.01(a)**.Before giving any such notice pursuant to this **Section 5.01(b)** such Lender shall designate a different lending office if such designation (x) will, in the reasonable judgment of such Lender, avoid the need for, or reduce the amount of, such compensation and (y) will not, in the reasonable judgment of such Lender, be materially disadvantageous to such Lender. Such written notice delivered to Borrower by such Lender claiming compensation under **Section 5.01(a)**,which notice shall set forth in reasonable detail the additional amount or amounts to be paid to such Lender pursuant to such **Section 5.01(a)**,shall be conclusive and binding on Borrower in the absence of manifest error.

(c) Notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to constitute a change in Requirements of Law for all purposes of this **Section 5.01**,regardless of the date enacted, adopted or issued.

5.02 Illegality. Notwithstanding any other provision of this Agreement, in the event that on or after the date hereof the adoption of or any change in any Requirement of Law or in the interpretation or application thereof by any competent Governmental Authority shall make it unlawful for a Lender or its lending office to make or maintain the Loans (and, in the opinion of such Lender, the designation of a different lending office would either not avoid such unlawfulness or would be disadvantageous to such Lender), then such Lender shall promptly notify Borrower thereof, following which (i) such Lender's Commitment shall be suspended until such time as such Lender may again make and maintain the Loans hereunder and (ii) if such, Requirement of Law shall so mandate, the Loans shall be prepaid by Borrower on or before such date as shall be mandated by such Requirement of Law in an amount equal to the Redemption Price applicable on the date of such prepayment in accordance with **Section 3.03(a)**.

5.03 Taxes.

(a) **Payments Free of Taxes.** Any and all payments by or on account of any Obligation shall be made without deduction or withholding for any Taxes, except as required by any Requirement of Law. If any Requirement of Law requires the deduction or withholding of any Tax from any such payment by an Obligor, then such Obligor shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Requirements of Law and, if such Tax is an Indemnified Tax, then the sum payable by such Obligor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Section 5**) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) **Payment of Other Taxes by Borrower.** Borrower shall timely pay to the relevant Governmental Authority in accordance with Requirements of Law, or at the option of each Lender, timely reimburse it for, Other Taxes.

(c) **Evidence of Payments.** As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this **Section 5**,Borrower shall deliver to each Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment.

(d) **Indemnification.** Borrower shall reimburse and indemnify each Recipient, within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Section 5**) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender shall be conclusive absent manifest error.

(e) **Status of Lenders.**

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall timely deliver to Borrower such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding; provided that, other than in the case of U.S. Federal withholding Taxes, such Lender has received written notice from Borrower advising it of the availability of such exemption or reduction and containing all applicable documentation. In addition, any Lender shall deliver such other documentation prescribed by a Requirement of Law as reasonably requested by Borrower as will enable Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 5.03(e)(ii)**)shall not be required if in such Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to Borrower on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 (or successor form) certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI (or successor form);

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of **Exhibit D** to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the applicable Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a ***"U.S. Tax Compliance Certificate"***) and (y) executed originals of IRS Form W-8BEN (or successor form); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY (or successor form), accompanied by IRS Form W-8ECI (or successor form), IRS Form W-8BEN (or successor form), a U.S. Tax Compliance Certificate, IRS Form W-9 (or successor form), and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner.

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by Requirements of Law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Requirements of Law to permit Borrower to determine the withholding or deduction required to be made; and

(D) any Foreign Lender shall deliver to Borrower any forms and information necessary to establish that such Foreign Lender is not subject to withholding tax under FATCA.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in uniting of its legal inability to do so.

(f) **Treatment of Certain Refunds.** If any party to this Agreement determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 5** (including by the payment of additional amounts pursuant to this **Section 5**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this **Section 5** with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 5.03(f)**,in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 5.03(f)** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This **Section 5.03(f)** shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) **Mitigation Obligations.** If Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or to any Governmental Authority for the account of any Lender pursuant to **Section 5.01** or this **Section 5.03**,then such Lender shall (at the request of Borrower) use commercially reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates if, in the sole reasonable judgment of such Lender, such designation or assignment and delegation would (i) eliminate or reduce amounts payable pursuant to **Section 5.01** or this **Section 5.03**,as the case may be, in the future, (ii) not subject such Lender to any unreimbursed cost or expense and (iii) not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment and delegation.

5.04 Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this **Section 5** shall not constitute a waiver of such Lender's right to demand such compensation; provided that if such Lender has not provided the appropriate notice within nine (9) months of the event or change giving rise to such increased cost or reduction, then Borrower shall not be required to compensate such Lender pursuant to this **Section 5.**

SECTION 6.
CONDITIONS PRECEDENT

6.01 Conditions to the Borrowing of the Initial Loan. The obligation of each Lender to make the Initial Loan shall be subject to the execution and delivery of this Agreement by the parties hereto, the delivery of a Borrowing Notice as required pursuant to **Section 2.02(a)**,and the prior or concurrent satisfaction of each of the conditions precedent set forth below in this Article.

(a) **Officer's Certificate, Etc.** Administrative Agent shall have received from each Obligor (i) a copy of a good standing certificate, dated a date reasonably close to the Closing Date, for each such Person and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Person's secretary, assistant secretary or a Responsible Officer of such Person as to:

(i) resolutions of each such Person's board of directors (or other managing body, in the case of an Obligor other than a corporation) then in full force and effect authorizing the execution, delivery and performance of each Loan Document to be executed by such Person and the Transactions;

(ii) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Person; and

(iii) the full force and validity of each Organic Document of such Person and copies thereof;

upon which certificates Administrative Agent may conclusively rely until it shall have received a further certificate of the secretary, assistant secretary or Responsible Officer of any such Person cancelling or amending the prior certificate of such Person.

(b) **Closing Date Certificate.** Administrative Agent shall have received a certificate, dated as of the Closing Date and in form and substance satisfactory to Administrative Agent (the ***"Closing Date Certificate"***), duly executed and delivered by a Responsible Officer of Borrower, in which certificate Borrower shall agree and acknowledge, among other things, that the statements made therein shall be deemed to be true and correct representations and warranties of Borrower as of such date, and, at the time such certificate is delivered, such statements shall in fact be true and correct, and such statements shall include that (i) both immediately before and after giving effect to the Initial Loan, (x) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct and (y) no Default shall have then occurred and be continuing, or would result from the Initial Loan being advanced on the Closing Date and (ii) all of the conditions set forth in **Section 6.01** have been satisfied. All documents and agreements required to be appended to the Closing Date Certificate, if any, shall be in form and substance satisfactory to Administrative Agent, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

(c) **Delivery of Notes.** Administrative Agent shall have received a Note for the Loan duly executed and delivered by a Responsible Officer of Borrower.

(d) **Financial Information, Etc.** Administrative Agent shall have received unaudited consolidated balance sheets of Borrower and its Subsidiaries for each Fiscal Quarter ended after December 31, 2015 and at least ten Business Days prior to the Closing Date, together with the related consolidated statement of operations, shareholder's equity and cash flows for such Fiscal Quarter.

(e) **Compliance Certificate.** Administrative Agent shall have received an initial Compliance Certificate, prepared on a pro forma basis as of the Closing Date, giving effect to the Initial Loan, dated as of the Closing Date, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Responsible Officer of Borrower, which such Compliance Certificate shall demonstrate Borrower's compliance with the financial covenants contained in **Section 10**,on a pro forma basis.

(f) **Solvency, Etc.** Administrative Agent shall have received a solvency certificate duly executed and delivered by the chief financial or accounting Responsible Officer of Borrower, dated as of the Closing Date, in form and substance satisfactory to Administrative Agent.

(g) **Security Agreement.** Administrative Agent shall have received executed counterparts of the Security Agreement, dated as of the date hereof, duly executed and delivered by each Obligor together with:

(i) delivery of all certificates (in the case of Equity Interests that are securities (as defined in the NYUCC)) evidencing the issued and outstanding Equity Interests owned by each Obligor that are required to be pledged under the Security Agreement, which certificates in each case shall be accompanied by undated instruments of transfer duly executed in blank, or, in the case of Equity Interests that are uncertificated securities (as defined in the NYUCC), confirmation and evidence satisfactory to Administrative Agent that the security interest required to be pledged therein under the Security Agreement has been transferred to and perfected by Administrative Agent in accordance with Articles 8 and 9 of the NYUCC and all laws otherwise applicable to the perfection of the pledge of such Equity Interests;

(ii) financing statements suitable in form for naming each Obligor as a debtor and Administrative Agent as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of Administrative Agent, desirable to perfect the security interests of the Lenders pursuant to the Security Agreement; and

(iii) UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person in any collateral described in the Security Agreement previously granted by any Person.

(h) **Lien Searches.** Administrative Agent shall be satisfied with Lien searches regarding Borrower and its Subsidiaries made within two Business Days prior to the Borrowing of the Initial Loan.

(i) **Short-Form IP Agreements.** Administrative Agent shall have received all Short-Form IP Agreements required to be provided under the Security Agreement, each dated as of the Closing Date, duly executed and delivered by each Obligor that is required to do so under the Security Agreement.

(j) **Warrant Agreement and Warrants.** The Administrative Agent shall have received executed counterparts of the Warrant Agreement, dated as of the Closing Date, and the Lenders shall have received the Warrants, in each case dated as of the Closing Date, duly executed, delivered and validly issued by Borrower.

(k) **Insurance.** Administrative Agent shall have received certified copies of the insurance policies (or binders in respect thereof), from one or more insurance companies satisfactory to Administrative Agent, evidencing coverage required to be maintained pursuant to each Loan Document. All such insurance policies required pursuant to this Section shall (i) name Administrative Agent as mortgagee (in the case of property insurance) or loss payee or additional insured (in the case of liability insurance), as applicable, and provide that no cancellation or modification of the policies will be made without the prior written consent of Administrative Agent and (ii) be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

(l) **Material Agreements.** Administrative Agent shall be satisfied, in its sole discretion, with the terms conditions and other provisions of each Material Agreement.

(m) **Opinions of Counsel.** Administrative Agent shall have received one or more opinions, dated the Closing Date and addressed to Administrative Agent, from independent legal counsel to Borrower and the other Obligors, in form and substance reasonably acceptable to Administrative Agent.

(n) **Fee Letter.** Administrative Agent shall have received an executed counterpart of the Fee Letter, duly executed and delivered by Borrower.

(o) **Closing Fees, Expenses, Etc.** Administrative Agent shall have received for its own account, all fees, costs and expenses due and payable pursuant to the Fee Letter and Section 14.03, including all reasonable closing costs and fees and all unpaid reasonable expenses of the Lenders incurred in connection with the Transactions (including Administrative Agent’s legal fees and expenses).

(p) **Payoff of Existing Credit Agreement.** On the Closing Date, Borrower shall repay the Existing Credit Agreement in full and shall provide to Administrative Agent a payoff letter to that effect, in form and substance reasonably satisfactory to Administrative Agent, which letter shall include a release of all Liens existing under the Existing Credit Agreement, if any.

(q) **Regulatory Approvals.** Administrative Agent shall have received and be satisfied, in its sole discretion, with all regulatory approvals, clinical data valuations, owned and licensed rights to intellectual property, and other arrangements with third parties performed with respect to the Obligors, as well as other financial, legal, insurance and accounting information related to the Obligors.

(r) **Legal Structure.** Administrative Agent shall be satisfied with the legal structure of Borrower and its Subsidiaries, and Administrative Agent shall be satisfied with the nature and status of all securities, labor, tax, litigation, environmental matters and other material matters involving or affecting Borrower and its Subsidiaries.

(s) **Litigation.** The litigation between Borrower, Indivior plc and certain manufacturers of generic pharmaceuticals including, but not limited to, Actavis, Teva and Par Pharmaceuticals, regarding the Suboxone patents, shall have been resolved to the reasonable satisfaction of Administrative Agent.

(t) **Anti-Terrorism Laws.** Administrative Agent shall have received, as applicable, all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the U.S.A. Patriot Act.

(u) **Due Diligence.** Administrative Agent shall have received and be satisfied with all due diligence (including without limitation financial, technical, operational, legal, intellectual property, commercial market forecasts, clinical and regulatory assessments, supply chain, securities, labor, tax, litigation, environmental, reimbursement and regulatory authority matters) in its sole discretion.

(v) **Material Adverse Change.** No Material Adverse Change shall have occurred in the business, financial performance or condition, operations (including the results thereof), assets, properties or prospects of Borrower and its Subsidiaries, taken as a whole, since December 31, 2015.

(w) **Satisfactory Legal Form.** All documents executed or submitted pursuant hereto by or on behalf of each Obligor or any of its respective Subsidiaries shall be satisfactory in form and substance to Administrative Agent and its counsel, and Administrative Agent and its counsel shall have received all information, approvals, resolutions, opinions, documents or instruments as Administrative Agent or its counsel may reasonably request.

6.02 Conditions to the Borrowing of the Delayed Draw Loan. The obligation of the Lenders to make the Delayed Draw Loan shall be subject to the prior making of the Initial Loan, the delivery of a Borrowing Notice for such Delayed Draw Loan as required pursuant to **Section 2.02(a)**,and the satisfaction of each of the conditions precedent set forth below in this **Section 6.02**.

(a) **Delayed Draw Certificate.** Administrative Agent shall have received a certificate, dated as of the Delayed Draw Date and in form and substance satisfactory to Administrative Agent (the ***"Delayed Draw Certificate"***), duly executed and delivered by a Responsible Officer of Borrower, in which certificate Borrower shall agree and acknowledge, among other things, that the statements made therein shall be deemed to be true and correct representations and warranties of Borrower as of such date, and, at the time such certificate is delivered, such statements shall in fact be true and correct, and such statements shall include that (i) both immediately before and after giving effect to the Delayed Draw Loan (x) the representations and warranties set forth in this Agreement and each other Loan Document shall, in each case, be true and correct and (y) no Default shall have then occurred and be continuing, or would result from the Delayed Draw Loan to be advanced on the Delayed Draw Date, and (ii) all of the conditions set forth in **Section 6.02** have been satisfied. All documents and agreements required to be appended to the Delayed Draw Certificate, if any, shall be in form and substance reasonably satisfactory to Administrative Agent, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

(b) **Delayed Draw Borrowing Milestone.** On or before the first anniversary of the Closing Date, Borrower shall have delivered to Administrative Agent written evidence, in reasonable detail, which evidence shall be in form and substance satisfactory to the Administrative Agent, that at least one patient has enrolled in a pivotal clinical study for Diazepam (MSRX-203).

(c) **Compliance Certificate.** Administrative Agent shalt have received a Compliance Certificate, prepared on a pro forma basis as if the Delayed Draw Loan had been made as of the first day of the most recently ended Fiscal Quarter for which a report pursuant to **Section 8.01(a)** has been delivered to Administrative Agent, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Responsible Officer of each Obligor.

(d) **Closing Fee, Expenses, Etc.** Administrative Agent shall have received for its own account, all fees, costs and expenses due and payable pursuant to **Section 14.03**.

(e) **Delayed Draw Date.** The Delayed Draw Date shall have occurred on or before the date which is 30 days after the date when all conditions precedent set forth in this Section 6.02 have been satisfied; provided that, if such date occurs on or before December 3, 2016, the Delayed Draw Date shall be January 13, 2017.

(f) **Lien Searches.** Borrower and its Subsidiaries shall have delivered lien searches to the Administrative Agent dated as of a date reasonably close to the Delayed Draw Date, and the Administrative Agent shall be satisfied with the results of such searches.

(g) **Satisfactory Legal Form.** All documents executed or submitted pursuant hereto by or on behalf of Borrower or any Subsidiary shall be reasonably satisfactory in form and substance to Administrative Agent and its counsel, and Administrative Agent and its counsel shall have received all information, approvals, resolutions, opinions, documents or instruments as Administrative Agent or its counsel may reasonably request.

SECTION 7.
REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Administrative Agent and the Lenders that:

7.01 Power and Authority. Each of Borrower and its Subsidiaries (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) has all requisite corporate or other power, and has all Governmental Approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, except to the extent that failure to have the same could not reasonably be expected to have a Material Adverse Effect, (iii) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify (either individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect, and (iv) has full power, authority and legal right to enter into and perform its obligations under each of the Loan Documents to which it is a party and, in the case of Borrower, to borrow the Loans hereunder.

7.02 Authorization; Enforceability. The Transactions are within each Obligor's corporate powers and have been duly authorized by all necessary corporate and, if required, by all necessary shareholder action. This Agreement has been duly executed and delivered by each Obligor and constitutes, and each of the other Loan Documents to which it is a party when executed and delivered by such Obligor will constitute, a legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.03 Governmental and Other Approvals; No Conflicts. The Transactions (i) do not require any Governmental Approval of, registration or filing with, or any other action by, any Governmental Authority or any third party, except for (x) such as have been obtained or made and are in full force and effect and (y) filings and recordings in respect of the Liens created pursuant to the Security Documents, (ii) will not violate any Requirement of Law or the Organic Documents of Borrower and its Subsidiaries or any order of any Governmental Authority, other than any such violations that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon Borrower and its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (iv) will not result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of Borrower and its Subsidiaries.

7.04 Financial Statements; Material Adverse Change.

(a) **Financial Statements.** Borrower has heretofore furnished to the Lenders certain consolidated financial statements as provided for in **Section 8.01**.Such financial statements, and all other financial statements delivered by Borrower to Administrative Agent (whether prior to the Closing Date or otherwise) present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of Borrower and its Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements of the type described in **Section 8.01(a)**. Neither Borrower nor any of its Subsidiaries has any material contingent liabilities or unusual forward or long-term commitments not disclosed in the aforementioned financial statements.

(b) **No Material Adverse Change.** Since December 31, 2015, there has been no Material Adverse Change.

7.05 Properties.

(a) **Property Generally.** Each Obligor has good and marketable fee simple title to, or valid leasehold interests in, all its real and personal property material to its business, subject only to Permitted Liens and except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) **Intellectual Property.**

(i) **Schedule 7.05(b)** contains:

(A) a complete and accurate list of all applied for or registered or issued Patents, including the jurisdiction and patent number;

(B) a complete and accurate list of all applied for or registered Trademarks, including the jurisdiction, trademark application or registration number and the application or registration date; and

(C) a complete and accurate list of all applied for or registered Copyrights.

(ii) To the best of each Obligor's knowledge, each Obligor is the absolute beneficial owner of all right, title and interest in and to the Obligor Intellectual Property that it owns, with no breaks in chain of title with good and marketable title, free and clear of any Liens or Claims of any kind whatsoever other than Permitted Liens, and each Obligor has the right to use all Obligor Intellectual Property. Without limiting the foregoing, and except as set forth in **Schedule 7.05(b)**:

(A) other than with respect to the Material Agreements, or as permitted by **Section 9.09**, to the best of each Obligor's knowledge, the Obligors have not transferred ownership of Material Intellectual Property, in whole or in part, to any other Person who is not an Obligor;

(B) to the best of each Obligor's knowledge, other than (i) the Material Agreements, (ii) customary restrictions in in-bound licenses of Intellectual Properly and non disclosure agreements, or (iii) as would have been or is permitted by **Section 9.09**, there are no judgments, covenants not to sue, permits, grants, licenses, Liens (other than Permitted Liens), Claims, or other agreements or arrangements relating to Borrower's Material Intellectual Property, including any development, submission, services, research, license or support agreements, which bind, obligate or otherwise restrict in any material manner any Obligor or any of its Subsidiaries with respect to their Material Intellectual Property;

(C) to the best of each Obligor's knowledge, neither the use by it of any of its Intellectual Property, nor the operations by such Obligor of its business, violates, infringes or interferes with or constitutes a misappropriation of any valid rights arising under any Intellectual Property of any other Person;

(D) except as set forth in **Schedule 7.06(a)**,there are no pending or, to Borrower's knowledge, threatened Claims against the Obligors asserted by any other Person relating to the Obligor Intellectual Property, including any Claims of adverse ownership, invalidity, infringement, misappropriation, violation or other opposition to or conflict with such Intellectual Property; the Obligors have not received any written notice from any Person that Borrower's business, the use of the Obligor Intellectual Property, or the manufacture, use or sale of any product or the performance of any service by Borrower infringes upon, violates or constitutes a misappropriation of, or may infringe upon, violate or constitute a misappropriation of, or otherwise interfere with, any other Intellectual Property of any other Person;

(E) except as set forth in **Schedule 7.06(a)**,the Obligors have no knowledge that the Obligor Intellectual Property is being infringed, violated, misappropriated or otherwise used by any other Person without the express authorization of the Obligors. Without limiting the foregoing, except as set forth in **Schedule 7.06(a)**,the Obligors have not put any other Person on notice of actual or potential infringement, violation or misappropriation of any of the Obligor Intellectual Property; the Obligors have not initiated the enforcement of any Claim with respect to any of the Obligor Intellectual Property;

(F) to the best of each Obligor's knowledge, all relevant current and former employees and contractors of Borrower have executed written confidentiality and invention assignment Contracts with Borrower that irrevocably assign to Borrower or its designee all of their rights to any Inventions relating to Borrower's business;

(G) to the best of each Obligor's knowledge, the Obligor Intellectual Property is all the Intellectual Property necessary for the operation of Borrower's business as it is currently conducted or as currently contemplated to be conducted;

(H) the Obligors have taken reasonable precautions to protect the secrecy, confidentiality and value of its Obligor Intellectual Property consisting of trade secrets and confidential information;

(I) each Obligor has delivered to Administrative Agent accurate and complete copies of all Material Agreements relating to the Obligor Intellectual Property; and

(J) to the best of each Obligor's knowledge, there are no pending or threatened in writing Claims against the Obligors asserted by any other Person relating to the Material Agreements, including any Claims of breach or default under such Material Agreements.

(iii) To the best of each Obligor's knowledge, with respect to the Obligor Intellectual Property consisting of Patents, except as set forth in **Schedule 7.05(b)**, and without limiting the representations and warranties in **Section 7.05(b)(ii)**:

(A) each of the issued claims in such Patents, to Borrower's knowledge, is valid and enforceable;

(B) the named inventors claimed in such Patents have executed written Contracts with Borrower or its predecessor-in-interest that properly and irrevocably assigns to Borrower or predecessor-in-interest all of their rights, title and interest to any of the Inventions claimed in such Patents to the extent permitted by Requirements of Law;

(C) none of the Patents, or the Inventions claimed in them, have been dedicated to the public except as a result of intentional decisions made by the applicable Obligor;

(D) to the best of each Obligor's knowledge, all prior art material to the Patents listed on **Schedule 7.05(b)** was adequately disclosed to or considered by the respective patent offices during prosecution of such Patents to the extent required by Requirements of Law;

(E) subsequent to the issuance of such Patents, neither any Obligor nor its predecessor in interest, have filed any disclaimer or filed any other voluntary reduction in the scope of the Inventions claimed in such Patents;

(F) except as expressly indicated on **Schedule 7.05(b)**, no allowable or allowed subject matter of such Patents, to each Obligor's knowledge, is subject to any competing conception claims of allowable or allowed subject matter of any patent applications or patents of any third party and have not been the subject of any interference, re-examination, opposition or any other post-grant proceedings, nor are the Obligors aware of any basis for any such interference, re-examination, opposition or any other post-grant proceedings;

(G) no such Patents have ever been finally adjudicated to be invalid, unpatentable or unenforceable for any reason in any administrative, arbitration, judicial or other proceeding, and, with the exception of publicly available documents in the applicable patent office recorded with respect to any Patents, the Obligors have not received any notice asserting that such Patents are invalid, unpatentable or unenforceable; if any of such Patents is terminally disclaimed to another patent or patent application, all patents and patent applications subject to such terminal disclaimer are included in the Collateral;

(H) to the best of each Obligor's knowledge, the Obligors have not received an opinion, whether preliminary in nature or qualified in any manner, which concludes that a challenge to the validity or enforceability of any of such Patents is more likely than not to succeed;

(I) the Obligors have no knowledge that they or any prior owner of such Patents or their respective agents or representatives have engaged in any conduct, or omitted to perform any necessary act, the result of which would invalidate or render unpatentable or unenforceable any such Patents; and

(J) all maintenance fees, annuities, and the like due or payable on the Patents have been timely paid or the failure to so pay was the result of an intentional decision by the applicable Obligor or would not reasonably be expected to result in a Material Adverse Change.

(c) **Material Intellectual Property. Schedule 7.05(c)** contains an accurate list of the Obligor Intellectual Property that is material to Borrower's current business with an indication as to whether the applicable Obligor owns or has an exclusive or non-exclusive license to such Obligor Intellectual Property.

7.06 No Actions or Proceedings.

(a) **Litigation.** There is no litigation, investigation or proceeding pending or, to Borrower's knowledge, threatened with respect to Borrower and its Subsidiaries by or before any Governmental Authority or arbitrator (i) that either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, except as specified in **Schedule 7.06(a)** or (ii) that involves this Agreement or the Transactions.

(b) **Environmental Matters.** The operations and property of Borrower and its Subsidiaries comply with all applicable Environmental Laws, except to the extent the failure to so comply (either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(c) **Labor Matters.** There are no strikes, lockouts or other material labor disputes against Borrower or any Subsidiary or, to Borrower's knowledge, threatened against or affecting Borrower or any Subsidiary, and no significant unfair labor practice complaint is pending against Borrower or any Subsidiary or, to the knowledge of Borrower, threated against any of them before any Governmental Authority. Except as set forth on **Schedule 7.06(c)**, Borrower is not party to any collective bargaining agreements or contracts, no union representation exists on any facilities of Borrower or any of its Subsidiaries and, to the knowledge of Borrower, no union organizing activities are taking place.

7.07 Compliance with Laws and Agreements. Each of the Obligors is in compliance with all Requirements of Law and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing. Obligors and their Subsidiaries are in compliance with 21 CFR §§210-211 and 2l CFR §§600-610.

7.08 Taxes. Except as set forth on **Schedule 7.08**,each of the Obligors has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which such Obligor has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

7.09 Full Disclosure. To the best knowledge of Borrower, none of the representations or warranties made by any Obligor in any of the Loan Documents to which it is a party, as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of any Obligor in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

7.10 Regulation.

(a) **Investment Company Act.** Neither Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

(b) **Margin Stock.** Neither Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of the Loans will be used to buy or carry any Margin Stock in violation of Regulation T, U or X.

7.11 Solvency. Borrower is and, immediately after giving effect to the Borrowing and the use of proceeds thereof, will be Solvent. Each Subsidiary of Borrower is and, immediately after giving effect to the Borrowing and the use of proceeds thereof, will be Solvent.

7.12 Subsidiaries. Set forth on **Schedule 7.12** is a complete and correct list of all Subsidiaries as of the date hereof. Each such Subsidiary is duly organized and validly existing under the jurisdiction of its organization shown in said **Schedule 7.12**, and the percentage ownership by Borrower of each such Subsidiary is as shown in said **Schedule 7.12**. Each Subsidiary that is a Foreign Subsidiary and each Subsidiary that is a Permitted Foreign Subsidiary is designated as such on such Schedule.

7.13 Indebtedness and Liens. Set forth on **Schedule 7.13(a)** is a complete and correct list of all Indebtedness of each Obligor outstanding as of the date hereof. **Schedule 7.13(b)** is a complete and correct list of all Liens granted by Borrower and other Obligors with respect to their respective property and outstanding as of the date hereof.

7.14 Material Agreements. Set forth on **Schedule 7.14** is a complete and correct list of (i) each Material Agreement and (ii) each agreement creating or evidencing any Material Indebtedness. No Obligor is in material default under any such Material Agreement or agreement creating or evidencing any Material Indebtedness. Except as otherwise disclosed on **Schedule 7.14**,all material vendor purchase agreements and provider Contracts of the Obligors are in full force and effect without material modification from the form in which the same were disclosed to Administrative Agent and the Lenders.

7.15 Restrictive Agreements. None of the Obligors is subject to any Restrictive Agreement, except those listed on **Schedule 15** or otherwise permitted under **Section 9.11**.

7.16 Real Property. Neither Borrower nor any of its Subsidiaries owns or leases (as tenant thereof) any real property, except as described on **Schedule 7.16**.

7.17 Pension Matters. Schedule 7.17 sets forth, as of the date hereof, a complete and correct list of, and that separately identifies, (i) all Title IV Plans, (ii) all Multiemployer Plans and (iii) all material Benefit Plans. Each Benefit Plan, and each trust thereunder, intended to qualify for tax exempt status under Section 401 or 501 of the Code or other Requirements of Law so qualifies. Except for those that could not, in the aggregate, have a Material Adverse Effect, (x) each Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other Requirements of Law, (y) there are no existing or pending (or to the knowledge of any Obligor or Subsidiary thereof, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Benefit Plan to which any Obligor or Subsidiary thereof incurs or otherwise has or could have an obligation or any liability or Claim and (z) no ERISA Event is reasonably expected to occur. Borrower and each of its ERISA Affiliates has met all applicable requirements under the ERISA Funding Rules with respect to each Title IV Plan, and no waiver of the minimum funding standards under the ERISA Funding Rules has been applied for or obtained. As of the most recent valuation date for any Title IV Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is at least 60%, and neither Borrower nor any of its ERISA Affiliates knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage to fall below 60% as of the most recent valuation date. As of the date hereof, no ERISA Event has occurred in connection with which obligations and liabilities (contingent or otherwise) remain outstanding. No ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal from any Multiemployer Plan on the date this representation is made.

7.18 Collateral; Security Interest. Each Security Document is effective to create in favor of the Secured Parties a legal, valid and enforceable security interest in the Collateral subject thereto to the extent required by the applicable Security Document. The Security Documents collectively are effective to create in favor of the Secured Parties a legal, valid and enforceable security interest in the Collateral, which security interests are perfected and first-priority (subject only to Permitted Priority Liens).

7.19 Regulatory Approvals.

(a) Each Obligor and each of its Subsidiaries holds, and will continue to hold, either directly or through licensees and agents, all Regulatory Approvals, licenses, permits and similar governmental authorizations of a Governmental Authority necessary or required for Borrower and each of its Subsidiaries to conduct their respective operations and businesses in the manner currently conducted.

(b) Set forth on **Schedule 7.19(b)** is a complete and accurate list as of the date hereof of all material Regulatory Approvals relating to the Obligors and each of their Subsidiaries, the conduct of their business and the Products (on a per Product basis). All such material Regulatory Approvals are (i) legally and beneficially owned exclusively by the Obligors or such Subsidiaries, as the case may be, free and clear of all Liens other than Permitted Liens, (ii) validly registered and on file with the applicable Governmental Authority, in material compliance with all registration, filing and maintenance requirements (including any fee requirements) thereof, and (iii) in good standing, valid and enforceable with the applicable Governmental Authority in all material respects. All required and material notices, registrations and listings, supplemental applications or notifications, reports (including field alerts or other reports of adverse experiences) and other required and material filings with respect to the Products have been filed with the FDA and all other applicable Governmental Authorities.

(c) (i) All material regulatory filings required by any Regulatory Authority or in respect of any Regulatory Approval or Product Authorization with respect to any Product or any Product Development and Commercialization Activities have been made, and all such filings are complete and correct in all material respects and have complied in all material respects with all Requirements of Law, (ii) all clinical and pre-clinical trials, if any, of investigational Products have been and are being conducted by each Obligor according to all Requirements of Law in all material respects along with appropriate monitoring of clinical investigator trial sites for their compliance, and (iii) each Obligor has disclosed to the Lenders all such material regulatory filings and all material communications between representatives of each Obligor and any Regulatory Authority.

(d) Each Obligor and each of its agents are in compliance in all material respects with all applicable Requirements of Law (including all Regulatory Approvals and Product Authorizations) of all applicable Governmental Authorities, including the FDA and all other Regulatory Authorities, with respect to each Product and all Product Development and Commercialization Activities related thereto. Each Obligor has and maintains in full force and effect all the necessary and requisite Regulatory Approvals and Product Authorizations. Each Obligor is in compliance in all material respects with all applicable registration and listing requirements set forth in the FD&C Act or equivalent regulation of each other Governmental Authority having jurisdiction over such Person. Each Obligor adheres in all material respects to all applicable Requirements of Law of all Regulatory Authorities with respect to the Products and all Product Development and Commercialization Activities related thereto.

(e) Except as set forth on **Schedule 7.19(e)**,no Obligor has received from any Regulatory Authority any notice of adverse findings with respect to any Product or any Product Development and Commercialization Activities related thereto, including any FDA Form 483 inspectional observations, notices of violations, warning letters, criminal proceeding notices under Section 305 of the FD&C Act, or any other similar communication from any Regulatory Authority. There have been no seizures conducted or, to Borrower's knowledge, threatened by any Regulatory Authority with respect to any Product, and no recalls, market withdrawals, field notifications, notifications of misbranding or adulteration or safety alerts conducted, requested or, to Borrower's knowledge, threatened by any Regulatory Authority with respect to any Product, and no recalls, market withdrawals, field notifications, notifications of misbranding or adulteration or safety alerts have been conducted, requested or, to Borrower's knowledge, threatened by any Regulatory Authority relating to any Products. No Obligor has received any written notification that remains unresolved from the FDA or any other Regulatory Authority indicating any breach or violation of any applicable Product Authorization or Regulatory Approval, including that any of the Products is misbranded or adulterated as defined in the FD&C Act or the rules and regulations promulgated thereunder.

(f) Neither any Obligor nor any officer, employee or agent thereof, has made an untrue statement of a material fact or fraudulent statements to the FDA or any other Regulatory Authority, failed to disclose a material fact required to be disclosed to the FDA or any other Regulatory Authority, or committed an act, made a statement, or failed to make a statement that, at the time such disclosure was made (or was not made), could reasonably be expected to provide a basis for the FDA or any other Regulatory Authority to invoke its policy respecting Fraud, Untrue Statements of Material Facts, Bribery and Illegal Gratuities, set forth in 56 Fed. Reg. 46191 (September 10, 1991) or any similar policy.

(g) No Obligor has received any written notice that the FDA or any other applicable Regulatory Authority has commenced or initiated, or, to the knowledge of Borrower or any such Obligor, threatened to commence or initiate, any action to withdraw any Regulatory Approval or Product Authorization or requested the recall of any Products or commenced or initiated or, to the knowledge of Borrower or any such Obligor, threatened to commence or initiate, any action to enjoin any Product Development and Commercialization Activities of Borrower or any such Obligor.

(h) The clinical, preclinical, safety and other studies and tests conducted by or on behalf of or sponsored by each Obligor, or in respect of which any Products or Product candidates under development have participated, were (and if still pending, are) being conducted materially in accordance with standard medical and scientific research procedures and all applicable Product Authorizations. Each Obligor has operated within, and currently is in compliance in all material respects with, all applicable Requirements of Law, Product Authorizations and Regulatory Approvals, as well as the rules and regulations of the FDA and each other Regulatory Authority. No Obligor has received any notices or other correspondence from the FDA or any other Regulatory Authority requiring the termination or suspension of any clinical, preclinical, safety or other studies or tests used to support regulatory clearance of, or any Product Authorization or Regulatory Approval for, any Product.

7.20 Transactions with Affiliates. Except as set forth on **Schedule 7.20**,neither Borrower nor any Subsidiary has entered into, renewed, extended or been a part to, any transaction (including the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate during the three-year period prior to the Closing Date.

7.21 OFAC. No Obligor or, to the knowledge of Borrower, any of their respective directors, officers, or employees nor, to the knowledge of Borrower, any agents or other persons acting on behalf of any of the foregoing (i) is currently the target of any Sanctions, (ii) is located, organized or residing in any Designated Jurisdiction, (iii) is or has been (within the previous five years) engaged in any transaction with, or for the benefit of, any Person who is now or was then the target of Sanctions or who is located, organized or residing in any Designated Jurisdiction or (iv) is or has ever been in violation of or subject to an investigation relating to Sanctions. No Loan, nor the proceeds from any Loan, has been or will be used, directly or indirectly, to lend, contribute or provide to, or has been or will be otherwise made available to fund, any activity or business in any Designated Jurisdiction or to fund any activity or business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including Administrative Agent and its Affiliates) of Sanctions.

7.22 Anti-Corruption. No Obligor or, to the knowledge of Borrower, nor any of their respective directors, officers, or employees nor, to the knowledge of Borrower, any agents or other persons acting on behalf of any of the foregoing, directly or indirectly, has (i) violated or is in violation of any applicable anti-corruption law, (ii) made, offered to make, promised to make or authorized the payment or giving of, directly or indirectly, any Prohibited Payment or (iii) been subject to any investigation by any Governmental Authority with regard to any actual or alleged Prohibited Payment.

7.23 Deposit and Disbursement Accounts. Schedule 7.23 contains a list of all banks and other financial institutions at which any Obligor maintains deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts, and such Schedule correctly identifies the name, address and telephone number of each bank or financial institution, the name in which the account is held, the type of account, and the complete account number therefor.

7.24 Royalty and Other Payments. Except as set forth on **Schedule 7.24**, no Obligor is obligated to pay any royalty, milestone payment, deferred payment or any other contingent payment in respect of any Product.

SECTION 8.
AFFIRMATIVE COVENANTS

Each Obligor jointly and severally covenants and agrees with Administrative Agent and the Lenders that, until the Commitments have expired or been terminated and all Obligations (other than Warrant Obligations) have been indefeasibly paid in full in cash:

8.01 Financial Statements and Other Information. Borrower will furnish to Administrative Agent:

(a) as soon as available and in any event within 45 days after the end of the first three fiscal quarters of each fiscal year (or 120 days, in the case of the fourth fiscal quarter), the consolidated balance sheets of the Obligors as of the end of such quarter, and the related consolidated statements of income, shareholders' equity and cash flows of Borrower and its Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, prepared in accordance with GAAP consistently applied, all in reasonable detail and setting forth in comparative form the figures for the corresponding period in the preceding fiscal year, together with a certificate of a Responsible Officer of Borrower stating that such financial statements fairly present the financial condition of Borrower and its Subsidiaries as at such date and the results of operations of Borrower and its Subsidiaries for the period ended on such date and have been prepared in accordance with GAAP consistently applied, subject to changes resulting from normal, year-end audit adjustments and except for the absence of notes;

(b) other than with respect to the fiscal year ended December 31, 2015 (which shall be governed by **Section 8.20**), as soon as available and in any event within 120 days after the end of each fiscal year, the consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal year, and the related consolidated statements of income, shareholders' equity and cash flows of Borrower and its Subsidiaries for such fiscal year, prepared in accordance with GAAP consistently applied, all in reasonable detail and setting forth in comparative form the figures for the previous fiscal year, accompanied by a report and opinion thereon of KPMG LLP or another firm of independent certified public accountants of recognized national standing acceptable to the Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and in the case of such consolidating financial statements, certified by a Responsible Officer of Borrower;

(c) as soon as available and in any event within 45 days after the end of each fiscal month of each fiscal year (including the last month of each fiscal quarter and each fiscal year), a consolidated balance sheet for Borrower and its Subsidiaries as at the end of such fiscal month, and the related consolidated statements of income or operations, shareholders' (or members') equity and cash flows for such fiscal month and the portion of Borrower's fiscal year then ended, prepared in accordance with GAAP consistently applied, all in reasonable detail and setting forth in comparative form the figures for the corresponding period in the preceding fiscal year, together with a certificate of a Responsible Officer of Borrower stating that such financial statements fairly present the financial condition of Borrower and its Subsidiaries as at such date and the results of operations of Borrower and its Subsidiaries for the period ended on such date and have been prepared in accordance with GAAP consistently applied, subject to changes resulting from normal, year-end audit adjustments and except for the absence of notes;

(d) together with the financial statements required pursuant to **Sections 8.01(a)**, **(b)** and **(c)**, a compliance certificate of a Responsible Officer as of the end of the applicable accounting period (which delivery may, unless a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) substantially in the form of **Exhibit E** (a ***"Compliance Certificate"***) including details of any issues that are material that are raised by auditors;

(e) copies of all letters of representation signed by an Obligor to its auditors and, promptly upon receipt thereof, copies of all auditor reports delivered for each fiscal quarter;

(f) as soon as available and in any event no later than 45 days following approval by the Board of Directors (or similar body) of Borrower, copies of all annual financial projections commensurate in form and substance with those provided to Borrower's equity investors;

(g) promptly, and in any event within five Business Days after receipt thereof by an Obligor thereof, copies of each notice or other correspondence received from any securities regulator or exchange to the authority of which Borrower may become subject from time to time concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of such Obligor;

(h) the information regarding insurance maintained by Borrower and its Subsidiaries as required under **Section 8.05**;

(i) promptly following Administrative Agent's request at any time, proof of Borrower's compliance with **Section 10**;

(j) within five Business Days of delivery, copies of all statements, reports and notices (including board kits) made available to holders of Borrower's Equity Interests; provided that any such material may be redacted by Borrower to exclude information relating to the Lenders (including Borrower's strategy regarding the Loans);

(k) as soon as possible and in any event within ten Business Days after Borrower obtains knowledge of any return, recovery, dispute or claim related to any Product or inventory that involves more than $1,000,000, written notice thereof from a Responsible Officer of Borrower which notice shall include any statement setting forth details of such return, recovery, dispute or claim; and

(l) such other information respecting the operations, properties, business or condition (financial or otherwise) of the Obligors (including with respect to the Collateral) as the Majority Lenders may from time to time reasonably request.

8.02 Notices of Material Events. Borrower will furnish to Administrative Agent written notice of the following promptly, but in any event within ten Business Days, after a Responsible Officer first learns of the existence of:

(a) the occurrence of any Default;

(b) notice of the occurrence of any event with respect to its property or assets resulting in an uninsured Loss aggregating $250,000 (or the Equivalent Amount in other currencies) or more;

(c) (i) any proposed acquisition of stock, assets or property by any Obligor that would reasonably be expected to result in environmental liability under Environmental Laws, and (ii)(x) spillage, leakage, discharge, disposal, leaching, migration or release of any Hazardous Material required to be reported to any Governmental Authority under applicable Environmental Laws, and (y) all actions, suits, claims, notices of violation, hearings, investigations or proceedings pending, or to the best of Borrower's knowledge, threatened against or affecting Borrower or any of its Subsidiaries or with respect to the ownership, use, maintenance and operation of their respective businesses, operations or properties, relating to Environmental Laws or Hazardous Material;

(d) the assertion of any environmental matter by any Person against, or with respect to the activities of, Borrower or any of its Subsidiaries and any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations which could reasonably be expected to involve damages in excess of $250,000 other than any environmental matter or alleged violation that, if adversely determined, could not (either individually or in the aggregate) reasonably be expected to result in a Material Adverse Effect;

(e) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Borrower or any of its Affiliates that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(f) (i) on or prior to any filing by any ERISA Affiliate of any notice of intent to terminate any Title IV Plan, a copy of such notice and (ii) promptly, and in any event within ten days, after any Responsible Officer of any ERISA Affiliate knows or has reason to know that a request for a minimum funding waiver under Section 412 of the Code has been filed with respect to any Title IV Plan or Multiemployer Plan, a notice (which may be made by telephone if promptly confirmed in writing) describing such waiver request and any action that any ERISA Affiliate proposes to take with respect thereto, together with a copy of any notice filed with the PBGC or the IRS pertaining thereto;

(g) (i) the termination of any Material Agreement; (ii) the receipt by Borrower or any of its Subsidiaries of any material notice under any Material Agreement (and a copy thereof); (iii) the entering into of any new Material Agreement by an Obligor (and a copy thereof); or (iv) any material amendment to a Material Agreement (and a copy thereof) that, in the case of clauses (i), (ii) or (iv), could reasonably be expected to result in a Material Adverse Effect;

(h) the reports and notices as required by the Security Documents;

(i) within 30 days of the date thereof, or, if earlier, on the date of delivery of any financial statements pursuant to **Section 8.01**,notice of any material change in accounting policies or financial reporting practices by the Obligors;

(j) promptly after the occurrence thereof, notice of any labor controversy resulting in or threatening to result in any strike, work stoppage, boycott, shutdown or other material labor disruption against or involving an Obligor;

(k) a licensing agreement or arrangement entered into by Borrower or any of its Subsidiaries in connection with (or as a result of) any infringement or alleged infringement by Borrower or any of its Subsidiaries of the Intellectual Property of another Person;

(l) concurrently with the delivery of financial statements under **Section 8.01(b)**, the creation or other acquisition of any Intellectual Property by Borrower or any Subsidiary after the date hereof and during such prior fiscal year which is registered or becomes registered or the subject of an application for registration with the U.S. Copyright Office or the U.S. Patent and Trademark Office, as applicable, or with any other equivalent foreign Governmental Authority;

(m) any change to any Obligor's ownership of Deposit Accounts, Securities Accounts and Commodity Accounts, by delivering Administrative Agent an updated Schedule 7 to the Security Agreement setting forth a complete and correct list of all such accounts as of the date of such change; and

(n) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this **Section 8.02** shall be accompanied by a statement of a financial officer or other executive officer of Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

8.03 Existence; Conduct of Business. Such Obligor will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, amalgamation, consolidation, liquidation or dissolution permitted under **Section 9.03**.

8.04 Payment of Obligations. Such Obligor will, and will cause each of its Subsidiaries to, pay and discharge its obligations, including (i) all taxes, fees, assessments and governmental charges or levies imposed upon it or upon its properties or assets prior to the date on which penalties attach thereto, and all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any properties or assets of Borrower or any Subsidiary, except to the extent such taxes, fees, assessments or governmental charges or levies, or such claims are being contested in good faith by appropriate proceedings and are adequately reserved against in accordance with GAAP, and (ii) all lawful claims which, if unpaid, would by law become a Lien upon its property not constituting a Permitted Lien.

8.05 Insurance. Such Obligor will, and will cause each of its Subsidiaries to maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations, and with coverage amounts for property insurance and liability insurance of not less than $10,000,000 in the aggregate. Upon the request of Administrative Agent or the Majority Lenders, Borrower shall furnish Administrative Agent from time to time with (i) full information as to the insurance carried by it and, if so requested, copies of all such insurance policies and (ii) a certificate from Borrower's insurance broker or other insurance specialist stating that all premiums then due on the policies relating to insurance on the Collateral have been paid, that such policies are in full force and effect. Borrower shall use commercially reasonable efforts to ensure, or cause others to ensure, that all insurance policies required under this **Section 8.05** shall provide that they shall not be terminated or cancelled nor shall any such policy be materially changed in a manner adverse to Borrower without at least 30 days' prior written notice to Borrower and Administrative Agent. Receipt of notice of termination or cancellation of any such insurance policies or reduction of coverages or amounts thereunder shall entitle Secured Parties to renew any such policies, cause the coverages and amounts thereof to be maintained at levels required pursuant to the first sentence of this **Section 8.05** or otherwise to obtain similar insurance in place of such policies, in each case at the expense of Borrower (payable on demand). The amount of any such expenses shall accrue interest at the Default Rate if not paid on demand and shall constitute "Obligations."

8.06 Books and Records; Inspection Rights. Such Obligor will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Such Obligor will, and will cause each of its Subsidiaries to, permit any representatives designated by Administrative Agent or the Lenders, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times (but not more often than once a year unless an Event of Default has occurred and is continuing) as Administrative Agent or the Lenders may request. The Obligors shall pay all costs of all such inspections.

8.07 Compliance with Laws and Other Obligations. Such Obligor will, and will cause each of its Subsidiaries to, (i) comply in all material respects with all Requirements of Law (including Environmental Laws) and (ii) comply in all material respects with all terms of Indebtedness and all other Material Agreements, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

8.08 Maintenance of Properties, Etc. Such Obligor shall, and shall cause each of its Subsidiaries to, maintain and preserve all of its properties necessary or useful in the proper conduct of its business in good working order and condition in accordance with the general practice of other Persons of similar character and size, ordinary wear and tear and damage from casualty or condemnation excepted.

8.09 Licenses. Such Obligor shall, and shall cause each of its Subsidiaries to, obtain and maintain all licenses, authorizations, consents, filings, exemptions, registrations and other Governmental Approvals necessary in connection with the execution, delivery and performance of the Loan Documents, the consummation of the Transactions or the operation and conduct of its business and ownership of its properties, except where failure to do so could not reasonably be expected to have a Material Adverse Effect.

8.10 Action under Environmental Laws. Such Obligor shall, and shall cause each of its Subsidiaries to, upon becoming aware of the presence of any Hazardous Materials or the existence of any environmental liability under applicable Environmental Laws with respect to their respective businesses, operations or properties, take all actions, at their cost and expense, as shall be necessary or advisable to investigate and clean up the condition of their respective businesses, operations or properties, including all required removal, containment and remedial actions, and restore their respective businesses, operations or properties to a condition in compliance with applicable Environmental Laws.

8.11 Use of Proceeds. The proceeds of the Loans will be used only as provided in **Section 2.05**. No part of the proceeds of the Loans will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board of Governors of the Federal Reserve System, including Regulations T, U and X.

8.12 Certain Obligations Respecting Subsidiaries; Further Assurances.

(a) Such Obligor will take such action, and will cause each of its Subsidiaries to take such action, from time to time as shall be necessary to ensure that all Subsidiaries that are Domestic Subsidiaries and Permitted Foreign Subsidiaries are "Subsidiary Guarantors" hereunder. Without limiting the generality of the foregoing, in the event that Borrower or any of its Subsidiaries shall form or acquire any new Subsidiary that is a Domestic Subsidiary or a Permitted Foreign Subsidiary, such Obligor and its Subsidiaries concurrently will:

(i) cause such new Subsidiary to become a "Subsidiary Guarantor" hereunder pursuant to a Guarantee Assumption Agreement;

(ii) take such action or cause such Subsidiary to take such action (including joining the Security Agreement, delivering such shares of stock together with undated transfer powers executed in blank) as shall be necessary to create and perfect valid and enforceable first priority (subject to Permitted Priority Liens) Liens on substantially all of the personal property of such new Subsidiary as collateral security for the obligations of such new Subsidiary hereunder;

(iii) to the extent that the parent of such Subsidiary is not a party to the Security Agreement or has not otherwise pledged Equity Interests in its Subsidiaries in accordance with the terms of the Security Agreement and this Agreement, cause the parent of such Subsidiary to execute and deliver a pledge agreement in favor of Administrative Agent, for the benefit of the Secured Parties, in respect of all outstanding issued shares of such Subsidiary; and

(iv) deliver such proof of corporate action, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by each Obligor pursuant to **Section 6.01** or as Administrative Agent or the Majority Lenders shall have requested.

(b) No Foreign Subsidiary shall be required to become a Subsidiary Guarantor hereunder. Except as set forth on **Schedule 7.12**, Borrower has no Foreign Subsidiaries.

(c) Such Obligor will, and will cause each of its Subsidiaries to, take such action from time to time as shall reasonably be requested by Administrative Agent or the Majority Lenders to effectuate the purposes and objectives of this Agreement.

Without limiting the generality of the foregoing, each Obligor will, and will cause each Person that is required to be a Subsidiary Guarantor to, take such action from time to time (including executing and delivering such assignments, security agreements, control agreements and other instruments) as shall be reasonably requested by Administrative Agent or the Majority Lenders to create, in favor of Administrative Agent, for the benefit of the Secured Parties, perfected security interests and Liens in substantially all of the personal property of such Obligor as collateral security for the Obligations; provided that any such security interest or Lien shall be subject to the relevant requirements of the Security Documents.

8.13 Termination of Non-Permitted Liens. In the event that Borrower or any of its Subsidiaries shall become aware or be notified by Administrative Agent or any Lender of the existence of any outstanding Lien against any property of Borrower or any of its Subsidiaries, which Lien is not a Permitted Lien, Borrower shall use its best efforts to promptly terminate or cause the termination of such Lien.

8.14 Intellectual Property. In the event that the Obligors acquire Obligor Intellectual Property during the term of this Agreement, then the provisions of this Agreement shall automatically apply thereto and any such Obligor Intellectual Property shall automatically constitute part of the Collateral under the Security Documents, without further action by any party, in each case from and after the date of such acquisition (except that any representations or warranties of any Obligor shall apply to any such Obligor Intellectual Property only from and after the date, if any, subsequent to such acquisition that such representations and warranties are brought down or made anew as provided herein).

8.15 Litigation Cooperation. Borrower shall make available to Administrative Agent, without expense to Administrative Agent, reasonable access to each Obligor and such Obligor's officers, employees and agents and such Obligor's books and records, to the extent that Administrative Agent may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Administrative Agent or any Lender with respect to any Collateral, the subject of any Loan Document or relating to any Obligor.

8.16 Maintenance of Regulatory Approvals, Contracts, Intellectual Property, Etc. With respect to the Products, Borrower will, and will cause each other Obligor (to the extent applicable) to, (i) maintain in full force and effect all Regulatory Approvals (including all Product Authorizations), contract rights, or other rights necessary for the operations of Borrower's or such Obligor's business, as the case may be, including any Product Development and Commercialization Activities, (ii) notify Administrative Agent, promptly after learning thereof, of (x) any product recalls, safety alerts, corrections, withdrawals, marketing suspensions, removals or the like conducted, to be undertaken or issued by Borrower, any such Obligor or any of their respective suppliers, as the case may be, whether or not at the request, demand or order of any Governmental Authority or otherwise with respect to any Product, or (y) any basis for undertaking or issuing any such action or item, (iii) maintain in full force and effect, and pay all costs and expenses relating to such maintenance, all Intellectual Property owned or controlled by Borrower or any such Obligor that is used in and is necessary for the operations of the business of such Person, including Product Development and Commercialization Activities, and all Material Agreements, (iv) notify Administrative Agent, promptly after learning thereof, of any Infringement or other violation by any Person of Borrower's or any other Obligor's Intellectual Property that is used in the operations of the business of such Person, or in connection with any Product Development and Commercialization Activities, and aggressively pursue any such Infringement or other violation, to the extent Borrower deems it commercially reasonable to do so, (v) use commercially reasonable efforts to pursue and maintain in full force and effect legal protection for all new Intellectual Property developed or controlled by Borrower or any other Obligor, as the case may be, that is used in and necessary for the operations of the business of such Person, or in connection with any Product Development and Commercialization Activities, and (vi) notify Administrative Agent, promptly after learning thereof, of (x) any claim by any Person that the conduct of Borrower's or any such Obligor's business (including any Product Development and Commercialization Activities) Infringes any Intellectual Property of such Person, or (y) any event, circumstance, act or omission that would cause any representation or warranty contained in **Section 7.19** to be incorrect in any material respect if such representation or warranty was to be made at the time such Obligor learned of such event, circumstance, act or omission.

8.17 ERISA Compliance. Borrower shall comply, and shall cause each of its Subsidiaries to comply, in all material respects, with the provisions of ERISA with respect to any Plans to which Borrower or any Subsidiary is a party as employer.

8.18 Cash Management. Each Obligor will:

(a) maintain all deposit accounts, disbursement accounts, investment accounts (and other similar accounts) and lockboxes with a bank or financial institution that has executed and delivered to Administrative Agent an account control agreement, in form and substance reasonably acceptable to Administrative Agent (provided that no account control agreement shall be required for any payroll or payroll tax account of Borrower or any deposit account maintained in connection with any Borrower employee benefit plan, to the extent the funds on deposit therein are held for the benefit of Borrower's employees); each such deposit account, disbursement account, investment account (or similar account) and lockbox (each, a ***"Controlled Account"***) shall be a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations, and each Obligor shall have granted a Lien to Administrative Agent over such Controlled Accounts;

(b) deposit promptly, and in any event no later than ten Business Days after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other rights and interests into Controlled Accounts; and

(c) at any time after the occurrence and during the continuance of an Event of Default, at the request of Administrative Agent, each Obligor will cause all payments constituting proceeds of accounts to be directed into lockbox accounts under agreements in form and substance satisfactory to Administrative Agent.

8.19 Regulatory Milestones. On or before March 31, 2018, the Borrower shall have filed (or caused to be filed) with the FDA, in accordance with all applicable Requirements of Law, a Form FDA-356h (or successor form thereto) for approval by the FDA of an NDA for at least one of the following Products: Diazepam, Riluzole, Clobazam or Epinephrine.

8.20 Post-Closing Obligations.

(a) Borrower shall deliver, or shall cause to be delivered, the following items to the Administrative Agent within 45 days after the Closing Date:

(i) audited consolidated financial statements of Borrower and its Subsidiaries for the Fiscal Year ended December 31, 2015, together with such other information required to be delivered pursuant to **Section 8.01(b)** with respect thereto;

(ii) evidence that all deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts of each Obligor set forth on Schedule 7 to the Security Agreement as of the Closing Date are Controlled Accounts; and

(iii) evidence that all such Controlled Accounts set forth on Schedule 7 to the Security Agreement as of the Closing Date are subject to one or more account control agreements, in favor of, and satisfactory in form and substance to, Administrative Agent.

(b) Borrower shall use commercially reasonable efforts to deliver, or cause to be delivered, executed counterparts of the Landlord Consents for each of the properties listed on Schedule 9 to the Security Agreement as of the Closing Date (other than the leased property identified as “TN Lab” on such Schedule) to the Administrative Agent within 45 days after the Closing Date.

SECTION 9.
NEGATIVE COVENANTS

Each Obligor jointly and severally covenants and agrees with Administrative Agent and the Lenders that, until the Commitments have expired or been terminated and all Obligations (other than Warrant Obligations) have been paid in full indefeasibly in cash:

9.01 Indebtedness. Such Obligor will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, whether directly or indirectly, except:

(a) the Obligations;

(b) Indebtedness existing on the date hereof and set forth in **Schedule 7.13(a)** and Permitted Refinancings thereof; providedthat, in each case, such Indebtedness is subordinated to the Obligations on terms satisfactory to the Majority Lenders;

(c) accounts payable to trade creditors for goods and services and current operating liabilities (not the result of the borrowing of money) incurred in the ordinary course of Borrower's or such Subsidiary's business in accordance with customary terms and paid within the specified time, unless contested in good faith by appropriate proceedings and reserved for in accordance with GAAP;

(d) Indebtedness consisting of guarantees resulting from endorsement of negotiable instruments for collection by any Obligor in the ordinary course of business;

(e) Indebtedness of an Obligor (other than any Foreign Subsidiary) to any other Obligor;

(f) Guarantees by any Obligor of Indebtedness of any other Obligor (other than any Foreign Subsidiary); provided that the aggregate outstanding principal amount of such Indebtedness, when added to the aggregate principal amount of the outstanding Indebtedness permitted in reliance on **Section 9.01(g)**, does not exceed $250,000 (or the Equivalent Amount in other currencies) at any time;

(g) normal course of business equipment financing; provided that (i) if secured, the collateral therefor consists solely of the assets being financed, the products and proceeds thereof and books and records related thereto, and (ii) the aggregate outstanding principal amount of such Indebtedness, when added to the aggregate principal amount of the outstanding Indebtedness permitted in reliance on **Section 9.01(f)**, does not exceed $500,000 (or the Equivalent Amount in other currencies) at any time;

(h) Indebtedness under Hedging Agreements permitted by **Section 9.05(f)**; and

(i) Indebtedness approved in advance in writing by Administrative Agent and the Majority Lenders.

9.02 Liens. Such Obligor will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien on any property now owned by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Liens securing the Obligations;

(b) any Lien on any property or asset of Borrower or any of its Subsidiaries existing on the date hereof and set forth in **Schedule 7.13(b)**; provided that (i) no such Lien shall extend to any other property or asset of Borrower or any of its Subsidiaries and (ii) any such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) Liens securing Indebtedness permitted under **Section 9.01(g)**; provided that such Liens are restricted solely to the collateral described in **Section 9.01(g)**;

(d) Liens imposed by law which were incurred in the ordinary course of business, including (but not limited to) carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business and which (x) do not in the aggregate materially detract from the value of the property subject thereto or materially impair the use thereof in the operations of the business of such Person or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject to such Liens and for which adequate reserves have been made if required in accordance with GAAP;

(e) pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other similar social security legislation;

(f) Liens securing taxes, assessments and other governmental charges, the payment of which is not yet due or is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made;

(g) servitudes, easements, rights of way, restrictions and other similar encumbrances on real property imposed by any Requirement of Law and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any of the Obligors;

(h) with respect to any real property, (i) such defects or encroachments as might be revealed by an up-to-date survey of such real property; (ii) the reservations, limitations, provisos and conditions expressed in the original grant, deed or patent of such property by the original owner of such real property pursuant to Requirements of Law; and (iii) rights of expropriation, access or user or any similar right conferred or reserved by or in any Requirement of Law, which, in the aggregate for (i), (ii) and (iii), are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any of the Obligors; and

(i) Bankers liens, rights of setoff and similar Liens incurred on deposits made in the ordinary course of business;

provided that no Lien otherwise permitted under any of the foregoing **Section 9.02(b)** through **(i)** shall apply to any Material Intellectual Property.

9.03 Fundamental Changes and Acquisitions. Such Obligor will not, and will not permit any of its Subsidiaries to, (i) enter into any transaction of merger, amalgamation or consolidation, (ii) liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution) or (iii) make any Acquisition or otherwise acquire any business or substantially all the property from, or capital stock of, or be a party to any acquisition of, any Person, except:

(a) Investments permitted under **Section 9.05(e)**;

(b) the merger, amalgamation or consolidation of any Subsidiary Guarantor with or into any other Obligor (other than any Foreign Subsidiary);

(c) the sale, lease, transfer or other disposition by any Subsidiary Guarantor of any or all of its property (upon voluntary liquidation or otherwise) to any other Obligor (other than any Foreign Subsidiary);

(d) the sale, transfer or other disposition of the capital stock of any Subsidiary Guarantor to any other Obligor (other than any Foreign Subsidiary); and

(e) Permitted Acquisitions.

9.04 Lines of Business. Except as set forth on **Schedule 9.04**,such Obligor will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than the business engaged in or planned to be engaged in on the date hereof by Borrower or any Subsidiary or a business reasonably related thereto.

9.05 Investments. Such Obligor will not, and will not permit any of its Subsidiaries to, make, directly or indirectly, or permit to remain outstanding any Investments except:

(a) Investments outstanding on the date hereof and identified in **Schedule 9.05**;

(b) operating deposit accounts with banks;

(c) extensions of credit in the nature of accounts receivable or notes receivable arising from the sales of goods or services in the ordinary course of business;

(d) Permitted Cash Equivalent Investments;

(e) Investments by any Obligor in the Subsidiary Guarantors;

(f) Hedging Agreements entered into in Borrower’s ordinary course of business for the purpose of hedging currency risks (and not for speculative purposes) and in an aggregate notional amount for all such Hedging Agreements not in excess of $1,500,000 (or the Equivalent Amount in other currencies);

(g) Investments consisting of security deposits with utilities and other like Persons made in the ordinary course of business;

(h) employee loans, travel advances and guarantees in accordance with Borrower’s usual and customary practices with respect thereto (if permitted by Requirements of Law) which in the aggregate shall not exceed $100,000 outstanding at any time (or the Equivalent Amount in other currencies);

(i) Investments received in connection with any Insolvency Proceedings in respect of any customers, suppliers or clients and in settlement of delinquent obligations of, and other disputes with, customers, suppliers or clients; and

(j) Investments permitted under **Section 9.03**.

9.06 Restricted Payments. Such Obligor will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, other than:

(a) dividends with respect to Borrower's Equity Interests payable solely in additional Equity Interests that constitute common stock (or the equivalent);

(b) Borrower's purchase, redemption, retirement, or other acquisition of its Equity Interests with the proceeds received from a substantially concurrent issue of new shares of its Equity Interests;

(c) dividends paid by any Subsidiary Guarantor to any other Obligor (other than any Foreign Subsidiary); and

(d) if Borrower is at the time taxed as a partnership for federal and state tax income purposes, quarterly cash distributions to the holders of the Equity Interests of Borrower in an aggregate amount not to exceed the amount necessary to pay current year estimated taxes (including self-employment taxes and calculated at a maximum income tax rate equal to the highest effective federal and applicable state marginal income tax rates owing by the holders of Equity Interests of Borrower) attributable to the taxable income of Borrower and its Subsidiaries from and after the Closing Date, plus (x) the amount by which actual taxes, including self-employment taxes, of such holders (calculated on an aggregate basis at such maximum tax rate) exceed estimated taxes, if such actual taxes of such holders are higher than such estimated taxes, and minus (y) the amount by which estimates taxes of such holders exceed actual taxes, including self-employment taxes, of such holders (calculated on an aggregate basis at such maximum income tax rate), if such estimated taxes exceed such actual taxes.

9.07 Payments of Indebtedness. Such Obligor will not, and will not permit any of its Subsidiaries to, make any payments in respect of any Indebtedness other than (i) payments of the Obligations, (ii) scheduled payments of other Permitted Indebtedness and (iii) repayment of intercompany Indebtedness permitted in reliance upon **Section 9.01(e)**.

9.08 Change in Fiscal Year. Such Obligor will not, and will not permit any of its Subsidiaries to, change the last day of its fiscal year from that in effect on the date hereof, except to change the fiscal year of a Subsidiary acquired in connection with an Acquisition to conform its fiscal year to that of Borrower.

9.09 Sales of Assets, Etc. Such Obligor will not, and will not permit any of its Subsidiaries to, sell, lease, license, transfer or otherwise dispose of any of its property (including accounts receivable and Equity Interests of Subsidiaries), or forgive, release or compromise any amount owed to such Obligor or Subsidiary, in each case, in one transaction or series of transactions (any thereof, an "***Asset Sale***"), except:

(a) sales of inventory in the ordinary course of its business on ordinary business terms;

(b) the forgiveness, release or compromise of any amount owed to any Obligor or Subsidiary in the ordinary course of business;

(c) Asset Sales that constitute outbound licenses permitted pursuant to **Section 9.13(b)**;

(d) transfers of property by any Subsidiary Guarantor to any other Obligor (other than any Foreign Subsidiary);

(e) dispositions of any property that is obsolete or worn out or no longer used or useful in the Business;

(f) in connection with any transaction permitted under **Section 9.03** or **9.05**.

9.10 Transactions with Affiliates. Such Obligor will not, and will not permit any of its Subsidiaries to, sell, lease, license or otherwise transfer any assets to, or purchase, lease, license or otherwise acquire any assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) transactions between or among Obligors (other than any Foreign Subsidiary);

(b) any transaction permitted under **Section 9.01**, **9.05**, **9.06** or **9.09**;

(c) customary compensation and indemnification of and other employment arrangements with, directors, officers and employees of Borrower or any Subsidiary in the ordinary course of business;

(d) issuances of Equity Interests by Borrower constituting common stock (or the equivalent thereof) to Affiliates in exchange for cash, provided that the terms thereof are no less favorable (including the amount of cash received by Borrower) to Borrower than those that would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of Borrower; and

(e) the transactions set forth on **Schedule 9.10**.

9.11 Restrictive Agreements. Such Obligor will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any Restrictive Agreement other than (i) restrictions and conditions imposed by law or by the Loan Documents and (ii) Restrictive Agreements listed on **Schedule 7.15**.

9.12 Modifications and Terminations of Material Agreements and Organic Documents. To the extent such action could reasonably be expected to have or result in a Material Adverse Effect, such Obligor will not, and will not permit any of its Subsidiaries to,

(a) waive, amend or otherwise modify any term or provision of any Organic Document; or

(b) (x) take or omit to take any action that results in the termination of any Material Agreement or (y) take any action that permits any Material Agreement to be terminated by any counterparty thereto prior to its stated date of expiration (in each case, unless such terminated Material Agreement is replaced with another agreement that, viewed as a whole, is on equal or better terms for Borrower or such Subsidiary).

9.13 Inbound and Outbound Licenses.

(a) **Inbound Licenses.** No Obligor shall enter into or become or, except as disclosed on **Schedule 9.13(a)**, remain bound by any inbound license agreement requiring any Obligor, during any twelve-month period during the term of such license agreement, to make aggregate payments in excess of $1,000,000 for any such individual license or agreement or in excess of $5,000,000 when taken together with all other such licenses agreements, unless (i) no Event of Default has occurred and is continuing and (ii)(x) Borrower has provided prior written notice to Administrative Agent of the material terms of such license or agreement with a description of its anticipated and projected impact on the relevant Obligor's business or financial condition, (y) such license or agreement has been approved pursuant to Borrower's internal customary approval process for inbound licenses, and (z) Borrower has taken such commercially reasonable actions as Administrative Agent may reasonably request to obtain the consent of, or waiver by, any Person whose consent or waiver is necessary for Administrative Agent to be granted a valid and perfected Lien on such license agreement and the right to fully exercise its rights under any of the Loan Documents, including upon the occurrence and continuance of any Event of Default; provided that inbound licenses agreements in the nature of over-the-counter software that is commercially available to the public shall not be prohibited by or subject to this **clause (a)**.

(b) **Outbound Licenses.** No Obligor shall enter into or become or, except as disclosed on **Schedule 9.13(b)**, remain bound by any outbound license of Intellectual Property unless such outbound license (i) is duly authorized by Borrower in accordance with its customary internal approval process for outbound licenses and is entered into on an arm's-length basis and in the ordinary course of business, and (ii) to the extent such Intellectual Property constitutes Collateral, the terms of such license do not impair Administrative Agent or the Lenders from fully exercising their rights under any of the Loan Documents in the event of a disposition or liquidation of the rights, assets or property that is the subject of such license.

9.14 Sales and Leasebacks. Except as disclosed on **Schedule 9.14**,such Obligor will not, and will not permit any of its Subsidiaries to, become liable, directly or indirectly, with respect to any lease, whether an operating lease or a Capital Lease Obligation, of any property (whether real, personal, or mixed), whether now owned or hereafter acquired, (i) which Borrower or such Subsidiary has sold or transferred or is to sell or transfer to any other Person and (ii) which Borrower or such Subsidiary intends to use for substantially the same purposes as property which has been or is to be sold or transferred.

9.15 Hazardous Material. Such Obligor will not, and will not permit any of its Subsidiaries to, use, generate, manufacture, install, treat, release, store or dispose of any Hazardous Material, except in compliance with all applicable Environmental Laws or where the failure to comply could not reasonably be expected to result in a Material Adverse Effect.

9.16 Accounting Changes. Such Obligor will not, and will not permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP.

9.17 Compliance with ERISA. No ERISA Affiliate shall cause or suffer to exist (i) any event that could result in the imposition of a Lien with respect to any Title IV Plan or Multiemployer Plan or (ii) any other ERISA Event that would, in the aggregate, have a Material Adverse Effect. No Obligor or Subsidiary thereof shall cause or suffer to exist any event that could result in the imposition of a Lien with respect to any Benefit Plan.

9.18 Inconsistent Agreements. No Obligor will enter into any agreement containing any provision which would (i) be violated or breached by such Obligor hereunder or by the performance by such Obligor of any of its obligations hereunder or under any other Loan Document, (ii) prohibit any such Obligor from granting to Administrative Agent a Lien on any of its assets or (iii) create or permit to exist or become effective any encumbrance or restriction on the ability of any Obligor to (x) pay dividends or make other distributions to Borrower, or pay any Indebtedness owed to Borrower, (y) make loans or advances to Borrower or (z) transfer any of its assets or properties to Borrower.

SECTION 10.
FINANCIAL COVENANTS

10.01 Minimum Liquidity. Borrower shall at all times maintain a minimum aggregate balance of $4,000,000 in cash in one or more Controlled Accounts, which cash and Controlled Accounts shall be free and clear of all Liens, other than Liens granted hereunder in favor of Administrative Agent.

10.02 Minimum Revenue. Subject to **Section 10.03** below, on each calculation date set forth below (each, a "***Calculation Date***") Manufacturing Revenue of the Borrower and its Subsidiaries, on a consolidated basis, for the twelve consecutive month period ended on such Calculation Date shall not be less than the amount set forth opposite such Calculation Date:

Calculation Date	Manufacturing Revenue
December 31, 2016	$24,500,000
March 31, 2017	$25,400,000
June 30, 2017	$24,600,000
September 30, 2017	$22,300,000
December 31, 2017	$21,300,000

Calculation Date	Manufacturing Revenue
March 31, 2018	$21,500,000
June 30, 2018	$22,000,000
September 30, 2018	$24,500,000
December 31, 2018	$28,000,000
March 31, 2019	$32,500,000
June 30, 2019	$32,500,000
September 30, 2019	$35,000,000
December 31, 2019	$35,000,000
March 31, 2020	$37,500,000
June 30, 2020	$37,500,000

10.03 Revenue Covenant Cure. If as of any Calculation Date set forth above, Manufacturing Revenue as of such Calculation Date is less than the amount required above for such Calculation Date (a ***"Shortfall Default"***), such Shortfall Default shall be deemed cured (a ***"Revenue Covenant Cure"***) if, at all times from such Calculation Date until the next scheduled Calculation Date, Borrower maintains a minimum aggregate balance of $8,000,000 in cash in one or more Controlled Accounts, which cash and Controlled Accounts are free and clear of all Liens, other than Liens granted hereunder in favor of the Administrative Agent; provided that (a) Borrower shall only be entitled to two Revenue Covenant Cures during the term of this Agreement and (b) Borrower may not use a Revenue Covenant Cure in two consecutive fiscal quarters; provided, further that, at any time during which a Revenue Covenant Cure is in effect, upon the request of the Administrative Agent, Borrower shall, from time to time, provide evidence in written and reasonable detail demonstrating Borrower's maintenance of not less than $8,000,000 in cash in the Collateral Accounts (as provided above).

SECTION 11.
EVENTS OF DEFAULT

11.01 Events of Default. Each of the following events shall constitute an ***"Event of Default"***:

(a) **Principal or Interest Payment Default.** Borrower shall fail to pay: (i) when and as the same shall become due and payable, any amount of principal of on the Loans, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise; or (ii) within three Business Days after the same shall become due and payable, any interest on the Loans.

(b) **Other Payment Defaults.** Any Obligor shall fail to pay any Obligation (other than an amount referred to in **Section 11 .01(a)**)when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five Business Days.

(c) **Representations and Warranties.** Any representation or warranty made or deemed made by or on behalf of Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof shall: (i) prove to have been incorrect when made or deemed made to the extent that such representation or warranty contains any materiality or Material Adverse Effect qualifier; or (ii) prove to have been incorrect in any material respect when made or deemed made to the extent that such representation or warranty does not otherwise contain any materiality or Material Adverse Effect qualifier.

(d) **Certain Covenants.** Any Obligor shall fail to observe or perform any covenant, condition or agreement contained in **Sections 8.02**, **8.03** (with respect to Borrower's existence), **8.11**, **8.12**, **8.18**, **8.19**, **Section 9** or **Section 10**; provided that, for the avoidance of doubt, **Section 10.02** shall be subject to the Borrower's cure rights expressly set forth in **Section 10.03**.

(e) **Other Covenants.** Any Obligor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in **Section 11.01(a)**, **(b)** or **(d)**) or any other Loan Document, and, in the case of any failure that is capable of cure, such failure shall continue unremedied for a period of 20 or more days.

(f) **Payment Default on Other Indebtedness.** Borrower or any of its Subsidiaries shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable after giving effect to any applicable grace or cure period as originally provided by the terms of such Indebtedness.

(g) **Other Defaults on Other Indebtedness**. (i) Any material breach of or "event of default" or similar event under, the documentation governing any Material Indebtedness shall occur, or (ii) any event or condition occurs (x) that results in any Material Indebtedness becoming due prior to its scheduled maturity or (y) that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of such Material Indebtedness or any trustee or agent on its or their behalf to cause such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this **Section 11.01(g)** shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Material Indebtedness.

(h) **Insolvency, Bankruptcy, Etc.**

(i) Any Obligor becomes insolvent, or generally does not or becomes unable to pay its debts or meet its liabilities as the same become due, or admits in writing its inability to pay its debts generally, or declares any general moratorium on its indebtedness, or proposes a compromise or arrangement or deed of company arrangement between it and any class of its creditors.

(ii) Any Obligor commits an act of bankruptcy or makes an assignment of its property for the general benefit of its creditors or makes a proposal (or files a notice of its intention to do so).

(iii) Any Obligor institutes any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief, under any federal, provincial or foreign Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors or at common law or in equity, or files an answer admitting the material allegations of a petition filed against it in any such proceeding.

(iv) Any Obligor applies for the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator, voluntary administrator, receiver and manager or other similar official for it or any substantial part of its property.

(v) Any Obligor takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in this **Section 11.01(h)**,or otherwise acts in furtherance thereof or fails to act in a timely and appropriate manner in defense thereof.

(vi) Any petition is filed, application made or other proceeding instituted against or in respect of Borrower or any Subsidiary:

(A) seeking to adjudicate it as insolvent;

(B) seeking a receiving order against it;

(C) seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), deed of company arrangement or composition of it or its debts or any other relief under any federal, provincial or foreign law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors or at common law or in equity; or

(D) seeking the entry of an order for relief or the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator, voluntary administrator, receiver and manager or other similar official for it or any substantial part of its property, and such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of 60 days after the institution thereof; provided that if an order, decree or judgment is granted or entered (whether or not entered or subject to appeal) against Borrower or such Subsidiary thereunder in the interim, such grace period will cease to apply; provided, further, that if Borrower or such Subsidiary files an answer admitting the material allegations of a petition filed against it in any such proceeding, such grace period will cease to apply.

(vii) Any other event occurs which, under the laws of any applicable jurisdiction, has an effect equivalent to any of the events referred to in **Section 11.01(h)**.

(i) **Judgments.** One or more judgments for the payment of money in an aggregate amount in excess of $1,000,000 (or the Equivalent Amount in other currencies) shall be rendered against any Obligor or any combination thereof and the same shall remain undischarged for a period of 45 calendar days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Obligor to enforce any such judgment.

(j) **ERISA and Pension Plans.** (i) An ERISA Event shall have occurred that, in the opinion of the Majority Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Borrower and its Subsidiaries in an aggregate amount exceeding (i) $250,000 in any year or (ii) $500,000 for all periods until repayment of all Obligations (other than Warrant Obligations).

(k) **Change of Control.** A Change of Control shall have occurred.

(l) **Material Adverse Change.** A Material Adverse Change shall have occurred and continues for a period of five consecutive days.

(m) **Key Person Event.** A Key Person Event shall have occurred.

(n) **Regulatory Matters, Etc.** (i) The FDA or any other Governmental Authority initiates enforcement action against, or issues a warning letter (x) to any Obligor concerning any Product that has generated or is expected to generate at least $3,000,000 in consolidated revenue for Borrower and its Subsidiaries over any consecutive twelve month period, or (y) concerning any Obligor's manufacturing facilities for any such Product, in each case that causes the marketing of any such Product to be discontinued, causes any such Product to be withdrawn from the market, or causes a delay in the manufacture of any such Product, which discontinuance, withdrawal or delay could reasonably be expected to last for more than 120 days; or (ii) any Obligor enters into a settlement agreement with the FDA or any other Governmental Authority that results in aggregate liability as to any single or related series of transactions, incidents or conditions in excess of $2,000,000.

(o) **Impairment of Security, Etc.** (i) Any Lien created by any of the Security Documents shall at any time not constitute a valid and perfected Lien on the applicable Collateral in favor of Administrative Agent, for the benefit of the Secured Parties, free and clear of all other Liens (other than Permitted Liens), (ii) except for expiration in accordance with its terms, any of the Security Documents or any Guarantee of any of the Obligations (including that contained in **Section 13**) shall for whatever reason cease to be in full force and effect, (iii) any Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability, or (iv) any injunction, whether temporary or permanent, shall be rendered against any Obligor that prevents the Obligors from selling or manufacturing the Products or their commercially available successors, or any of their other material and commercially available products in the United States for more than 90 calendar days.

11.02 Remedies. Upon the occurrence of any Event of Default, then, and in every such event (other than an Event of Default described in **Section 11.01(h)**), and at any time thereafter during the continuance of such event, Administrative Agent may, by notice to Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations, shall become due and payable immediately (in the case of the Loans, at the Redemption Price therefor), without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Obligor; and in case of an Event of Default described in **Section 11.01(h)**, the Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations, shall automatically become due and payable immediately (in the case of the Loans, at the Redemption Price therefor), without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Obligor.

SECTION 12.
THE ADMINISTRATIVE AGENT

12.1 Appointment and Duties. Subject in all cases to **clause(c)** below:

(a) **Appointment of Administrative Agent.** Each Lender hereby appoints Perceptive Credit Holdings, LP (together with any successor Administrative Agent pursuant to **Section 12.09**)as Administrative Agent hereunder and authorizes Administrative Agent to (i) execute and deliver the Loan Documents and accept delivery thereof on its behalf from any Obligor or any of its Subsidiaries, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to Administrative Agent under such Loan Documents and (iii) exercise such powers as are reasonably incidental thereto.

(b) **Duties as Collateral and Disbursing Agent.** Without limiting the generality of **Section 12.01(a)**, Administrative Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders), and is hereby authorized, to (i) act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection with the Loan Documents (including in any proceeding described in **Section 11.01(h)** or any other bankruptcy, insolvency or similar proceeding), and each Person making any payment in connection with any Loan Document to any Secured Party is hereby authorized to make such payment to Administrative Agent, (ii) file and prove claims and file other documents necessary or desirable to allow the claims of the Secured Parties with respect to any Obligation in any proceeding described in **Section 11.01(h)** or any other bankruptcy, insolvency or similar proceeding (but not to vote, consent or otherwise act on behalf of such Secured Party), (iii) act as collateral agent for each Secured Party for purposes of the perfection of all Liens created by such agreements and all other purposes stated therein, (iv) manage, supervise and otherwise deal with the Collateral, (v) take such other action as is necessary or desirable to maintain the perfection and priority of the Liens created or purported to be created by the Loan Documents, (vi) except as may be otherwise specified in any Loan Document, exercise all remedies given to Administrative Agent and the other Secured Parties with respect to the Collateral, whether under the Loan Documents, applicable Requirements of Law or otherwise and (vii) execute any amendment, consent or waiver under the Loan Documents on behalf of any Lender that has consented in writing to such amendment, consent or waiver; provided that Administrative Agent hereby appoints, authorizes and directs each Lender to act as collateral sub-agent for Administrative Agent and the Lenders for purposes of the perfection of all Liens with respect to the Collateral, including any deposit account maintained by an Obligor with, and cash and Cash Equivalents held by, such Lender, and may further authorize and direct the Lenders to take further actions as collateral sub-agents for purposes of enforcing such Liens or otherwise to transfer the Collateral subject thereto to Administrative Agent, and each Lender hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed.

(c) **Limited Duties.** The Lenders and the Obligors hereby each acknowledge and agree that Administrative Agent (i) has undertaken its role hereunder purely as an accommodation to the parties hereto and the Transactions, (ii) is receiving no compensation for undertaking such role and (iii) subject only to the notice provisions set forth in **Section 12.09**, may resign from such role at any time for any reason or no reason whatsoever. Without limiting the foregoing, the parties hereto further acknowledge and agree that under the Loan Documents, Administrative Agent (i) is acting solely on behalf of the Lenders (except to the limited extent provided in **Section 12.11**), with duties that are entirely administrative in nature, notwithstanding the use of the defined term "Administrative Agent", the terms "agent", "administrative agent" and "collateral agent" and similar terms in any Loan Document to refer to Administrative Agent, which terms are used for title purposes only, (ii) is not assuming any obligation under any Loan Document other than as expressly set forth therein or any role as agent, fiduciary or trustee of or for any Lender or any other Secured Party and (iii) shall have no implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document (fiduciary or otherwise), and each Lender hereby waives and agrees not to assert any claim against Administrative Agent based on the roles, duties and legal relationships expressly disclaimed in this **clause (c)**.

12.02 Binding Effect. Each Lender agrees that (i) any action taken by Administrative Agent or the Majority Lenders (or, if expressly required hereby, a greater proportion of the Lenders) in accordance with the provisions of the Loan Documents, (ii) any action taken by Administrative Agent in reliance upon the instructions of the Majority Lenders (or, where so required, such greater proportion) and (iii) the exercise by Administrative Agent or the Majority Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Secured Parties.

12.3 Use of Discretion.

(a) **No Action without Instructions.** Administrative Agent shall not be required to exercise any discretion or take, or to omit to take, any action, including with respect to enforcement or collection, except (subject to **clause (b)** below) any action it is required to take or omit to take (i) under any Loan Document or (ii) pursuant to instructions from the Majority Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders).

(b) **Right Not to Follow Certain Instructions.** Notwithstanding **Section 12.03(a)** or any other term or provision of this **Section 12**, Administrative Agent shall not be required to take, or to omit to take, any action (i) unless, upon demand, Administrative Agent receives an indemnification satisfactory to it from the Lenders (or, to the extent applicable and acceptable to Administrative Agent, any other Secured Party) against all Liabilities that, by reason of such action or omission, may be imposed on, incurred by or asserted against Administrative Agent or any Related Person thereof or (ii) that is, in the opinion of Administrative Agent, in its sole and absolute discretion, contrary to any Loan Document, Requirement of Law or the best interests of Administrative Agent or any of its Affiliates or Related Persons.

12.04 Delegation of Rights and Duties. Administrative Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any trustee, co-agent, employee, attorney-in-fact and any other Person (including any Secured Parry). Any such Person shall benefit from this **Section 12** to the extent provided by Administrative Agent.

12.05 Reliance and Liability.

(a) Administrative Agent may, without incurring any liability hereunder, (i) consult with any of its Related Persons and, whether or not selected by it, any other advisors, accountants and other experts (including advisors to, and accountants and experts engaged by, any Obligor) and (ii) rely and act upon any document and information and any telephone message or conversation, in each case believed by it to be genuine and transmitted, signed or otherwise authenticated by the appropriate parties.

(b) Neither Administrative Agent nor any of its Related Persons shall be liable for any action taken or omitted to be taken by any of them under or in connection with any Loan Document, and each Lender and Borrower hereby waive and shall not assert (and Borrower shall cause each other Obligor to waive and agree not to assert) any right, claim or cause of action based thereon, except to the extent of liabilities resulting from the gross negligence or fraudulent conduct of Administrative Agent or, as the case may be, such Related Person (each as determined in a final, non-appealable judgment or order by a court of competent jurisdiction) in connection with the duties expressly set forth herein; provided that the resignation of Administrative Agent pursuant to **Section 12.09** at any time, under any circumstance, shall not constitute grossly negligent or fraudulent conduct or behavior. Without limiting the foregoing, Administrative Agent:

(i) shall not be responsible or otherwise incur liability for any action or omission taken in reliance upon the instructions of the Majority Lenders or for the actions or omissions of any of its Related Persons selected with reasonable care (other than employees, officers and directors of Administrative Agent, when acting on behalf of Administrative Agent);

(ii) shall not be responsible to any Secured Party for the due execution, legality, validity, enforceability, effectiveness, genuineness, sufficiency or value of or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, any Loan Document;

(iii) makes no warranty or representation, and shall not be responsible, to any Secured Party for any statement, document, information, representation or warranty made or furnished by or on behalf of any Related Person, in or in connection with any Loan Document or any transaction contemplated therein, whether or not transmitted by Administrative Agent, including as to completeness, accuracy, scope or adequacy thereof, or for the scope, nature or results of any due diligence performed by Administrative Agent in connection with the Loan Documents; and

(iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any provision of any Loan Document, whether any condition set forth in any Loan Document is satisfied or waived, as to the financial condition of any Obligor or as to the existence or continuation or possible occurrence or continuation of any Default or Event of Default and shall not be deemed to have notice or knowledge of such occurrence or continuation unless it has received a notice from Borrower, any Lender describing such Default or Event of Default clearly labeled “notice of default” (in which case Administrative Agent shall promptly give notice of such receipt to all Lenders).

With respect to each of the items set forth in clauses (i) through (iv) above, each Lender and Borrower hereby waives and agrees not to assert (and Borrower shall cause each other Obligor to waive and agree not to assert) any right, claim or cause of action it might have against Administrative Agent based thereon.

12.06 Administrative Agent Individually. Administrative Agent and its Affiliates may make loans and other extensions of credit to, acquire stock and stock equivalents of, engage in any kind of business with, any Obligor or Affiliate thereof as though it were not acting Administrative Agent and may receive separate fees and other payments therefor. To the extent Administrative Agent or any of its Affiliates makes any Loan or otherwise becomes a Lender hereunder, it shall have and may exercise the same rights and powers hereunder and shall be subject to the same obligations and liabilities as any other Lender and the terms “Lender”, “Majority Lender”, and any similar terms shall, except where otherwise expressly provided in any Loan Document, include, without limitation, Administrative Agent or such Affiliate, as the case may be, in its individual capacity as Lender or as one of the Majority Lenders, respectively.

12.07 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Administrative Agent, any Lender or any of their Related Persons or upon any document (including the Disclosure Documents) solely or in part because such document was transmitted by Administrative Agent or any of its Related Persons, conducted its own independent investigation of the financial condition and affairs of each Obligor and has made and continues to make its own credit decisions in connection with entering into, and taking or not taking any action under, any Loan Document or with respect to any transaction contemplated in any Loan Document, in each case based on such documents and information as it shall deem appropriate.

12.08 Expenses; Indemnities.

(a) Each Lender agrees to reimburse Administrative Agent and each of its Related Persons (to the extent not reimbursed by any Obligor) promptly upon demand for such Lender's Pro Rata Share of any costs and expenses (including fees, charges and disbursements of financial, legal and other advisors and Other Taxes paid in the name of, or on behalf of, any Obligor) that may be incurred by Administrative Agent or any of its Related Persons in connection with the preparation, syndication, execution, delivery, administration, modification, consent, waiver or enforcement (whether through negotiations, through any work-out, bankruptcy, restructuring or other legal or other proceeding or otherwise) of, or legal advice in respect of its rights or responsibilities under, any Loan Document.

(b) Each Lender further agrees to indemnify Administrative Agent and each of its Related Persons (to the extent not reimbursed by any Obligor), from and against such Lender's aggregate Pro Rata Share of the Liabilities (including taxes, interests and penalties imposed for not properly withholding or backup withholding on payments made to, on or for the account of any Lender) that may be imposed on, incurred by or asserted against Administrative Agent or any of its Related Persons in any matter relating to or arising out of, in connection with or as a result of any Loan Document, any Related Document or any other act, event or transaction related, contemplated in or attendant to any such document, or, in each case, any action taken or omitted to be taken by Administrative Agent or any of its Related Persons under or with respect to any of the foregoing; provided that no Lender shall be liable to Administrative Agent or any of its Related Persons to the extent such liability has resulted primarily from the gross negligence or willful misconduct of Administrative Agent or, as the case may be, such Related Person, as determined by a court of competent jurisdiction in a final non-appealable judgment or order.

12.09 Resignation of Administrative Agent.

(a) At any time upon not less than five Business Days prior written notice, Administrative Agent may resign as the "Administrative Agent" hereunder, in whole or in part (in the sole and absolute discretion of Administrative Agent), effective on the date set forth in such notice, which effective date shall not be less than five (or more than 30) days following delivery of such notice. If Administrative Agent delivers any such notice, the Majority Lenders shall have the right to appoint a successor Administrative Agent; provided that if a successor Administrative Agent has not been appointed on or before the effectiveness of the resignation of the resigning Administrative Agent, then the resigning Administrative Agent may, on behalf of the Lenders, appoint any Person reasonably chosen by it as the successor Administrative Agent.

(b) Effective immediately upon its resignation, (i) the resigning Administrative Agent shall be discharged from its duties and obligations under the Loan Documents to the extent set forth in the applicable resignation notice, (ii) the Lenders shall assume and perform all of the duties of Administrative Agent until a successor Administrative Agent shall have accepted a valid appointment hereunder, (iii) the resigning Administrative Agent and its Related Persons shall no longer have the benefit of any provision of any Loan Document other than with respect to (x) any actions taken or omitted to be taken while such resigning Administrative Agent was, or because such Administrative Agent had been, validly acting as Administrative Agent under the Loan Documents or (y) any continuing duties such resigning Administrative Agent will continue to perform, and (iv) subject to its rights under **Section 12.04**, the resigning Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents. Effective immediately upon its acceptance of a valid appointment as Administrative Agent, a successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the resigning Administrative Agent under the Loan Documents.

12.10 Release of Collateral or Guarantors. Each Lender hereby consents to the release and hereby directs Administrative Agent to release (or, in the case of **Section 12.10 (b)(ii)**,release or subordinate) the following:

(a) any Subsidiary of Borrower from its guaranty of any Obligation of any Obligor if all of the Equity Interests in such Subsidiary owned by any Obligor or any of its Subsidiaries are disposed of in an Asset Sale permitted under the Loan Documents (including pursuant to a waiver or consent), to the extent that, after giving effect to such Asset Sale, such Subsidiary would not be required to guaranty any Obligations pursuant to **Section 8.12(a)**; and

(b) any Lien held by Administrative Agent for the benefit of the Secured Parties against (i) any Collateral that is disposed of by an Obligor in an Asset Sale permitted by the Loan Documents (including pursuant to a valid waiver or consent), (ii) any property subject to a Lien described in **Section 9.02(c)** and (iii) all of the Collateral and all Obligors, upon (w) termination of the Commitments, (x) payment and satisfaction in full of all Loans and all other Obligations that Administrative Agent has been notified in writing are then due and payable, (y) deposit of cash collateral with respect to all contingent Obligations, in amounts and on terms and conditions and with parties satisfactory to Administrative Agent and each Indemnitee that is owed such Obligations and (z) to the extent requested by Administrative Agent, receipt by the Secured Parties of liability releases from the Obligors each in form and substance acceptable to Administrative Agent.

Each Lender hereby directs Administrative Agent, and Administrative Agent hereby agrees, upon receipt of reasonable advance notice from Borrower, to execute and deliver or file such documents and to perform other actions reasonably necessary to release the guarantees and Liens when and as directed in this **Section 12.10**.

l2.11 Additional Secured Parties. The benefit of the provisions of the Loan Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not a Lender as long as, by accepting such benefits, such Secured Party agrees, as among Administrative Agent and all other Secured Parties, that such Secured Party is bound by (and, if requested by Administrative Agent, shall confirm such agreement in a writing in form and substance acceptable to Administrative Agent) this **Section 12** and the decisions and actions of Administrative Agent and the Majority Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders) to the same extent a Lender is bound; provided that, notwithstanding the foregoing, (i) such Secured Party shall be bound by **Section 12.08** only to the extent of Liabilities, costs and expenses with respect to or otherwise relating to the Collateral held for the benefit of such Secured Party, in which case the obligations of such Secured Party thereunder shall not be limited by any concept of Pro Rata Share or similar concept, (ii) each of Administrative Agent and each Lender shall be entitled to act at its sole discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (iii) such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Loan Document.

SECTION 13.
GUARANTEE

13.01 The Guarantee. The Subsidiary Guarantor hereby jointly and severally guarantee to Administrative Agent and the Lenders, and their successors and assigns, the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Loans, all fees and other amounts and Obligations from time to time owing to Administrative Agent or the Lenders by Borrower under this Agreement or under any other Loan Document and by any other Obligor under any of the Loan Documents, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the ***"Guaranteed Obligations"***). The Subsidiary Guarantors hereby further jointly and severally agree that if Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Subsidiary Guarantors will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

13.02 Obligations Unconditional. The obligations of the Subsidiary Guarantors under **Section 13.01** are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of Borrower under this Agreement or any other agreement or instrument referred to herein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by Requirements of Law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this **Section 13.02** that the obligations of the Subsidiary Guarantors hereunder shall be absolute and unconditional, joint and several, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Subsidiary Guarantors hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to the Subsidiary Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement or any other agreement or instrument referred to herein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or

(d) any lien or security interest granted to, or in favor of, the Secured Parties as security for any of the Guaranteed Obligations shall fail to be perfected.

The Subsidiary Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that Administrative Agent or the Lenders exhaust any right, power or remedy or proceed against Borrower under this Agreement or any other agreement or instrument referred to herein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

13.03 Reinstatement. The obligations of the Subsidiary Guarantors under this **Section 13** shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Subsidiary Guarantors jointly and severally agree that they will indemnify Administrative Agent and the Lenders on demand for all reasonable costs and expenses (including fees of counsel) incurred by such Persons in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

13.04 Subrogation. The Subsidiary Guarantors hereby jointly and severally agree that, until the payment and satisfaction in full of all Guaranteed Obligations (other than Warrant Obligations) and the expiration and termination of the Commitments, they shall not exercise any right or remedy arising by reason of any performance by them of their guarantee in **Section 13.01**, whether by subrogation or otherwise, against Borrower or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

13.05 Remedies. The Subsidiary Guarantors jointly and severally agree that, as between the Subsidiary Guarantors, on one hand, and Administrative Agent and the Lenders, on the other hand, the obligations of Borrower under this Agreement and under the other Loan Documents may be declared to be forthwith due and payable as provided in **Section 11** (and shall be deemed to have become automatically due and payable in the circumstances provided in **Section 11**) for purposes of **Section 13.01** notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by Borrower) shall forthwith become due and payable by the Subsidiary Guarantors for purposes of **Section 13.01**.

13.06 Instrument for the Payment of Money. Each Subsidiary Guarantor hereby acknowledges that the guarantee in this **Section 13** constitutes an instrument for the payment of money, and consents and agrees that Administrative Agent and the Lenders, at their sole option, in the event of a dispute by such Subsidiary Guarantor in the payment of any moneys due hereunder, shall have the right to proceed by motion for summary judgment in lieu of complaint pursuant to N.Y. Civ. Prac. L&R §3213.

13.07 Continuing Guarantee. The guarantee in this **Section 13** is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

13.08 Rights of Contribution. The Subsidiary Guarantors hereby agree, as between themselves, that if any Subsidiary Guarantor shall become an Excess Funding Guarantor (as defined below) by reason of the payment by such Subsidiary Guarantor of any Guaranteed Obligations, each other Subsidiary Guarantor shall, on demand of such Excess Funding Guarantor (but subject to the next sentence), pay to such Excess Funding Guarantor an amount equal to such Subsidiary Guarantor's Fair Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Guarantor) of the Excess Payment (as defined below) in respect of such Guaranteed Obligations. The payment obligation of a Subsidiary Guarantor to any Excess Funding Guarantor under this **Section 13.08** shall be subordinate and subject in right of payment to the prior payment in full of the obligations of such Subsidiary Guarantor under the other provisions of this **Section 13** and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations.

For purposes of this **Section 13.08**,(i) ***"Excess Funding Guarantor"*** means, in respect of any Guaranteed Obligations, a Subsidiary Guarantor that has paid an amount in excess of its Fair Share of such Guaranteed Obligations, (ii) ***"Excess Payment"***means, in respect of any Guaranteed Obligations, the amount paid by an Excess Funding Guarantor in excess of its Fair Share of such Guaranteed Obligations and (iii) ***"Fair Share"***means, for any Subsidiary Guarantor, the ratio (expressed as a percentage) of (x) the amount by which the aggregate present fair saleable value of all properties of such Subsidiary Guarantor (excluding any shares of stock of any other Subsidiary Guarantor) exceeds the amount of all the debts and liabilities of such Subsidiary Guarantor (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of such Subsidiary Guarantor hereunder and any obligations of any other Subsidiary Guarantor that have been Guaranteed by such Subsidiary Guarantor) to (y) the amount by which the aggregate fair saleable value of all properties of all of the Subsidiary Guarantors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of Borrower and the Subsidiary Guarantors hereunder and under the other Loan Documents) of all of the Subsidiary Guarantors, determined (A) with respect to any Subsidiary Guarantor that is a party hereto on the Closing Date, as of the Closing Date, and (B) with respect to any other Subsidiary Guarantor, as of the date such Subsidiary Guarantor becomes a Subsidiary Guarantor hereunder.

13.09 General Limitation on Guarantee Obligations. In any action or proceeding involving any provincial, territorial or state corporate law, or any state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under **Section 13.01** would otherwise, taking into account the provisions of **Section 13.08**,be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under **Section 13.01**,then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Subsidiary Guarantor, Administrative Agent, the Lenders or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 14.
MISCELLANEOUS

14.01 No Waiver. No failure on the part of Administrative Agent or the Lenders to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

14.02 Notices. All notices, requests, instructions, directions and other communications provided for herein (including any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (including by telecopy) delivered, if to Borrower, another Obligor, Administrative Agent or any Lender, to its address specified on the signature pages hereto or its Guarantee Assumption Agreement, as the case may be, or at such other address as shall be designated by such party in a written notice to the other parties. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given upon receipt of a legible copy thereof in each case given or addressed as aforesaid. All such communications provided for herein by telecopy shall be confirmed in writing promptly after the delivery of such communication (it being understood that non-receipt of written confirmation of such communication shall not invalidate such communication).

14.03 Expenses, Indemnification, Etc.

(a) **Expenses.** Borrower agrees to pay or reimburse (i) Administrative Agent and the Lenders for all of their reasonable out of pocket costs and expenses (including the reasonable fees and expenses of Morrison & Foerster LLP, special counsel to Administrative Agent the Lenders, and any sales, goods and services or other similar taxes applicable thereto, and printing, reproduction, document delivery, communication and travel costs) in connection with (x) the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents and the making of the Loans (exclusive of post-closing costs), (y) post-closing costs and (z) the negotiation or preparation of any modification, supplement or waiver of any of the terms of this Agreement or any of the other Loan Documents (whether or not consummated) and (ii) Administrative Agent and the Lenders for all of their out of pocket costs and expenses (including the fees and expenses of legal counsel) in connection with any enforcement or collection proceedings resulting from the occurrence of an Event of Default.

(b) **Indemnification**. Borrower hereby indemnifies Administrative Agent, the Lenders, and their respective Affiliates, directors, officers, employees, attorneys, agents, advisors and controlling parties (each, an ***"Indemnified Party"***) from and against, and agrees to hold them harmless against, any and all Claims and Losses of any kind (including reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement or any of the other Loan Documents or the Transactions or any use made or proposed to be made with the proceeds of the Loans, whether or not such investigation, litigation or proceeding is brought by Borrower, any of its shareholders or creditors, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto, and whether or not any of the conditions precedent set forth in **Section 6** are satisfied or the other transactions contemplated by this Agreement are consummated, except to the extent such Claim or Loss is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. No Obligor shall assert any claim against any Indemnified Party, on any theory of liability, for consequential, indirect, special or punitive damages arising out of or otherwise relating to this Agreement or any of the other Loan Documents or any of the Transactions or the actual or proposed use of the proceeds of the Loans. Borrower, its Subsidiaries and Affiliates and their respective directors, officers, employees, attorneys, agents, advisors and controlling parties are each sometimes referred to in this Agreement as a ***"Borrower Party."***No Lender shall assert any claim against any Borrower Party, on any theory of liability, for consequential, indirect, special or punitive damages arising out of or otherwise relating to this Agreement or any of the other Loan Documents or the Transactions or the actual or proposed use of the proceeds of the Loans.

14.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be modified or supplemented only by an instrument in writing signed by Borrower and the Majority Lenders; provided that:

(a) no amendment, waiver or consent shall affect the rights or duties under any Loan Document of or any payment to, Administrative Agent (or otherwise modify any provision of **Section 12** or the application thereof) unless in writing and signed by Administrative Agent in addition to any signature otherwise required; and

(b) the consent of all of the Lenders shall be required to:

(i) amend, modify, discharge, terminate or waive any of the terms of this Agreement if such amendment, modification discharge, termination or waiver would increase the amount of the Loans, reduce the fees payable hereunder, reduce interest rates or other amounts payable with respect to the Loans, extend any date fixed for payment of principal, interest or other amounts payable relating to the Loans or extend the repayment dates of the Loans;

(ii) amend the provisions of **Section 6**;

(iii) amend, modify, discharge, terminate or waive any Security Document if the effect is to release a material part of the Collateral subject thereto other than pursuant to the terms hereof or thereof; or

(iv) amend this **Section 14.04**;

provided that, notwithstanding anything to the contrary herein, a Defaulting Lender shall not have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

14.05 Successors and Assigns.

(a) **General.** The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or under any of the other Loan Documents without the prior written consent of Administrative Agent. Any of the Lenders may assign or otherwise transfer any of its rights or obligations hereunder or under any of the other Loan Documents (i) to an assignee in accordance with the provisions of **Section 14.05(b)**, (ii) by way of participation in accordance with the provisions of **Section 14.05(e)** or (iii) by way of pledge or assignment of a security interest subject to the restrictions of **Section 14.05(f)**. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in **Section 14.05(e)** and, to the extent expressly contemplated hereby, the Indemnified Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders**. Any of the Lenders may, with the prior written consent of Administrative Agent (such consent not to be unreasonably withheld, delayed or conditioned), at any time assign to one or more Eligible Transferees (or, if an Event of Default has occurred and is continuing, to any Person, other than a competitor of any Obligor) all or a portion of its rights and obligations under this Agreement (including all or a portion of the Commitment and the Loans at the time owing to it) and the other Loan Documents; provided that no such assignment shall be made to Borrower, an Affiliate of Borrower, or any employees or directors of Borrower at any time. Subject to the recording thereof by the Lenders pursuant to **Section 14.05(d)**, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of the Lenders under this Agreement and the other Loan Documents, and correspondingly the assigning Lender shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of a Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) and the other Loan Documents but shall continue to be entitled to the benefits of **Section 5** and **Section 14.03**.Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this **Section 14.05(b)** shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with **Section 14.05(e)**.

(c) **Amendments to Loan Documents.** Each of Administrative Agent, the Lenders and the Obligors agrees to enter into such amendments to the Loan Documents, and such additional Security Documents and other instruments and agreements, in each case in form and substance reasonably acceptable to Administrative Agent, the Lenders and the Obligors, as shall reasonably be necessary to implement and give effect to any assignment made under this **Section 14.05**.

(d) **Register.** Administrative Agent, acting solely for this purpose as an agent of Borrower, shall maintain at one of its offices a register for the recordation of the name and address of any assignee of the Lenders and the Commitment and outstanding principal amount of the loans owing thereto (the ***"Register"***). The entries in the Register shall be conclusive, absent manifest error, and Borrower shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as the "Lender" hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice.

(e) **Participations.** Any of the Lenders may at any time, without the consent of or notice to, Borrower, sell participations to any Person (other than a natural person or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a ***"Participant"***) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Commitment and/or the Loans owing to it); providedthat (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower shall continue to deal solely and directly with the Lenders in connection therewith. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that would (i) increase or extend the term of such Lender's Commitment, (ii) extend the date fixed for the payment of principal of or interest on the Loans or any portion of any fee hereunder payable to the Participant, (iii) reduce the amount of any such payment of principal, or (iv) reduce the rate at which interest is payable thereon to a level below the rate at which the Participant is entitled to receive such interest. Subject to **Section 14.05(f)**,Borrower agrees that each Participant shall be entitled to the benefits of **Section 5** to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **Section 14.05(b)**. To the extent permitted by law, each Participant also shall be entitled to the benefits of **Section 4.04(a)** as though it were the Lender.

(f) **Limitations on Rights of Participants.** A Participant shall not be entitled to receive any greater payment under **Section 5.01** or **5.03** than a Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Borrower's prior written consent.

(g) **Certain Pledges.** The Lenders may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and any other Loan Document to secure obligations of the Lenders, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release the Lenders from any of their obligations hereunder or substitute any such pledgee or assignee for the Lenders as a party hereto.

14.06 Survival. The obligations of Borrower under **Sections 5.01**, **5.02**, **5.03**, **14.03**, **14.05**, **14.09**, **14.10**, **l4.11**, **14.12**, **14.13**, **14.14 and 14.16**, and the obligations of the Subsidiary Guarantors under **Section 13** (solely to the extent guaranteeing any of the obligations under the foregoing Sections) shall survive the repayment of the Obligations and the termination of the Commitment and, in the case of the Lenders' assignment of any interest in the Commitment or the Loans hereunder, shall survive, in the case of any event or circumstance that occurred prior to the effective date of such assignment, the making of such assignment, notwithstanding that the Lenders may cease to be "Lenders" hereunder. In addition, each representation and warranty made, or deemed to be made by a Borrowing Notice, herein or pursuant hereto shall survive the making of such representation and warranty.

14.07 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

14.08 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed signature page of this Agreement by facsimile transmission or electronic transmission (in PDF format) shall be effective as delivery of a manually executed counterpart hereof.

14.09 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York, without regard to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction; provided that Section 5-1401 of the New York General Obligations Law shall apply.

14.10 Jurisdiction, Service of Process and Venue.

(a) **Submission to Jurisdiction.** Each Obligor agrees that any suit, action or proceeding with respect to this Agreement or any other Loan Document to which it is a party or any judgment entered by any court in respect thereof may be brought initially in the federal or state courts in New York, New York or in the courts of its own corporate domicile and irrevocably submits to the non-exclusive jurisdiction of each such court for the purpose of any such suit, action, proceeding or judgment. This **Section 14.10(a)** is for the benefit of Administrative Agent and the Lenders only and, as a result, neither Administrative Agent nor any Lender shall be prevented from taking proceedings in any other courts with jurisdiction. To the extent allowed by any Requirement of Law, Administrative Agent and the Lenders may take concurrent proceedings in any number of jurisdictions.

(b) **Alternative Process.** Nothing herein shall in any way be deemed to limit the ability of Administrative Agent or the Lenders to serve any process or summons in any other manner permitted by a Requirement of Law.

(c) **Waiver of Venue, Etc.** Each Obligor irrevocably waives to the fullest extent permitted by law any objection that it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document and hereby further irrevocably waives to the fullest extent permitted by law any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. A final judgment (in respect of which time for all appeals has elapsed) in any such suit, action or proceeding shall be conclusive and may be enforced in any court to the jurisdiction of which such Obligor is or may be subject, by suit upon judgment.

14.11 Waiver of Jury Trial. EACH OBLIGOR AND EACH LENDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTTON OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

l4.l2 Waiver of Immunity. To the extent that any Obligor may be or become entitled to claim for itself or its property or revenues any immunity on the ground of sovereignty or the like from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment or execution of a judgment, and to the extent that in any such jurisdiction there may be attributed such an immunity (whether or not claimed), such Obligor hereby irrevocably agrees not to so claim and hereby irrevocably waives such immunity with respect to its obligations under this Agreement and the other Loan Documents.

14.13 Entire Agreement. This Agreement and the other Loan Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof including any confidentiality (or similar) agreements. EACH OBLIGOR ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IN DECIDING TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR IN TAKING OR NOT TAKING ANY ACTION HEREUNDER OR THEREUNDER, IT HAS NOT RELIED, AND WILL NOT RELY, ON ANY STATEMENT, REPRESENTATION, WARRANTY, COVENANT, AGREEMENT OR UNDERSTANDING, WHETHER WRITTEN OR ORAL, OF OR WITH ADMINISTRATIVE AGENT OR THE LENDERS OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

14.14 Severability. If any provision hereof is found by a court to be invalid or unenforceable, to the fullest extent permitted by any Requirement of Law the parties agree that such invalidity or unenforceability shall not impair the validity or enforceability of any other provision hereof.

14.15 No Fiduciary Relationship. Borrower acknowledges that Administrative Agent and the Lenders have no fiduciary relationship with, or fiduciary duty to, Borrower arising out of or in connection with this Agreement or the other Loan Documents, and the relationship between the Lenders and Borrower is solely that of creditor and debtor. This Agreement and the other Loan Documents do not create a joint venture among the parties.

14.16 Confidentiality. Administrative Agent and each Lender agree to keep confidential all non-public information provided to them by any Obligor pursuant to this Agreement that is designated by such Obligor as confidential in accordance with its customary procedures for handling its own confidential information and use such information solely for purposes of the lending activities of Administrative Agent and each Lender under the Loan Documents; provided that nothing herein shall prevent Administrative Agent or any Lender from disclosing any such information (i) to Administrative Agent, any other Lender, any Affiliate of a Lender or any Eligible Transferee or other assignee permitted under **Section 14.05(b)**, (ii) subject to an agreement to comply with the provisions of this Section, to any actual or prospective direct or indirect counterparty to any Hedging Agreement (or any professional advisor to such counterparty), (iii) to its employees, officers, directors, agents, attorneys, accountants, trustees and other professional advisors or those of any of its affiliates who have a need to know such information (collectively , its ***"Related Parties"***), (iv) upon the request or demand of any Governmental Authority or any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (v) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (vi) if required to do so in connection with any litigation or similar proceeding, (vii) that has been publicly disclosed (other than as a result of a disclosure in violation of this **Section 14.16**), (viii) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, (ix) in connection with the exercise of any remedy hereunder or under any other Loan Document, (x) on a confidential basis to (A) any rating agency in connection with rating Borrower or its Subsidiaries or the Loan or (B) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers of other market identifiers with respect to the Loan or (xi) to any other party hereto; provided, further, that, (1) neither the Administrative Agent nor any Lender shall use any Obligor's non-public information for the purposes of engaging in hedging or short-selling activities of Borrower's Equity Interests and (2) unless specifically prohibited by applicable law or court order, each Lender shall notify Borrower of any request by any Governmental Authority or representative thereof (other than any such request in connection with any examination of the financial condition or other routine examination of such Lender by such Governmental Authority) for disclosure of any such non-public information prior to disclosure of such information.

14.17 USA PATRIOT Act. Administrative Agent and the Lenders hereby notify the Obligors that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L.107-56 (signed into law October 26, 2001)) (the ***"Act"***), they are required to obtain, verify and record information that identifies the Obligors, which information includes the name and address of each Obligor and other information that will allow such Person to identify such Obligor in accordance with the Act.

[Signature Pages Follow]

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

BORROWER:

MONOSOL RX, LLC

By /s/ Keith J. Kendall
Name: Keith J. Kendall
Title: Chief Executive Officer

Address for Notices:
MonoSol Rx, LLC
30 Technology Drive
Warren, NJ 07059
Attn: Chief Financial Officer
Tel.: (908) 941-1912
Fax: (908) 561-1209
Email: jleonard@monosolrx.com

SUBSIDIARY GUARANTORS:

MONOSOL RX, INC.

By /s/ Keith J. Kendall
Name: Keith J. Kendall
Title: President

Address for Notices:
c/o MonoSol Rx, LLC
30 Technology Drive
Warren, NJ 07059
Attn: Chief Financial Officer
Tel.: (908) 941-1912
Fax: (908) 561-1209
Email: jleonard@monosolrx.com

MSRX US, LLC

By /s/ Keith J. Kendall
Name: Keith J. Kendall
Title: President

Address for Notices:
c/o MonoSol Rx, LLC
30 Technology Drive
Warren, NJ 07059
Attn: Chief Financial Officer
Tel.: (908) 941-1912
Fax: (908) 561-1209
Email: jleonard@monosolrx.com

[*Signature page to Credit Agreement*]

ADMINISTRATIVE AGENT:

PERCEPTIVE CREDIT HOLDINGS, LP

By: Perceptive Credit Opportunities GP, LLC,
its general partner

By: /s/ Sandeep Dixit
Name: Sandeep Dixit
Title: Chief Credit Officer

By: /s/ Sam Chawla
Name: Sam Chawla
Title: Portfolio Manager

Perceptive Credit Holding, LP
c/o Perceptive Advisors LLC
51 Astor Place, 10th floor
New York, NY 10003
Attn: Sandeep Dixit
Email: Sandeep@ Perceptivelife.com

Schedule I
to Credit Agreement

COMMITMENTS

Lender	Commitment	Proportionate Share
Perceptive Credit Holdings, LP	$50,000,000	l00%
TOTAL	**$50,000.000**	**l00%**

FORM OF GUARANTEE ASSUMPTION AGREEMENT

GUARANTEE ASSUMPTION AGREEMENT dated as of [DATE] by [NAME OF ADDITIONAL SUBSIDIARY GUARANTOR], a _____ [corporation][limited liability company] (the "***Additional Subsidiary Guarantor***"), under that certain Credit Agreement, dated as of August 16, 2016 (as amended or otherwise modified, renewed, refinanced or replaced, the "***Credit Agreement***"), among MonoSol Rx, LLC, a Delaware limited liability company ("***Borrower***"), the Subsidiary Guarantors party thereto, the lenders party thereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***").

Pursuant to **Section 8.12(a)** of the Credit Agreement, the Additional Subsidiary Guarantor hereby agrees to become a "Subsidiary Guarantor" for all purposes of the Credit Agreement, and a "Grantor" for all purposes of the Security Agreement. Without limiting the foregoing, the Additional Subsidiary Guarantor hereby, jointly and severally with the other Subsidiary Guarantors, guarantees to the Lenders and its successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations (as defined in **Section 13.01** of the Credit Agreement) in the same manner and to the same extent as is provided in **Section 13** of the Credit Agreement. In addition, as of the date hereof, the Additional Subsidiary Guarantor hereby makes the representations and warranties set forth in **Section 7** of the Credit Agreement and in **Section 3** of the Security Agreement, with respect to itself and its obligations under this Agreement and the other Loan Documents, as if each reference in such Sections to the Loan Documents included reference to this Agreement, such representations and warranties to be made as of the date hereof.

The Additional Subsidiary Guarantor hereby instructs its counsel to deliver the opinions referred to in **Section 8.12(a)** of the Credit Agreement to the Lenders.

IN WITNESS WHEREOF, the Additional Subsidiary Guarantor has caused this Guarantee Assumption Agreement to be duly executed and delivered as of the day and year first above written.

[ADDITIONAL SUBSIDIARY GUARANTOR]

By _____
Name:
Title:

Exhibit B
to Credit Agreement

FORM OF BORROWING NOTICE

Date : [_____]

To: Perceptive Credit Holdings, LP, as Administrative Agent
c/o Perceptive Advisors LLC
51 Astor place, 10th floor
New York, NY 10003
Attn: Sandeep Dixit
Email: Sandeep@perceptivelife.com

Re: Borrowing under Credit Agreement

Ladies and Gentlemen:

The undersigned, MonoSol Rx, LLC, a Delaware limited liability company ("***Borrower***"), refers to the Credit Agreement, dated as of August 16, 2016 (as the same may be amended or otherwise modified from time to time, the "***Credit Agreement***"), among Borrower, the Subsidiary Guarantors party thereto, the Lenders party thereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the Lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***"). The terms defined in the Credit Agreement are herein used as therein defined.

Borrower hereby gives you notice irrevocably, pursuant to **Section 2.02(a)** of the Credit Agreement, of the borrowing of the Loan specified herein:

1. The proposed Borrowing Date is [_____].

2. The amount of the proposed Borrowing is $[_____].

3. The payment instructions with respect to the funds to be made available to Borrower are as follows:

Bank name: [_____]
Bank Address: [_____]
Routing Number: [_____]
Account Number: [_____]
Swift Code: [_____]

Borrower hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed borrowing of the Loan, before and after giving effect thereto and to the application of the proceeds therefrom:

a) the representations and warranties made by Borrower in **Section 7** of the Credit Agreement shall be true on and as of the Borrowing Date and immediately after giving effect to the application of the proceeds of the Borrowing with the same force and effect as if made on and as of such date except that the representation regarding representations and warranties that refer to a specific earlier date shall be that they were true on such earlier date;

b) on and as of the Borrowing Date, there shall have occurred no Material Adverse Change since [INSERT DATE OF LAST AUDITED FINANCIAL STATEMENTS]; and

c) no Default exists or would result from such proposed borrowing.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrower has caused this Borrowing Notice to be duly executed and delivered as of the day and year first above written.

BORROWER:

MONOSOL RX, LLC

By _____
Name:
Title:

Exhibit C
to Credit Agreement

FORM OF NOTE

U.S. $[_____] [_____], 2016

FOR VALUE RECEIVED, the undersigned, MonoSol Rx, LLC, a Delaware limited liability company ("***Borrower***"), hereby promises to pay to Perceptive Credit Holdings, LP or its assigns (the "***Lender***"), in immediately available funds, the aggregate principal sum set forth above, or, if less, the aggregate unpaid principal amount of all Loans made by the Lender pursuant to **Section 2.01** of the Credit Agreement, dated as of August 16, 2016 (as the same may be amended or otherwise modified from time to time, the "***Credit Agreement***"), among Borrower, the Subsidiary Guarantors party thereto, the lenders party thereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***"), on the date or dates specified in the Credit Agreement, together with interest on the principal amount of such Loans from time to time outstanding thereunder at the rates, and payable in the manner and on the dates, specified in the Credit Agreement.

This Note is a Note issued pursuant to the terms of **Section 2.04** of the Credit Agreement, and this Note and the holder hereof are entitled to all the benefits and security provided for thereby or referred to therein, to which Credit Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Credit Agreement.

THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION; PROVIDED THAT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY.

Borrower hereby waives demand, presentment, protest or notice of any kind hereunder, other than notices provided for in the Loan Documents. The non-exercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in such particular or any subsequent instance.

THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT.

MONOSOL RX, LLC

By _____
Name:
Title:

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

Reference is made to the Credit Agreement, dated as of August 16, 2016 (as the same may be amended or otherwise modified from time to time, the "***Credit Agreement***"), among MonoSol Rx, LLC, a Delaware limited liability company ("***Borrower***"), the Subsidiary Guarantors party thereto, the lenders party thereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***"). [_____] (the "***Foreign Lender***") is providing this certificate pursuant to **Section 5.03(e)(ii)(B)** of the Credit Agreement. The Foreign Lender hereby represents and warrants that:

1. The Foreign Lender is the sole record owner of the Loans as well as any obligations evidenced by any Note(s) in respect of which it is providing this certificate;

2. The Foreign Lender's direct or indirect partners/members are the sole beneficial owners of the Loans as well as any obligations evidenced by any Note(s) in respect of which it is providing this certificate;

3. Neither the Foreign Lender nor its direct or indirect partners/members is a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In this regard, the Foreign Lender further represents and warrants that:

(a) neither the Foreign Lender nor its direct or indirect partners/members is subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) neither the Foreign Lender nor its direct or indirect partners/members has been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;

4. Neither the Foreign Lender nor its direct or indirect partners/members is a 10-percent shareholder of Borrower within the meaning of Section 881(c)(3)(B) of the Code; and

5. Neither the Foreign Lender nor its direct or indirect partners/members is a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

[Signature follows]

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered as of the date indicated below.

[NAME OF NON-U.S. LENDER]

By _____
Name:
Title:

Date: _____

Exhibit E
to Credit Agreement

FORM OF COMPLIANCE CERTIFICATE

[DATE]

This certificate is delivered pursuant to **Section 8.01(d)** of, and in connection with the consummation of the transactions contemplated in, the Credit Agreement, dated as of August 16, 2016 (as the same may be amended or otherwise modified from time to time, the "***Credit Agreement***"), among MonoSol Rx, LLC, a Delaware limited liability company ("***Borrower***"), the Subsidiary Guarantors party thereto, the lenders party thereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***"). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

The undersigned, a duly authorized Responsible Officer of Borrower having the name and title set forth below under his signature, hereby certifies, on behalf of Borrower for the benefit of the Secured Parties and pursuant to **Section 8.01(d)** of the Credit Agreement that such Responsible Officer of Borrower is familiar with the Credit Agreement and that, in accordance with each of the following sections of the Credit Agreement, each of the following is true on the date hereof, both before and after giving effect to any Loan to be made on or before the date hereof:

In accordance with Section **8.01**[**(a)/(b)/(c)**] of the Credit Agreement, attached hereto as **Annex A** are the financial statements for the [fiscal quarter/fiscal year/fiscal month] ended [_____] required to be delivered pursuant to **Section 8.01**[**(a)/(b)/(c)**] of the Credit Agreement. Such financial statements fairly present in all material respects the consolidated financial position, results of operations and cash flow of Borrower and its Subsidiaries as at the dates indicated therein and for the periods indicated therein in accordance with GAAP [(subject to the absence of footnote disclosure and normal year-end audit adjustments)][1]

Attached hereto as **Annex B** are the calculations used to determine compliance with each financial covenant contained in **Section 10** of the Credit Agreement.

No Default or Event of Default is continuing as of the date hereof[, except as provided for on **Annex C** attached hereto, with respect to each of which Borrower proposes to take the actions set forth on **Annex C**].

The representations and warranties made by Borrower in **Section 7** of the Credit Agreement are true on and as of the date hereof, with the same force and effect as if made on and as of the date hereof (except that the representation regarding representations and warranties that refer to a specific earlier date shall be that they were true on such earlier date).

[1] Insert language in brackets only for quarterly and monthly certifications.

IN WITNESS WHEREOF, the undersigned has executed this certificate on the date first written above.

MONOSOL RX, LLC

By _____

Name:
Title:

Annex A to Compliance Certificate

FINANCIAL STATEMENTS

[see attached]

CALCULATIONS OF FINANCIAL COVENANT COMPLIANCE

	Section 10.01: Minimum Liquidity	
I.A	Balance of cash in the Controlled Account with account number _____	$_____
I.B	Balance of cash in the Controlled Account with account number _____	
I.C	Balance of cash in the Controlled Account with account number _____[2]	
I.D	$4,000,000	$_____
	Is the sum of Lines I.A + I.B + I.C equal to or greater than Line I.D?	*Yes: In compliance;* *No: Not in compliance*
	Section 10.02: Minimum Revenue	
II.A	All revenue generated by Borrower and its Subsidiaries in the last twelve months as a result of the ordinary course manufacturing and sale of Products that, in accordance with GAAP, would be classified as net revenue, excluding upfront payments, milestones and royalties revenue generated by Borrower and its Subsidiaries that are not related to the sale of products or services.	$_____
II.B	$[_____]	
	Is line II.A equal to or greater than Line II.B?	*Yes: In compliance;* *No: Not in compliance*

[2] Add more lines, if necessary, to list all controlled accounts.

DEFAULTS OR EVENTS OF DEFAULT

[IF NEEDED]

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "***Assignment and Assumption***") is dated as of the Effective Date set forth below and is entered into by and between [_____] (the "***Assignor***") and [_____] (the "***Assignee***"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement, dated as of August 16, 2016 (as the same may be amended or otherwise modified from time to time, the "***Credit Agreement***"), among MonoSol Rx, LLC, a Delaware limited liability company, the Subsidiary Guarantors party thereto, the lenders party thereto and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the lenders, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in **Annex 1** attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, any guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "***Assigned Interest***"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

[Remainder of page intentionally left blank; signature page(s) follow]

Effective Date: _____ ___ , 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

Consented to and Accepted:

PERCEPTIVE CREDIT HOLDINGS, LP,
as Administrative Agent

By: PERCEPTIVE CREDIT OPPORTUNITIES GP, LLC, its general partner

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

1. **Representations and Warranties.**

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, [(ii) it meets all requirements of an Eligible Transferee under the Credit Agreement][3], (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to **Section 8.01(a)**, **(b)** and **(c)** thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and [(vii) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee][4]; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

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3 To be deleted if assignment occurs during an Event of Default

4 To be included only if Assignee is a Foreign Lender

2. **Payments.** From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. **General Provisions.** This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF LANDLORD CONSENT

WHEREAS, MonoSol Rx, LLC, a Delaware limited liability company ("***Debtor***"), has entered into a Credit Agreement and a Security Agreement (collectively, the "***Agreements***"), each dated as of August 16, 2016, with certain subsidiary guarantors and lenders and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***"), pursuant to which Secured Parties referred to in the Agreements have been granted a security interest in all of Debtor's personal property, including but not limited to inventory, equipment and trade fixtures (hereinafter "***Personal Property***"); and

WHEREAS, [_____] ("***Landlord***") is the owner of the real property located at [_____] (the "***Premises***"); and

WHEREAS, Landlord and Debtor have entered into that certain Lease dated [_____][, as amended by [_____] dated [_____]] ([collectively,] the "***Lease***"); and

WHEREAS, certain of the Personal Property has or may become affixed to or be located on, wholly or in part, the Premises.

NOW, THEREFORE, in consideration of any loans or other financial accommodation extended by Secured Parties to Debtor at any time, and other good and valuable consideration, the parties agree as follows:

1. Landlord subordinates to Secured Parties all security interests or other interests or rights Landlord may now or hereafter have in, or to any of the Personal Property, whether for rent or otherwise, while Debtor is indebted to Secured Parties.

2. The Personal Property may be installed in or located on the Premises and is not and shall not be deemed a fixture or part of the real estate and shall at all times be considered personal property.

3. Administrative Agent or its representatives may enter upon the Premises during normal business hours, and upon not less than 24 hours' advance notice, to inspect the Personal Property.

4. Upon and during the continuance of an Event of Default under the Agreements, Administrative Agent or its representatives, at Administrative Agent's option, upon written notice delivered to Landlord not less than ten Business Days in advance, may enter the Premises during normal business hours for the purpose of repossessing, removing or otherwise dealing with said Personal Property; provided that neither Administrative Agent nor any other Secured Party shall be permitted to operate the business of Debtor on the Premises or sell, auction or otherwise dispose of any Personal Property at the Premises or advertise any of the foregoing; and such license shall continue, from the date Administrative Agent enters the Premises for as long as Administrative Agent reasonably deems necessary but not to exceed a period of ten days. During the period Administrative Agent occupies the Premises, it shall pay to Landlord the rent provided under the Lease relating to the Premises, prorated on a per diem basis to be determined on a 30 day month, without incurring any other obligations of Debtor.

5. Administrative Agent shall pay to Landlord any costs for damage to the Premises or the building in which the Premises is located in removing or otherwise dealing with said Personal Property pursuant to **Paragraph 4** above, and shall indemnify and hold harmless Landlord from and against (i) all claims, disputes and expenses, including reasonable attorneys' fees, suffered or incurred by Landlord arising from Administrative Agent's exercise of any of its rights hereunder, and (ii) any injury to third persons, caused by actions of Administrative Agent pursuant to this consent.

6. Landlord agrees to give notice to Administrative Agent in writing by certified mail or facsimile of Landlord's intent to exercise its remedies in response to any default by Debtor of any of the provisions of the Lease, to:

Perceptive Credit Holdings, LP
c/o Perceptive Advisors LLC
51 Astor place, 10th floor
New York, NY 10003
Attn: Sandeep Dixit
Email: Sandeep@perceptivelife.com

7. Landlord shall have no obligation to preserve or protect the Personal Property or take any action in connection therewith, and Administrative Agent, on behalf of the Secured Parties, waives all claims Secured Parties may now or hereafter have against Landlord in connection with the Personal Property.

8. This consent shall terminate and be of no further force or effect upon the earlier of (i) the date on which all indebtedness secured by the Personal Property indefeasibly is paid in full in cash and (ii) the date on which the Lease is terminated or expires.

9. Nothing contained herein shall be construed to amend the Lease, and the Lease remains unchanged and in full force and effect.

This consent shall be construed and interpreted in accordance with and governed by the laws of the State of New York.

This consent may not be changed or terminated orally and is binding upon and shall inure to the benefit of Landlord, Administrative Agent and the other Secured Parties, and Debtor and the heirs, personal representatives, successors and assigns of Landlord, Administrative Agent and the other Secured Parties, and Debtor.

[Signature Page follows]

Dated this _____, 20__.

LANDLORD:

[_____]

By _____
Name:
Title:

ADMINISTRATIVE AGENT:

PERCEPTIVE CREDIT HOLDINGS, LP

By: **PERCEPTIVE CREDIT OPPORTUNITIES GP, LLC**, its general partner

By _____
Name:
Title:

By _____
Name:
Title:

Acknowledged and Agreed:

BORROWER:

MONOSOL RX, LLC

By _____
Name:
Title:

Exhibit 10.3

Execution Version

OMNIBUS AMENDMENT NO. 1

This **OMNIBUS AMENDMENT NO. 1**, dated as of January 1, 2018 (this "***Amendment***"), is among MonoSol Rx, LLC, a Delaware limited liability company (to be renamed Aquestive Therapeutics, Inc. and converted into a Delaware corporation upon consummation of the Conversion Transaction (as defined below)) (the "***Borrower***"), the Lenders party hereto (the "***Lenders***") and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the Lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***")**.** Reference is made to the Credit Agreement and Guaranty, dated as of August 16, 2016 (as amended, modified, restated and supplemented, the "***Credit Agreement***"), among the Borrower, the Subsidiary Guarantors party thereto, the Lenders parties thereto and the Administrative Agent. Capitalized terms used herein without definition shall have the same meanings as set forth in the Credit Agreement, as amended hereby.

RECITALS

WHEREAS, the Borrower, the Lenders and the Administrative Agent are party to the letter (the "***Consent Letter***") dated as of January 1, 2018;

WHEREAS, pursuant to the Consent Letter the parties thereto agreed to negotiate in good faith to enter into an amendment to the Loan Documents, and the Lender's and Administrative Agent's consent to the Conversion Transaction (as defined therein) is conditioned upon the effectiveness of such amendment; and

WHEREAS, the Borrower, the Lenders party hereto and the Administrative Agent wish to amend the Loan Documents pursuant to the terms hereof.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. AMENDMENTS.

A. As of the Amendment Effective Date (as defined in Section 3), each reference in each Loan Document to "MonoSol Rx, LLC" shall be deemed to refer to "Aquestive Therapeutics, Inc." and each reference to "MonoSol Rx, LLC, a Delaware limited liability company" shall be deemed to refer to "Aquestive Therapeutics, Inc., a Delaware corporation".

B. Each of the following definitions in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"***Change of Control***" means (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons acting jointly or otherwise in concert of Equity Interests representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Aquestive Partners, (ii) during any period of 12 consecutive calendar months, the occupation of a majority of the seats (other than vacant seats) on the board of directors (or other managing body) of Borrower or Aquestive Partners by Persons who were neither (x) nominated by the board of directors of Borrower or Aquestive Partners, as applicable, nor (y) appointed by directors so nominated, (iii) the acquisition of direct or indirect Control of Aquestive Partners by any Person or group of Persons acting jointly or otherwise in concert; in each case whether as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, (iv) the sale, conveyance or disposal of all or substantially all of the property or business of (1) Borrower and its Subsidiaries, taken as a whole, or (2) Aquestive Partners, (v) Borrower shall cease to own, directly or indirectly, beneficially and of record, 100% of the issued and outstanding Equity Interests of each of its Subsidiaries, free and clear of all Liens, or (vi) prior to a Qualified IPO Restructuring, other than as a result of Equity Interests of Borrower issued pursuant to (x) a Qualified Private Placement of Borrower Equity Interests or (y) equity-based compensation plans, arrangements or agreements established by Borrower in order to replace or otherwise modify Borrower's existing phantom equity plans, Aquestive Partners shall cease to own directly, beneficially and of record, 100% of the issued and outstanding Equity Interests of Borrower, free and clear of all Liens.

"***Loan Documents***" means, collectively, this Agreement, the Notes, the Security Documents, the Warrant Agreement, each Warrant, the Fee Letter, the Parent Guaranty, the Pledge Agreement and any subordination agreement, intercreditor agreement or other present or future document, instrument, agreement or certificate delivered to Administrative Agent or any Lender in connection with this Agreement or any of the other Loan Documents, in each case, as amended or otherwise modified.

"***Obligors***" means, collectively, Borrower, Aquestive Partners, the Subsidiary Guarantors and each of their respective successors and permitted assigns.

"***Public Offering***" means any sale of Equity Interests of a Person pursuant to an offering that is underwritten on a firm commitment basis by a nationally recognized investment banking firm, or a merger, reverse merger or similar transaction to which a Person is a party and, as a result of which, such Person becomes subject to the reporting requirements of Section 13 or Section 15 of the Securities Act immediately following such offering.

"***Qualified IPO***" means Borrower's initial Public Offering of its common Equity Interests following a Qualified IPO Restructuring, which offering results in gross proceeds to Borrower of not less than $40,000,000, and as a result of which such Equity Interests are listed on either the New York Stock Exchange or the NASDAQ National Market.

"***Senior Common Interests***" has the meaning set forth in the Limited Liability Company Agreement (as in effect on January 1, 2018) of Aquestive Partners.

"***Warrant Agreement***" means that certain Warrant Certificate and Agreement by and between the Aquestive Partners and Perceptive Credit Holdings, LP delivered pursuant to the Amendment No. 1.

"***Warrant***" means one or more warrants, issued pursuant to the Warrant Agreement, exercisable into an aggregate number of Senior Common Interests equal to four and half percent (4.5%) of the aggregate issued and outstanding Equity Interests of Aquestive Partners, in each case determined on a fully-diluted basis. Each Warrant shall be exercisable at $0.01 per unit of Senior Common Interests and shall be subject to the terms and conditions of the Warrant Agreement.

C. The following definitions are added to Section 1.01 of the Credit Agreement in appropriate alphabetical order:

"***Amendment No. 1***" means the Omnibus Amendment No. 1, dated as of January 1, 2018, among the Borrower, the Subsidiary Guarantors party thereto, the Lenders party thereto and the Administrative Agent.

"***Aquestive Partners***" means Aquestive Partners, LLC, a Delaware limited liability company.

"***Parent Guaranty***" means the Parent Guaranty, dated as of January 1, 2018, made by Aquestive Partners in favor of Administrative Agent, for the benefit of the Secured Parties.

"***Pledge Agreement***" means the Pledge Agreement, dated as of January 1, 2018, between Aquestive Partners and Administrative Agent (for the benefit of the Secured Parties).

"***Qualified IPO Restructuring***" means, in a single transaction or series of related transactions, a liquidation, merger, consolidation or other business combination involving Aquestive Partners and Borrower as constituent parties in each case consummated in anticipation of a Qualified IPO, pursuant to which the Equity Interests of Aquestive Partners and all Equity Interests of Aquestive Partners issuable upon exercise of any rights, options or warrants to subscribe for, purchase or otherwise acquire Equity Interests of Aquestive Partners, as applicable, outstanding immediately prior to such merger, consolidation or other business combination are converted or exchanged for Equity Interests of Borrower as the surviving or resulting entity in such transaction; provided that as part of a Qualified IPO Restructuring, equity-based compensation plans, arrangements or agreements may be established for or on behalf of such surviving or resulting entity in the event of termination or conversion of Borrower's existing performance equity plans.

"***Qualified Private Placement of Borrower Equity Interests***" means a private offering and sale of the Equity Interests of Borrower to recognized institutional investors prior to (but in anticipation of) a Qualified IPO.

D. The word "and" at the end of Section 9.03(d) of the Credit Agreement is deleted, the period at the end of Section 9.03(e) is replaced with "; and", and new clause (f) is added in Section 9.03 of the Credit Agreement immediately following clause (e):

(f) (x) subject to compliance with all anti-dilution and other protections pursuant to the Warrant and the Warrant Agreement and (y) so long as immediately prior to, and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom, Qualified IPO Restructuring.

E. The following Section 9.19 is added to Section 9 of the Credit Agreement immediately following Section 9.18:

9.10 Passive Holding Company. No Obligor will permit Aquestive Partners to conduct, transact or otherwise engage in any active trade or business or operations or incur any Indebtedness or other liability other than through Borrower, and no Obligor will permit Aquestive Partners to own any assets other than the Equity Interests of Borrower; provided that the foregoing will not prohibit Aquestive Partners from the following: (i) the maintenance of its legal existence and (including the ability to incur reasonable fees, costs, expenses and other liabilities relating to such maintenance), (ii) obligations incidental to its legal existence and other obligations that are limited to obligations under the Loan Documents to which it is a party, (iii) the making of contributions to (or other equity investments in) Borrower, which contributions shall be subordinated to the Obligations, (iv) participating in tax, accounting and other administrative and fiduciary matters as a direct owner of Borrower, in each case, in accordance with the terms of the Loan Documents, (v) holding any cash or Permitted Cash Equivalent Investments on a temporary basis (and in no event longer than three Business Days) that is in the process of being transferred through Aquestive Partners as part of a downstream contribution to Borrower and (vi) providing customary compensation, indemnification and insurance coverage to officers and directors.

SECTION 2. ACKNOWLEDGEMENT, AGREEMENT AND CONSENT AND REPRESENTATIONS AND WARRANTIES.

A. Each Subsidiary Guarantor has read this Amendment and consents to the terms hereof. Each Obligor confirms and agrees that, notwithstanding the effectiveness of this Amendment, the obligations of such Obligor under each Loan Documents to which such Obligor is a party shall not be impaired and each Loan Documents to which such Obligor is a party is, and shall continue to be, in full force and effect and is hereby confirmed and ratified in all respects.

B. Each Obligor hereby acknowledges and agrees that the Guaranteed Obligations will include all Obligations under, and as defined in, the Credit Agreement as amended by this Amendment.

C. Each Subsidiary Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Subsidiary Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Subsidiary Guarantor to any future amendments to the Credit Agreement.

D. In order to induce the Administrative Agent and the Lenders party hereto to enter into this Amendment, each Obligor represents and warrants to the Administrative Agent and the Lenders that the following statements are true, correct and complete:

(i) such Obligor has full power, authority and legal right to enter into each Amendment Document (as defined below) to which it is a party and perform its obligations under each Amendment Document to which it is a party and each Loan Document as amended hereby or thereby;

(ii) the transactions contemplated by the Amendment Documents to which it is a party are within such Obligor's corporate powers and have been duly authorized by all necessary corporate and, if required, by all necessary shareholder action. This Amendment has been duly executed and delivered by such Obligor and constitutes, and each of the other Amendment Documents to which it is a party when executed and delivered by such Obligor will constitute, a legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iii) the transactions contemplated by the Amendment Documents to which it is a party (1) do not require any Governmental Approval of, registration or filing with, or any other action by, any Governmental Authority or any third party, except for such as have been obtained or made and are in full force and effect, (2) will not violate (x) any Requirement of Law or any order of any Governmental Authority, other than any such violations that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, or (y) the Organic Documents of such Obligor or its Subsidiaries, (3) will not violate or result in a default under any indenture, agreement or other instrument binding upon such Obligor or its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (4) will not result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of such Obligor or its Subsidiaries; and

(iv) both immediately before and after giving effect to each Amendment Document and the Conversion Transaction, (x) the representations and warranties set forth in this Amendment and each other Loan Document shall, in each case, be true and correct and (y) no Default shall have then occurred and be continuing, or would result from the Amendment Documents and the Conversion Transaction.

SECTION 3. CONDITIONS TO EFFECTIVENESS. This Amendment shall become effective only upon the satisfaction of the following conditions precedent (the date of satisfaction of such conditions being referred to as the "***Amendment Effective Date***"):

A. The Obligors, the Administrative Agent and the Lenders shall have indicated their consent to this Amendment by the execution and delivery of the signature pages hereto to the Administrative Agent.

B. The Administrative Agent shall have received (i) an officer's certificate of Borrower, either confirming that there have been no changes to its organizational documents since August 16, 2016, or if there have been changes to its organizational documents since such date, certifying as to such changes, (ii) copies of resolutions of Borrower's board of directors (or other managing body) then in full force and effect authorizing (x) the execution, delivery and performance of each Amendment Document to which it is a party and, (y) the Conversion Transaction, each certified by a Responsible Officer of Borrower, (iii) a copy of a good standing certificate of Borrower dated a date reasonably close to the date hereof, and (iv) an incumbency certificate from Borrower.

C. The Administrative Agent shall have received (i) an officer's certificate of Aquestive Partners, certifying the full force and validity of each Organic Document of Aquestive Partners and attaching copies thereof, (ii) copies of resolutions of Aquestive Partners board of directors (or other managing body) then in full force and effect authorizing the execution, delivery and performance of the Amendment Documents to which it is a party, certified by a Responsible Officer of Aquestive Partners, (iii) a copy of a good standing certificate of Aquestive Partners dated a date reasonably close to the date hereof, and (iv) an incumbency certificate from Aquestive Partners.

D. The UCC-3 financing statement amendment suitable in form for filing with the Secretary of State of the State of Delaware naming the Borrower as a debtor and Administrative Agent as the secured party amending the name of the Borrower from "MonoSol Rx, LLC" to "Aquestive Therapeutics, Inc.".

E. The Administrative Agent shall have received an executed copy of (x) the Warrant Certificate and Agreement (the "***Replacement Warrant Agreement***") between Aquestive Partners and Perceptive Credit Holdings, LP, and (y) the corresponding Warrant Certificate (the "***Replacement Warrant***") by Aquestive Partners, each in form and substance reasonably satisfactory to the Administrative Agent, each to replace the Warrant Certificate and Agreement (the "***2016 Warrant Agreement***") and Warrant Certificate No. 18 (the "***2016 Warrant***") delivered to the Administrative Agent on August 16, 2016. By operation of the execution and delivery of the Replacement Warrant Agreement and the issuance of the Replacement Warrant, the 2016 Warrant Agreement and the 2016 Warrant, shall be terminated and be of no further force and effect and the 2016 Warrant Certificate shall be tendered promptly by the Administrative Agent to the Borrower for cancellation.

F. The Administrative Agent shall have received an executed copy of the Parent Guaranty and the Pledge Agreement, each, in form and substance reasonably satisfactory to the Administrative Agent.

G. The Administrative Agent shall have received all reasonable and documented out of pocket expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel for which the Borrower agrees it is responsible pursuant to Section 14.03 of the Credit Agreement) that are due and payable in connection with this Amendment.

H. The Administrative Agent shall be satisfied with Lien searches regarding Aquestive Partners made reasonably close to the date hereof.

I. The Administrative Agent shall have received all certificates (in the case of Equity Interests that are securities (as defined in the NYUCC)) evidencing the issued and outstanding Equity Interests of Borrower owned by Aquestive Partners that are required to be pledged under the Pledge Agreement, which certificates in each case shall be accompanied by undated instruments of transfer duly executed in blank, or, in the case of Equity Interests that are uncertificated securities (as defined in the NYUCC), confirmation and evidence satisfactory to Administrative Agent that the security interest required to be pledged therein under the Pledge Agreement has been transferred to and perfected by the Administrative Agent in accordance with Articles 8 and 9 of the NYUCC and all laws otherwise applicable to the perfection of the pledge of such Equity Interests.

J. The Administrative Agent shall have financing statements suitable in form for naming Aquestive Partners as a debtor and the Administrative Agent as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the security interests of the Administrative Agent pursuant to the Pledge Agreement.

SECTION 4. CONDITIONS SUBSEQUENT. The Borrower shall deliver, or shall cause to be delivered, the following items to the Administrative Agent within 30 days of the date hereof, or such later date set forth below:

A. Duly executed amendments (to reflect the change of the Borrower's name from "MonoSol Rx, LLC" to "Aquestive Therapeutics, Inc.") to the following agreements (collectively with this Amendment, the Parent Guaranty, the Pledge Agreement, the Replacement Warrant and the Replacement Warrant Agreement, the "***Amendment Documents***"):

(i) the amendment to the Patent Security Agreement, dated as of August 16, 2016, among the Patent Grantors party thereto and the Administrative Agent;

(ii) the amendment to the Trademark Security Agreement, dated as of August 16, 2016, among the Trademark Grantors party thereto and the Administrative Agent;

(iii) within 60 days of the date hereof, the amendment to the Deposit Account Control Agreement, dated as of October 26, 2016, among the Borrower, the Administrative Agent and Bank of America, N.A.; and

(iv) within 60 days of the date hereof, the amendment to the Pledged Collateral Account Control Agreement, dated as of October 26, 2016, among the Borrower, the Administrative Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

B. Duly executed copy of (i) an incumbency certificate of the Borrower (after giving effect to the Conversion Transaction) and (ii) an officer's certificate of the Borrower as to the full force and validity of each Organic Document of the Borrower (which shall be in form and substance reasonably satisfactory to the Administrative Agent), including, without limitation, any certificate of conversion, and copies thereof, in each case, that are in effect after giving effect to the Conversion Transaction.

C. Within 60 days of the date hereof, evidence (which shall be in form any substance reasonably satisfactory to the Administrative Agent) of the merger, amalgamation, consolidation, liquidation, winding up or dissolution of MonoSol Rx, Inc. and MSRX US, LLC in a transaction permitted by Section 9.03 of the Credit Agreement.

The parties hereto agree that, notwithstanding Section 11.01 of the Credit Agreement, the failure of the Borrower to comply with the terms of Section 4 hereof shall be deemed an immediate Event of Default.

SECTION 5. RELEASE OF SUBSIDIARY GUARANTORS. Effective as of the Amendment Effective Date, the Administrative Agent and the Lenders hereby irrevocably release MonoSol Rx, Inc. and MSRX US, LLC, as Subsidiary Guarantors, from all Guaranteed Obligations. Nothing in this in this Section 5 shall be construed as releasing the Borrower or any other Obligor (other than MonoSol Rx, Inc. and MSRX US, LLC) in respect of the Obligations.

SECTION 6. MISCELLANEOUS

A. Reference to and Effect on the Loan Documents.

(i) On and after the Amendment Effective Date, each reference in any Loan Document to any Loan Document amended hereby shall mean and be a reference to such Loan Document as amended by this Amendment.

(ii) Except as specifically amended by this Amendment, each Loan Documents shall remain in full force and effect and is hereby ratified and confirmed.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under any Loan Document or applicable Law.

(iv) This Amendment shall constitute a Loan Document.

B. Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Amendment.

C. Governing Law. This Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York, without regard to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction; provided that Section 5-1401 of the New York General Obligations Law shall apply.

D. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed signature page of this Amendment by facsimile transmission or electronic transmission (in PDF format) shall be effective as delivery of a manually executed counterpart hereof.

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

BORROWER:

MONOSOL RX, LLC (to be renamed Aquestive Therapeutics, Inc. upon consummation of the Conversion Transaction)

By: /s/ John Maxwell
Name: John Maxwell
Title: CFO

[Signature Page- Omnibus Amendment No. 1]

PERCEPTIVE CREDIT HOLDINGS, LP, as
Administrative Agent and Lender

By Perceptive Credit Opportunities GP, LLC, its general partner

By: /s/ Sandeep Dixit

Name: Sandeep Dixit
Title: Chief Credit Officer

By: /s/ Sam Chawla

Name: Sam Chawla
Title: Portfolio Manager

[Signature Page- Omnibus Amendment No. 1]

Exhibit 10.4

AMENDMENT NO. 2 TO CREDIT AGREEMENT AND GUARANTY AND CONSENT

This **AMENDMENT NO. 2 TO CREDIT AGREEMENT AND GUARANTY AND CONSENT**, dated as of May 21, 2018 (this "***Amendment***"), is among Aquestive Therapeutics, Inc., a Delaware corporation (the "***Borrower***"), the Lenders party hereto (the "***Lenders***") and Perceptive Credit Holdings, LP, a Delaware limited partnership, as administrative agent and collateral agent for the Lenders (in such capacity, together with its successors and assigns, "***Administrative Agent***"). Reference is made to the Credit Agreement and Guaranty, dated as of August 16, 2016 (as amended, modified, restated and supplemented, the "***Credit Agreement***"), among the Borrower, the Subsidiary Guarantors party thereto, the Lenders parties thereto and the Administrative Agent. Capitalized terms used herein without definition shall have the same meanings as set forth in the Credit Agreement, as amended hereby.

RECITALS

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders (i) consent to the assignment, sale, securitization or other monetization of the Apomorphine Royalty Income (as defined below) and (ii) agree to certain amendments and other modifications to the Credit Agreement; and

WHEREAS, subject to the terms and conditions hereof, the Lenders party hereto and the Administrative Agent are willing to grant such consent and agree to such amendments and other modifications.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. AMENDMENTS.

A. Each of the following definitions in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"***Maturity Date***" means August 16, 2020; provided that, so long as no Default has occurred and is continuing, if a Qualified IPO is consummated on or before December 31, 2018, then immediately prior to the consummation of such Public Offering, the Maturity Date shall automatically (and without need of notice or other action) be deemed to be extended to December 16, 2020.

"***Prepayment Premium***" means, as of any time of determination, the sum of (i) the Standard Prepayment Premium, plus (ii) if then in effect or otherwise applicable, the Supplemental Prepayment Premium.

B. The following definitions are added to Section 1.01 of the Credit Agreement in appropriate alphabetical order:

"***Amendment No. 2***" means the Amendment No. 2 to Credit Agreement and Guaranty and Consent, dated as of May ____, 2018, among the Borrower, the Lenders party thereto and the Administrative Agent.

"***Amendment No. 2 Effective Date***" means May ____, 2018.

"***Apomorphine License Agreement***" means the agreement between the Borrower and Cynapsus Therapeutics, Inc., dated as of April 1, 2016, with respect to the development and commercialization of the Apomorphine Product, as the same may be amended from time to time as permitted pursuant to this Agreement.

"***Apomorphine Product***" means a sublingual film product containing the active pharmaceutical ingredient Apomorphine.

"***Apomorphine Royalty Income***" means any royalty income or revenues payable to any Obligor or any Subsidiary thereof pursuant to the Apomorphine License Agreement to the extent related to the development and commercialization (and not manufacturing) of the Apomorphine Product.

"***Apomorphine Royalty Monetization Agreement***" means any agreement or arrangement pursuant to which any Obligor or any of its Subsidiaries sells, transfers or otherwise conveys, borrows against, securitizes or otherwise monetizes its right to receive the Apomorphine Royalty Income.

"***Standard Prepayment Premium***" means, (i) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring on or prior to the first anniversary of the Closing Date, an amount equal to 5.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; (ii) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring after the first anniversary of the Closing Date and on or prior to the second anniversary of the Closing Date, an amount equal to 3.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; (iii) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring after the second anniversary of the Closing Date and on or prior to the third anniversary of the Closing Date, an amount equal to 2.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; and (iv) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring at any time after the third anniversary of the Closing Date, an amount equal to 1.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date.

"***Supplemental Prepayment Premium***" means (i) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring on or after the Amendment No. 2 Effective Date and on or prior to the first anniversary of such date, an amount equal to 10.00% of the aggregate outstanding principal amount of the Loans being prepaid, and (ii) with respect to any prepayment pursuant to **Section 3.03(a)** or **(b)** occurring after the first anniversary of the Amendment No. 2 Effective Date and on or prior to the 180th day following such first anniversary date, an amount equal to 4.00% of the aggregate outstanding principal amount of the Loans being prepaid.

C. Clauses (b) and (c) of Section 3.01 of the Credit Agreement are hereby amended and restated in their entireties as follows:

(b) **Initial Amortization.**

(i) if a Qualified IPO is consummated on or before December 31, 2018, during the period commencing on May 1, 2019 and ending on November 30, 2019, the Borrower shall make monthly scheduled repayments of the Loans in an amount equal to $550,000, such repayments to be made on the Payment Date of each calendar month ending during such period.

(ii) if a Qualified IPO is not consummated on or before December 31, 2018, during the period commencing on January 1, 2019 and ending on July 31, 2019, the Borrower shall make monthly scheduled repayments of the Loans in an amount equal to $550,000, such repayments to be made on the Payment Date of each calendar month ending during such period.

(c) **Subsequent Amortization**.

(i) if a Qualified IPO is consummated on or before December 31, 2018, during the period commencing on December 1, 2019 and ending on November 30, 2020, the Borrower shall make monthly scheduled repayments of the Loans in an amount equal to $750,000, such repayments to be made on the Payment Date of each calendar month ending during such period.

(ii) if a Qualified IPO is not consummated on or before December 31, 2018, during the period commencing on August 1, 2019 and ending on July 31, 2020, the Borrower shall make monthly scheduled repayments of the Loans in an amount equal to $750,000, such repayments to be made on the Payment Date of each calendar month ending during such period.

D. Section 3.03(b) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(b) **Mandatory Prepayments**. Upon the occurrence of a Casualty Event or any Public Offering (other than a Qualified IPO), the Borrower shall make a mandatory prepayment of the Loans as set forth below:

(i) in the event of any Casualty Event, the Borrower shall mandatorily prepay the outstanding principal amount of the Loans in an amount equal to the sum of (i) 100% of the net insurance or other proceeds received by the Borrower with respect thereto, (ii) the applicable Prepayment Premium on the principal amount of the Loans being prepaid and (iii) any accrued but unpaid interest on any principal amount of the Loans being prepaid; provided that the Borrower may, upon notice to Administrative Agent, use such proceeds to acquire or repair fixed or capital assets useful in the Borrower's or its Subsidiaries' businesses, as long as such investment is made within six months of the Casualty Event; and

(ii) in the event of any Public Offering (other than a Qualified IPO), the Borrower shall mandatorily prepay the outstanding principal amount of the Loans in an amount equal to the sum of (i) 25% of the net cash proceeds thereof; (ii) the applicable Prepayment Premium on the principal amount of the Loans being prepaid and (iii) any accrued but unpaid interest on any principal amount of the Loans being prepaid.

E. If a Qualified IPO is consummated on or before December 31, 2018, the chart set forth in Section 10.02 of the Credit Agreement will be amended by adding the following at the end thereof:

September 30, 2020	$40,000,000

SECTION 2. ACKNOWLEDGEMENT, AGREEMENT AND CONSENT AND REPRESENTATIONS AND WARRANTIES.

A. Aquestive Partners has read this Amendment and consents to the terms hereof. Each Obligor confirms and agrees that, notwithstanding the effectiveness of this Amendment, the obligations of such Obligor under each Loan Documents to which such Obligor is a party shall not be impaired and each Loan Documents to which such Obligor is a party is, and shall continue to be, in full force and effect and is hereby confirmed and ratified in all respects.

B. Each Obligor hereby acknowledges and agrees that the Guaranteed Obligations will include all Obligations under, and as defined in, the Credit Agreement as amended by this Amendment.

C. Aquestive Partners acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, Aquestive Partners is not required by the terms of the Credit Agreement or any other Loan Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of Aquestive Partners to any future amendments to the Credit Agreement.

D. In order to induce the Administrative Agent and the Lenders party hereto to enter into this Amendment, each Obligor represents and warrants to the Administrative Agent and the Lenders that the following statements are true, correct and complete:

(i) such Obligor has full power, authority and legal right to enter into this Amendment and perform its obligations under this Amendment and each Loan Document as amended hereby or thereby;

(ii) the transactions contemplated by this Amendment are within such Obligor's corporate powers and have been duly authorized by all necessary corporate and, if required, by all necessary shareholder action. This Amendment has been duly executed and delivered by such Obligor and constitutes a legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(iii) the transactions contemplated by this Amendment (1) do not require any Governmental Approval of, registration or filing with, or any other action by, any Governmental Authority or any third party, except for such as have been obtained or made and are in full force and effect, (2) will not violate (x) any Requirement of Law or any order of any Governmental Authority, other than any such violations that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, or (y) the Organic Documents of such Obligor or its Subsidiaries, (3) will not violate or result in a default under any indenture, agreement or other instrument binding upon such Obligor or its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (4) will not result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of such Obligor or its Subsidiaries; and

(iv) both immediately before and after giving effect to this Amendment, (x) the representations and warranties set forth in this Amendment and each other Loan Document shall, in each case, be true and correct and (y) no Default shall have then occurred and be continuing, or would result from this Amendment or the transaction contemplated hereby.

SECTION 3. CONSENT. Effective as of the date (i) the Administrative Agent and the Lenders have delivered to the Borrower their prior written consent to the terms and provisions of the Apomorphine Royalty Monetization Agreement and (ii) the applicable Obligor or the applicable Subsidiary thereof has entered into the Apomorphine Royalty Monetization Agreement with the other parties thereto:

A. the Administrative Agent and the Lenders shall amend or otherwise modify the Credit Agreement as follows:

(i) If the Apomorphine Royalty Monetization Agreement relates to incurrence of Indebtedness by any Obligor or its Subsidiaries, Section 9.01 of the Credit Agreement shall be amended by (1) deleting the word "and" at the end of clause (h) thereof, (2) replacing the period at the end of clause (i) thereof with "; and", and (3) adding the following new clause (j) immediately after the clause (i) thereof:

(j) Indebtedness incurred pursuant to the Apomorphine Royalty Monetization Agreement; provided that the sole recourse of the creditor under or pursuant to such arrangement shall be limited to the collateral described in **Section 9.02(j)**.

(ii) If the Apomorphine Royalty Monetization Agreement relates to incurrence of a Lien by any Obligor or its Subsidiaries, Section 9.02 of the Credit Agreement shall be amended by (1) deleting the word "and" at the end of clause (h) thereof, (2) replacing the period at the end of clause (i) thereof with "; and", (3) replacing "(i)" in the proviso at the end thereof with "(j)" and (4) adding the following new clause (j) immediately after the clause (i) thereof:

(j) Liens securing Indebtedness permitted under **Section 9.01(j)**; provided that the collateral securing such Indebtedness shall be limited to the right to receive the Apomorphine Royalty Income;

(iii) If the Apomorphine Royalty Monetization Agreement relates to assignment or sale of the Apomorphine Royalty Income, Section 9.09 of the Credit Agreement shall be amended by (1) replacing the period at the end of clause (f) thereof with "; and", and (2) adding the following new clause (g) immediately after the clause (f) thereof:

(g) assignment or sale of the Apomorphine Royalty Income pursuant to the Apomorphine Royalty Monetization Agreement.

B. the Secured Parties' Lien on the Apomorphine Royalty Income (but solely on such income) shall be released and, at the expense of the Borrower, the Administrative Agent and the Lenders agree to deliver to the Borrower release documents as the Borrower may reasonably request to evidence such release.

C. the Apomorphine Royalty Monetization Agreement shall be deemed to be a Material Agreement under the Loan Documents unless otherwise consented to by the Administrative Agent and the Lenders.

SECTION 4. CONDITIONS TO EFFECTIVENESS. This Amendment shall become effective only upon the satisfaction of the following conditions precedent (the date of satisfaction of such conditions being referred to as the "***Amendment Effective Date***"):

A. The Obligors, the Administrative Agent and the Lenders shall have indicated their consent to this Amendment by the execution and delivery of the signature pages hereto to the Administrative Agent.

B. The Administrative Agent shall have received (i) an officer's certificate of each Obligor, either confirming that (x) there have been no changes to its organizational documents since January 1, 2018, or if there have been changes to its organizational documents since such date, certifying as to such changes and (y) (1) the representations and warranties set forth in this Amendment and each other Loan Document are, in each case, true and correct and (2) no Default has occurred and is continuing, or would result from this Amendment or the transaction contemplated hereby, (ii) copies of resolutions of each Obligor's board of directors (or other managing body) then in full force and effect authorizing the execution, delivery and performance of this Amendment certified by a Responsible Officer of such Obligor, (iii) a copy of a good standing certificate of each Obligor dated a date reasonably close to the date hereof, and (iv) an incumbency certificate from each Obligor.

C. The Administrative Agent shall have received all reasonable and documented out of pocket expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel for which the Borrower agrees it is responsible pursuant to Section 14.03 of the Credit Agreement) that are due and payable in connection with this Amendment.

SECTION 5. MISCELLANEOUS

A. Reference to and Effect on the Loan Documents.

(i) On and after the Amendment Effective Date, each reference in any Loan Document to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(ii) Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments, consents and modifications set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein or otherwise modified or consented to hereby and shall not be deemed to be an amendment to, waiver of, consent to or modification of any other term or provision of the Credit Agreement or any other Loan Document or of any transaction or further or future action on the part of any Obligor which would require the consent of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under any Loan Document or applicable Law.

(iv) This Amendment shall constitute a Loan Document.

B. Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Amendment.

C. Governing Law. This Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York, without regard to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction; provided that Section 5-1401 of the New York General Obligations Law shall apply.

D. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed signature page of this Amendment by facsimile transmission or electronic transmission (in PDF format) shall be effective as delivery of a manually executed counterpart hereof.

[Signature Pages Follow]

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

BORROWER:

AQUESTIVE THERAPEUTICS, INC.

By /s/ John Maxwell
Name: John Maxwell
Title: Chief Financial Officer

PERCEPTIVE CREDIT HOLDINGS, LP, as
Administrative Agent and Lender

By Perceptive Credit Opportunities GP, LLC, its general partner

By: /s/ Sandeep Dixit

Name: Sandeep Dixit
Title: Chief Credit Officer

By: /s/ Sam Chawla

Name: Sam Chawla
Title: Portfolio Manager

The undersigned hereby acknowledges, agrees and consents to the foregoing Amendment.

AQUESTIVE PARTNERS, LLC

By /s/ John Maxwell
Name: John Maxwell
Title: Chief Financial Officer

Exhibit 10.6

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement") is made and entered into as of June 26, 2018 (the "Effective Date") by and between Aquestive Therapeutics, Inc. (the "Company"), and Daniel Barber (the "Executive").

WITNESSETH:

WHEREAS, the Executive is currently employed by the Company as its Senior Vice President, Chief Strategy and Development Officer; and

WHEREAS, the parties desire that the Executive continue to be employed by the Company as its Senior Vice President, Chief Strategy and Development Officer upon the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto, intending to be legally bound, hereby agree as follows:

1. Employment. During the Employment Term (as hereinafter defined), the Executive agrees to be employed by and to serve the Company as its Senior Vice President, Chief Strategy and Development Officer, and the Company agrees to employ and retain Executive in such capacity. The Executive shall report directly to the Chief Executive Officer of the Company (the "CEO"). The Executive shall: (i) devote the Executive's entire business time, energy and skill to the affairs of the Company; (ii) faithfully, loyally, and industriously perform all duties incident to the position of Senior Vice President, Chief Strategy and Development Officer, as well as any other duties consistent with the stature and responsibility of the Executive's position as may from time to time be assigned by the CEO; and (iii) comply with the Company's policies in effect from time to time. Notwithstanding any provision herein to the contrary, Executive shall not be precluded from devoting reasonable periods of time required for serving as a member of one or more advisory boards or boards of directors of companies or organizations or engaging in other minor business activities, so long as such memberships or activities do not interfere with the performance of Executive's duties hereunder and are not directly or indirectly competitive with, nor contrary to, the business or other interests of the Company, subject to prior approval by the CEO.

2. Employment Term. The term of this Agreement shall begin on the Effective Date and continue until terminated in accordance with this Agreement (the "Employment Term").

3. Compensation.

A. Base Salary. The Company shall pay Executive a base salary (the "Base Salary") at a rate of $320,000 per annum, payable in accordance with the standard payroll practices of the Company. Executive's Base Salary shall be increased to a rate of $340,000 per annum after the completion of an initial public offering and sale of the capital stock of the Company (an "IPO"). The Board of Directors of the Company (the "Board") and/or the Compensation Committee of the Board (the "Compensation Committee") will review Executive's Base Salary at least annually and, with recommendations from the CEO, may increase but not decrease the then current annual rate.

B. Annual Bonus. Executive shall be eligible for a target annual performance bonus (the "Annual Bonus") of at least thirty-five percent (35%) of Executive's Base Salary for each calendar year, provided the Company and Executive each achieves performance targets established by the Board and/or the Compensation Committee, with recommendations from the CEO for the Company and Executive. Executive's target Annual Bonus shall be increased to a rate of fifty percent (50%) of Executive's Base Salary for each calendar year after the completion of an IPO, provided the Company and Executive each achieves performance targets established by the Board and/or the Compensation Committee, with recommendations from the CEO for the Company and Executive. The Annual Bonus amount, if any, for a calendar year will be determined by the Board and/or the Compensation Committee with recommendations from the CEO and paid by the Company by March 15th of the following calendar year, unless it is administratively impracticable to determine and/or make the payment by such date. Except as otherwise provided by this Agreement, the Executive must be employed by the Company on the day any Annual Bonus payment is due and payable in order to receive said bonus payment. If the Company exceeds established performance targets, the Board and/or the Compensation Committee may, in its sole discretion, with recommendations from the CEO, increase the amount of the Annual Bonus.

C. Award of Non-Voting Common Stock. Executive has previously been awarded Non-Voting Common Stock, par value $.001 per share, of the Company (the "Non-Voting Common Stock") equal to 0.47% of the issued and outstanding capital securities of the Company as of the time of grant of the Non-Voting Common Stock. Each share of Non-Voting Common Stock awarded to the Executive will become one share of voting common stock, par value $.001 per share, of the Company upon completion of an initial public offering and sale of the capital stock of the Company (an "IPO"). The Executive shall be eligible for awards of additional shares of Non-Voting Common Stock and to participate in other employee incentive plans and equity-based compensation awards of the Company during the Employment Term at the times and in the amounts as the Board and/or the Compensation Committee in its sole discretion, with recommendations from the CEO, shall determine. The award of the shares of Non-Voting Common Stock is governed by the Shareholders Agreement dated as of April 19, 2018 by and among the Company, the Executive and other parties who are signatories thereto, and all amendments, supplements, and revisions thereto, attached hereto as Exhibit A and incorporated herein by reference.

4. Additional Benefits.

A. Executive Benefits. During the Employment Term, Executive shall be eligible to participate in such employee benefit plans as are generally available to other senior executives of the Company.

B. Paid Time Off. The Executive will be allowed to take up to four weeks of vacation each year, and shall be eligible for such sick leave and other paid time off in accordance with the Company' policies applicable to other executives generally.

C. Expense Reimbursement. The Company will pay or reimburse Executive for reasonable expenses incurred by Executive in connection with the performance of the Executive's duties and responsibilities under this Agreement, subject to presentation of vouchers and compliance with generally applicable business expense reimbursement policies of the Company.

D. Piggyback Registration Rights. Effective upon execution and delivery to the Company by Executive of the Registration Rights Agreement in the form attached hereto as Exhibit B (the "Registration Rights Agreement"), Executive shall have the piggyback registration rights described under, subject to the terms and conditions set forth in, the Registration Rights Agreement.

5. Termination.

A. Termination for Cause. The Company may terminate Executive's employment for "Cause" if Executive:

(i) is convicted of or pleads nolo contendre to a felony (or its equivalent under applicable state law);

(ii) commits fraud or a material act or omission involving dishonesty with respect to the Company or any of its respective employees, customers or affiliates;

(iii) willfully and repeatedly fails or refuses to carry out the material responsibilities of Executive's employment by the Company (except where due to physical or mental incapacity);

(iv) engages in willful misconduct or a pattern of behavior which in either case has had or is reasonably likely to have a significant adverse effect on the Company;

(v) willfully engages in any act or omission which is in material violation of the Company's policy, including but not limited to engaging in insider trading transactions or disseminating inside information; or

(vi) commits a material breach of Executive's material obligations under this Agreement, including but not limited to Section 8.

A decision to terminate the Executive's employment for Cause shall be made, if at all, by the CEO, after consultation with the Board, upon reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard by the CEO, and the CEO finding that, in his good faith opinion, Executive engaged in conduct set forth above and specifying the particulars thereof in reasonable detail. If the act or omission giving rise to the termination for Cause is curable by Executive, the Company will provide thirty (30) days' written notice to Executive of the Company's intent to terminate the Executive for Cause, with an explanation of the reason(s) for the termination for Cause and, if Executive cures the act or omission within the 30-day notice period, the Company will rescind the notice of termination and Executive's employment will not be terminated for Cause at the end of the 30-day notice period. If Executive has previously been afforded the opportunity to cure particular behavior and successfully cured under this provision, the Company will have no obligation to provide Executive with notice and an opportunity to cure a recurrence of that behavior prior to a termination for Cause. For purposes of this Section 5(A), an action or inaction shall not be treated as "willful misconduct" if authorized by the CEO or the Board, or taken by Executive in the good faith belief that it was in, or not opposed to, the best interests of the Company.

B. Termination by Reason of Permanent Disability. In a manner consistent with the Americans with Disabilities Act and the Family and Medical Leave Act, this Agreement may be terminated at the Company's option immediately upon notice to Executive if Executive shall suffer a Permanent Disability. For purposes of this Agreement, the term "Permanent Disability" shall mean the Executive's inability to perform the essential functions of the Executive's job under this Agreement, with or without reasonable accommodation, for a period of 150 consecutive days or for an aggregate of 180 days, whether or not consecutive, in any twelve (12) month period, due to illness, accident or other physical or mental incapacity, as determined by a duly licensed physician mutually agreed to by both the Executive and the Company.

C. Termination by Reason of Death. In the event of the Executive's death, the Executive's employment shall be deemed to have terminated on the date of Executive's death.

D. Voluntary Resignation. Executive may terminate this Agreement at any time, subject to providing thirty (30) days' written notice to the Company. The Company may waive such notice and/or set an earlier termination date, without pay in lieu of notice.

E. Termination without Cause. The Company may terminate Executive's employment under this Agreement at any time without Cause upon thirty (30) days' prior written notice to Executive. The Company, at its sole discretion, may relieve Executive of the Executive's active duties during the notice period. Executive's termination without Cause will be effective upon the expiration of the 30-day notice period. For purposes of this Agreement, a termination of employment by the Company that purports to be for Cause, but is not in full compliance with all of the substantive and procedural requirements relating to a termination for Cause under this Agreement, shall be treated as a termination of employment without Cause.

F. Termination for Good Reason. The Executive may terminate the Executive's employment under this Agreement at any time for Good Reason upon the occurrence (or within 180 days following the occurrence, provided that the Executive furnishes the Company with written notice of the Executive's belief that grounds for a Good Reason termination by the Executive exists no later than sixty (60) days after becoming aware of the occurrence) of any one or more of the following acts or omissions which, if curable, is not cured within thirty (30) days after notice of the occurrence is provided by Executive: (1) any action by the Company which results in a material diminution in Executive's position, authority, duties or responsibilities as Senior Vice President, Chief Strategy and Development Officer of the Company (including status, offices, titles and reporting requirements contemplated by this Agreement); (2) a material breach by the Company of its obligations under this Agreement, including, without limitation, a reduction of Executive's Base Salary or target bonus opportunity in violation of this Agreement; or (3) the Company requiring the Executive to be based at any office location that is more than fifty (50) miles from its current headquarters in Warren, New Jersey, except for travel reasonably required in connection with the performance of the Executive's responsibilities hereunder. Notwithstanding the foregoing, if a "Change in Control" (as hereinafter defined) occurs, the Executive will not have "Good Reason" to terminate the Executive's employment under this Agreement merely because the Executive reports to a senior executive officer of a company that acquires the Company.

6. Obligations of the Company Upon Termination.

A. Termination for Cause. In the event that the Executive's employment under this Agreement is terminated for Cause, the Company shall have no obligation to pay the Base Salary or any other compensation provided under this Agreement, to or for the benefit of the Executive, for any period after the effective date of such termination, or to pay the Target Annual Bonus or any other bonus or incentive compensation for the fiscal year in which such termination occurs; provided, however, that the Company shall promptly provide: (i) all Base Salary earned by the Executive through the effective date of such termination; (ii) any unpaid Annual Bonus earned by the Executive for the year preceding the year in which the Executive's employment terminates; and (iii) any benefits under any plans of the Company in which the Executive is a participant, consistent with the Executive's (or the Executive's beneficiaries') rights under such plans.

B. Termination by Reason of Death or Permanent Disability. In the event that the Executive's employment under this Agreement terminates due to the Executive's death or is terminated by the Company due to the Executive's Permanent Disability, the Company shall, within five (5) business days following such termination, provide to the Executive (or the Executive's estate or other beneficiaries, as the case may be): (i) a cash payment consisting of the sum of any previously unpaid Base Salary earned by the Executive through the date on which the Executive's employment terminates, any unpaid Annual Bonus earned by the Executive for the year preceding the year in which the Executive's employment terminates, and any accrued and unused vacation pay for the year in which the Executive's employment terminates; (ii) any benefits under any plans of the Company in which the Executive is a participant, to the full extent of the Executive's (or the Executive's beneficiaries') rights under such plans; (iii) a cash payment consisting of the Executive's Target Annual Bonus for the year of termination, pro-rated for the number of days the Executive is employed during the calendar year in which the Executive's employment terminates ("Pro Rata Bonus"); and (iv) accelerated vesting of all outstanding stock options, restricted stock units ("RSUs"), stock appreciation rights ("SAR"), restricted stock ("Restricted Stock") and other equity-based compensation awards as if the Executive's employment had continued through the end of the year in which the Executive's employment terminates or, in the case of any such award that is subject to "cliff vesting," on a pro rata basis determined by a fraction the numerator of which is the number of days during such vesting period, and the denominator of which is the total number of days in the vesting period that have elapsed as of the date the Executive's employment terminates. Notwithstanding the immediately preceding sentence, with respect to any unvested stock options, RSUs, SARs, Restricted Stock and other equity-based compensation that are unvested at the time of termination of employment under this Section 6(B), and which are subject to a performance condition or performance period that ends at or after the date of employment termination, such awards will be assumed to have been achieved at "target", and the Executive will be entitled to receive a pro rata share of such awards, determined by a fraction the numerator of which is the number of days during the performance period in which Executive was employed, and the denominator of which is the total number of days in the performance period. Stock options, SARs and other equity-based compensation awards that are or become vested upon termination of the Executive's employment due to death or Permanent Disability will be exercisable (if applicable) for at least one year after the date of such termination or, if earlier, until the expiration of the stated term of the award.

C. Voluntary Resignation. In the event that the Executive voluntarily resigns from the Executive's employment with the Company, the Company may, at its discretion, continue the Executive's employment with the Company for any part or the full duration of the 30-day notice period required under Section 5(D). In the event of said termination, the Company shall have no obligation to pay the Base Salary or any other compensation provided under this Agreement to or for the benefit of the Executive for any period after such termination; provided, however, that the Company shall promptly provide: (i) all Base Salary earned by the Executive through the date of such termination; and (ii) any benefits under any plans of the Company in which Executive is a participant, to the full extent of the Executive's (or the Executive's beneficiaries') rights under such plans.

D. Termination by the Company Without Cause or by Executive for Good Reason--Unrelated to Change in Control. In the event that the Executive's employment under this Agreement is terminated by the Company without Cause (pursuant to Section 5(E)) or by the Executive for Good Reason (pursuant to Section 5(F)), the Company shall provide to the Executive: (i) a cash payment consisting of the sum of any previously unpaid Base Salary earned by the Executive through the date on which the Executive's employment terminates, any unpaid Annual Bonus earned by the Executive for the year preceding the year in which the Executive's employment terminates, and any accrued and unused vacation pay for the year in which the Executive's employment terminates; (ii) any benefits under any plans of the Company in which the Executive is a participant, to the full extent of the Executive's (or the Executive's beneficiaries') rights under such plans; (iii) a cash payment consisting of the Executive's Pro Rata Bonus for the year of termination; (iv) monthly payments for a period of twelve (12) months (the "Severance Period") following the termination of Executive's employment equal to 1/12 of the sum of Executive's Base Salary and Target Annual Bonus (in each case determined without regard to any reduction prior to the termination of Executive's employment); (v) continuing coverage under the Company's group health and life insurance plans in which the Executive is a participant immediately before the termination of the Executive's employment (or any successor plans), at the same levels and on the same terms and conditions as are provided to similarly situated executives during the Severance Period (or, if such coverage is not permitted by law or the applicable plan, the cash equivalent of such coverage, grossed up if and to the extent necessary to negate the tax impact of such payment and to negate the tax impact of the gross-up payment); and (vi) full and immediate vesting of outstanding unvested stock options, RSUs, SARs, Restricted Stock and other equity-based compensation awards with any such stock options, SARs and other equity-based compensation awards that are or become vested upon termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason remaining exercisable, as applicable, for at least one year after the date the Executive's employment terminates or, if earlier, until the expiration of the stated term of the award. Notwithstanding the immediately preceding sentence, with respect to any unvested stock options, RSUs, SARs, Restricted Stock and other equity-based compensation that are unvested at the time of termination of employment under this Section 6(D), and which are subject to a performance condition or performance period that ends at or after the date of employment termination, such awards will be assumed to have been achieved at "target." The payments and benefits described in parts (iv) – (vi) of this subsection shall be conditioned upon and subject to the Executive's continuing compliance with the Executive's obligations under Section 8 of this Agreement, and the Executive's execution and delivery of a general release substantially in the form annexed hereto as Exhibit C.

E. Termination in Conjunction with a Change in Control.

(1) Severance Protection Upon Involuntary Termination. In the event that, during the period beginning one hundred and eighty (180) days before the effective date of a Change in Control and ending twelve (12) months following the effective date of a Change in Control, the Executive's employment is terminated by the Company without Cause (pursuant to Section 5(E)) or by the Executive for Good Reason (pursuant to Section 5(F)), the Executive shall be entitled to the payments and benefits described in the preceding Section 6(D) except (i) in lieu of the severance payments described in Section 6(D)(iv), Executive will be entitled to receive an immediate cash payment of an amount equal to twelve (12) months of the Executive's Base Salary and 1.0 times the Target Annual Bonus (in each case determined without regard to any reduction prior to the termination of Executive's employment); and (ii) the benefit continuation period described in Section 6(D)(v) shall commence on the date the Executive's employment terminates and expire twelve (12) months from such date of termination. The payments and benefits described in the preceding sentence and in Sections 6(D)(iv) and 6(D)(v) and the single sum severance payment described in the preceding sentence shall be conditioned upon and subject to the Executive's continuing compliance with the Executive's obligations under Section 8 of this Agreement, and the Executive's execution and delivery of a general release substantially in the form annexed hereto as Exhibit C.

(2) Definition of Change in Control. For the purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if (a) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), or group (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")), becomes, in any 12-month period ending on the date of the most recent acquisition of the voting securities of the Company or any successor entity by such person, persons, or group, directly or indirectly, the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the outstanding voting securities of the Company or successor entity; (b) there shall have been consummated a consolidation, merger or reorganization of the Company or any successor entity, unless the holders of the equity interests of the Company or successor entity, immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the outstanding voting securities or at least a majority of the aggregate fair market value of the corporation or other entity resulting from such consolidation, merger or reorganization; (c) during any 12-month period prior to an IPO (i) Bratton Capital Management L.P. ("Bratton"), or affiliates thereof, cease to beneficially own, directly or indirectly, at least a majority of the outstanding voting securities of, or cease to maintain the right to direct the management of, MonoSolRx Genpar, L.P. (the sole manager of Aquestive Partners, LLC ("APL'), the parent company of the Company as of the Effective Date), or any successor or other or additional manager or managers (or their equivalent) of APL or any successor entity and (ii) if satisfaction of a "change in effective control" is necessary in order to avoid noncompliance with the requirements of Section 409A of the Code, individuals who, as of the Effective Date, constitute the entire Board of the Company (the "Incumbent Board") cease to constitute a majority of the Board or equivalent governing body; provided that (A) any individual becoming a member of the Board or equivalent governing body subsequent to the Effective Date whose appointment was made by a Bratton entity or an affiliate thereof referred to in subclause (i) above or was otherwise approved by at least a majority of the individuals then comprising the Incumbent Board or equivalent governing body shall be considered as though such individual were a member of the Incumbent Board or equivalent governing body as of the Effective Date, and (B) the voluntary resignation of the Executive from the Board, if a member thereof, shall not be considered for purposes of this subclause (ii); or (d) a sale, transfer, liquidation or other disposition of the Company or successor entity's assets and properties representing all or substantially all of the aggregate fair market value of such assets and properties is consummated during any 12-month period; provided, however, that no "Change in Control" shall be deemed to have occurred under this Section 6(E)(2) unless such occurrence, event or condition shall constitute a change in the ownership or effective control of the Company or any successor entity or a change in the ownership of a substantial portion of the Company or successor entity's assets, each as determined under Section 409A(a)(2)(A)(v) of the Code.

F. 409A Compliance. The Company shall take all reasonable actions to ensure that none of the amounts earned or payable under this Agreement or under any Company stock purchase, compensation or other equity incentive plan will violate Section 409A of the Code. To the extent necessary to comply with the restriction in Section 409A(a)(2)(B) of the Code concerning payments to "specified employees," any amounts payable on account of the Executive's separation from service shall be paid (or commence to be paid in the case of any payments to be made in installments) on the first business day of the seventh month following the Executive's date of termination (or death, if earlier) and the first such payment shall include the cumulative amount of any payments that would have been made prior to such date if not for such restriction, together with interest at an annual rate equal to the minimum rate required by the Code in order to avoid the imputation of interest on short-term loans between employers and employees. The date of the Executive's termination of employment shall be determined in accordance with Treasury Regulation Section 1.409A-1(h). Except as otherwise provide herein, any payment required as a result of a termination of employment will be made (or, with respect to any payments to be made in installments under this Agreement, commenced) within 45 days following such event. Notwithstanding anything else herein to the contrary, to the extent that any payments due under the terms of this Agreement are conditioned upon the delivery and non-revocation of a release, and if any of those payments are determined to be nonqualified deferred compensation that is subject to the requirements of Section 409A of the Code, and if the period for consideration and revocation of such release spans two calendar years, then any such payment shall not be made until the later of (i) the end of the revocation period following delivery of the release, or (ii) the first business day of the second calendar year.

G. Value of Insurance Coverage During Severance Period. To the extent any medical or dental plan covering any post-employment period is a "self-insured medical reimbursement plan" under Section 105(h) of the Code, and such coverage would be discriminatory thereunder, the value of the insurance coverage during the post-termination coverage period (based upon premium value) shall be reported as taxable income to the Executive, and the Company shall pay the Executive promptly no later than January 15th of the year of coverage, such additional cash payments as are necessary for the Executive to receive the same net after-tax benefits (taking into account all federal, state and local income, excise and employment taxes) that the Executive would have received under such plans if the Executive had continued to receive such plan benefits while employed with the Company; provided that any such additional cash payment that would be so immediately paid shall be subject to the provisions of Section 6(F) in connection with compliance with Section 409A of the Code.

7. Section 280G.

A. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates or subsidiaries to the Executive or for the Executive's benefit pursuant to the terms of this Agreement or otherwise, including, without limitation, payments in connection with a Change in Control or the vesting of shares of Restricted Stock, RSUs, SARs, stock options or other equity awards or other non-cash benefits or property), whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement with the Company or any affiliated company (the "Total Payments") ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Code and would, but for this Section 7, be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount under (ii) above, then the Covered Payments will be reduced or cut back by the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

B. Any such reduction shall be made in accordance with Section 409A of the Code and the following:

(i) the Covered Payments which do not constitute nonqualified deferred compensation subject to Section 409A of the Code shall be reduced first; and

(ii) all other Covered Payments shall then be reduced as follows: (A) cash payments shall be reduced before non-cash payments; and (B) payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date.

C. Any determination required under this Section 7 shall be made in writing in good faith by an independent accounting firm selected by the Company (the "Accountants"). The Company and the Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 7. For purposes of making the calculations and determinations required by this Section 7, the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants' determinations shall be final and binding on the Company and the Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 7.

D. It is possible that after the determinations and selections made pursuant to this Section 7 the Executive will receive Covered Payments that are in the aggregate more than the amount provided for under this Section 7 ("Overpayment") or less than the amount provided for under this Section 7 ("Underpayment").

(i) In the event that: (A) the Accountants determine, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accountants believe has a high probability of success, that an Overpayment has been made or (B) it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then the Executive shall pay any such Overpayment to the Company.

(ii) In the event that: (A) the Accountants, based upon controlling precedent or substantial authority, determine that an Underpayment has occurred or (B) a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment, together with penalties accruing thereon, if any, plus interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date the amount would have otherwise been paid to the Executive until the payment date, will be paid promptly by the Company to or for the benefit of the Executive.

E. The Company shall have the right to control all proceedings with the Internal Revenue Service that may arise in connection with the determination and assessment of any Excise Tax and, at its sole option, the Company may pursue or forgo any and all administrative appeals, proceedings, hearings, and conferences with any taxing authority in respect of such Excise Tax (including any interest or penalties thereon). Executive shall cooperate with the Company in any proceedings relating to the determination and assessment of any Excise Tax and shall not take any position or action that would materially increase the amount of any Overpayment or Underpayment.

8. Covenants of the Executive. In order to induce the Company to enter into this Agreement and continue to employ the Executive hereunder, the Executive hereby covenants and agrees as follows. For all purposes under this Section 8 herein, references to "Company" shall be deemed to include the Company's wholly-owned subsidiaries, if any, and the Company's "business" shall mean film based delivery systems to deliver drug actives, nutraceuticals, cosmaceuticals or flavors, and soluble film based packaging systems and such other lines of business in which the Company or its wholly-owned subsidiaries, if any, is actively engaged or actively pursuing and with respect to which Executive has oversight responsibility or is otherwise substantively involved.

A. Non-Competition. During the Employment Term, including any extensions thereof, and for a period of twelve (12) months immediately following the termination of Executive's employment under this Agreement for any reason other than death (the "Restrictive Period"), except as provided herein, Executive shall not directly or indirectly: (a) engage in or in any manner be connected or concerned, whether as an officer, director, stockholder, partner, owner, employee, advisor, creditor, or otherwise with the development, operation, management, or conduct of any business in the United States that competes with the business of the Company being conducted at the time of such termination; (b) solicit or otherwise attempt to divert business from or interfere in the Company relationship with any supplier of the Company or any customer served by the Company or and potential customer identified by the Company during the period of Executive's employment hereunder; or (c) solicit, hire or otherwise interfere with the Company relationship with any person then or previously employed by the Company; provided, however, that, after the termination of Executive's employment, Executive shall not be bound by the Covenant set forth in this subparagraph following a material breach by the Company of any of its obligations to the Executive hereunder or in the event of the cessation or dissolution of the Company business. As used herein, "cessation or dissolution" means total liquidation of the Company and does not include a cessation of business due to any Change in Control. Nothing contained herein shall prohibit Executive from owning up to 3% of the stock of a publicly traded company that competes with the business of the Company or, following the termination of the Executive's employment with the Company, prevent the Executive from being employed by or otherwise affiliated with a line of business of another company that engages in multiple lines of business so long as the Executive is not employed by, does not provide services with respect to and is not otherwise involved in the line or lines of business of such other company that compete with the Company.

B. Confidentiality. During the Employment Term, and following the termination of this Agreement for any reason for as long as the information remains confidential, Executive shall not make any use, for the Executive's own benefit or for the benefit of a business or entity other than the Company, of any verbal or written secret or confidential information. Such confidential information shall include, but not be limited to, customer lists, trade secrets, sales, marketing or consignment information, vendor lists or operational resource information, forms, processes or procedures, budget and financial statements or information, files, records, documents, compilation of data, engineering drawings, computer print-outs, or any other data of or pertaining to the Company, its business, customers and financial affairs, or its services not generally known within the Company's trade and which was acquired by the Executive during the Executive's affiliation with the Company. Executive shall not remove from the Company premises or retain without the Company's written consent any of the Company's confidential information as defined herein, or copies thereof or extracts therefrom. Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge, or data of the Company or its business or production operations obtained by Executive during the Executive's employment by the Company, which shall not be generally known to the public or recognized as standard practice (whether or not developed by Executive) and shall not, during the Executive's employment hereunder or after the termination of such employment, communicate or divulge any such information, knowledge or data to any person, firm or corporation other than the Company or persons, firms or corporations designated by the Company. Executive acknowledges that this information is treated as confidential by the Company, that the Company takes meaningful steps to protect the confidentiality of this information, and that the Company has at all times directed Executive to maintain the confidentiality of this information. Immediately upon termination of this Agreement, Executive shall return all of the Company's property to it, including any and all copies of said property. Notwithstanding this provision or any provision in this Agreement to the contrary, nothing contained in this Agreement is intended to nor shall it limit or prohibit the Executive, or waive any right on his part, to make any good faith reports to, initiate or engage in communication with, respond to any inquiry from, otherwise provide information to, participate in any investigation or proceeding that may be conducted by, or obtain any monetary recovery from, any federal or state regulatory, self-regulatory, or enforcement agency or authority, as provided for, protected under or warranted by applicable law, in all events without notice to or consent of the Company.

C. Ownership of Work Product. Executive agrees that the Company shall own all intellectual property including trade secrets, patents, patentable inventions, discoveries and improvements that relate to the Company's business that Executive conceives, develops during the period of the Executive's employment with the Company or delivers to the Company while performing services pursuant to this Agreement ("Work Product"). Executive further agrees to deliver to the Company, and that the Company shall thereafter own for all purposes, all Work Product conceived or developed by the Executive relating to the business of the Company which does not otherwise belong to Employee's former employer or to which the former employer has no legal right or claim. Executive hereby irrevocably extinguishes for the benefit of the Company and its assigns any moral right to the Work Product recognized by applicable law. All Work Product shall be considered a work made for hire by Executive and owned by the Company. If any of the Work Product may not, by operation of law, be considered work made for hire by Executive for the Company, or if ownership of all right, title and interest of the intellectual property rights therein shall not otherwise vest exclusively in the Company, Executive agrees to assign, and upon creation thereof automatically assign, without further consideration, the ownership of all trade secrets, copyrights, patentable inventions, and other intellectual property rights therein to the Company, its successors and assigns. The Company, its successors, and assigns, shall have the right to obtain and hold in its or their own name copyrights, patents, registrations and any other protection available in the foregoing. For purposes hereof, a "trade secret" shall mean any information, including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings. processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers that derive economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use and are the subject of efforts that are reasonable under the circumstances to maintain their secrecy. Executive agrees to perform, upon the reasonable request of the Company and at no cost to the Company (other than travel out of pocket costs where applicable), during or after the period(s) that this Agreement remains in effect, such further acts as may be necessary or desirable to transfer, perfect and defend the Company's ownership of Work Product, or to enforce the Company's Work Product against third parties. When requested, Executive shall promptly and at no cost to the Company (other than travel out of pocket costs, where applicable): (a) execute, acknowledge and deliver any requested affidavits and documents of assignment and conveyance; (b) obtain and aid in the enforcement of copyright and, if applicable, patents with respect to the Work Product in any countries; (c) provide testimony in connection with any enforcement proceeding or any proceeding affecting the right, title or interest of the Company in any Work Product; and (d) perform any other acts deemed necessary or desirable to carry out the purposes of this Agreement.

D. Inventions. All discoveries, designs, improvements, ideas and inventions, whether patentable or not, relating to (or suggested by or resulting from) products, services, or other technology of the Company or relating to (or suggested by or resulting from) methods or processes used or usable in connection with the business of the Company that have been, or may be, conceived, developed or made by Executive during the Employment Term (hereinafter "Inventions"), either solely or jointly with others, shall automatically become the sole property of the Company. Executive shall immediately disclose to the Company all such Inventions and shall, without additional compensation, execute all assignments and other documents deemed necessary by the Company to perfect the Company's title thereto, or to the patents issued thereon, or to otherwise secure and protect the Company's property rights therein. These obligations shall continue beyond the termination of Executive's employment with respect to Inventions conceived, developed or made by Executive during employment with the Company. The Company acknowledges and agrees that the provisions of this paragraph shall not apply to any invention for which no equipment, supplies, facilities or trade secret (or proprietary) information of the Company is used by Executive and which is developed entirely on Executive's own time, unless (a) such invention related to the business of the Company or to the Company's actual or demonstrably anticipated research or development; or (b) such invention results from any work performed by Executive for the Company.

E. Acknowledgment. Executive acknowledges that all of the restrictions set forth in this Section entitled "Covenants of the Executive" are reasonable in scope, both individually and in the aggregate, and essential to the preservation of the Company's business and proprietary interests and that the enforcement thereof will not in any manner preclude Executive, in the event of Executive's termination of employment with the Company for any reason, from becoming gainfully employed in such manner and to such extent as to provide a standard of living for himself, the members of the Executive's family, and those dependent upon the Executive of at least the sort and fashion to which the Executive and they have become accustomed and may expect. The Company and the Executive further agree that if any particular provision or portion of this Section 8 shall be adjudicated to be invalid or unenforceable, such adjudication shall apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. The Company and Executive also agree that in the event that any restriction herein shall be found to be void or unenforceable if some part or parts thereof were deleted or the period or area of application reduced, such restriction shall apply with such modification as may be necessary to make it valid and enforceable to the fullest extent possible consonant with applicable law. In addition, pursuant to the Defend Trade Secrets Act of 2016, the parties acknowledge that (a) an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding; and (b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

F. Representations and Warranties. Executive represents and warrants to the Company as follows: (a) Executive is under no contractual or other restriction or obligation which may conflict with or be inconsistent with the execution of this Agreement or with the performing of any duties for the Company, or any other rights of the Company; and (b) neither the Company nor any of its affiliates nor any of their respective officers, directors, employees, agents or employees has requested that Executive communicate or otherwise make available to any such parties at any time any proprietary information, data, trade secrets, or other confidential information belonging to Executive's former employers or others.

G. Severability. All of the covenants of Executive contained in this Section entitled “Covenants of the Executive” shall each be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants. Both parties hereby expressly agree that it is not the intention of either party to violate any public policy, statutory or common law. If any sentence, paragraph, clause or combination of the same of this Agreement is in violation of the law of any state where applicable, such sentence, paragraph, clause or combination of the same shall be void in the jurisdictions where it is unlawful, and the remainder of such paragraph and this Agreement shall remain binding on the parties to the extent that it may be lawfully done under existing applicable laws. In the event that any part of any covenant of this Agreement is determined by a court of law to be overly broad thereby making the covenant unenforceable, the parties hereto agree, and it is their desire that such court shall substitute a judicially enforceable limitation in its place, and that as so modified the covenant shall be binding upon the parties as if originally set forth herein.

H. Remedies. The Executive agrees that irreparable harm would result from any breach by Executive of the covenants of this Section 8 in particular, and this Agreement in general, and that monetary damages alone would not provide the Company adequate relief for any such breach. Accordingly, if Executive breaches any covenant in this Section 8, the parties acknowledge that equitable or injunctive relief in favor of the Company is a proper remedy, and nothing in this Agreement shall be construed as precluding the Company from seeking such equitable or injunctive relief in a court of competent jurisdiction for Executive's violations of Section 8. Any award of equitable or injunctive relief shall not preclude the Company from seeking or recovering any lawful compensatory damages that may have resulted from a breach of the covenants of this Agreement. Any waiver or failure to seek enforcement or remedy for any breach or suspected breach of any covenant of Executive in this Agreement shall not be deemed a waiver of such provision in the future. Furthermore, the existence of any claim of Executive against the Company, whether based upon this Agreement or otherwise, shall not operate as a defense to the Company enforcement of any provision of this Agreement. Proceedings seeking equitable and injunctive relief to enforce the terms of this Section 8 may be brought in any court of competent jurisdiction.

9. Indemnification. Subject to the Company by-laws, to the fullest extent allowed or permitted under any provision of applicable law, the Company shall indemnify Executive against any losses, claims, damages or liabilities, or expenses (including reasonable attorneys' fees) incurred by Executive arising out of any claim based upon acts performed or omitted to be performed by Executive in connection with the Executive's employment with the Company.

10. Attorneys' Fees. In any action brought by any party under this Agreement to enforce any of its terms, or any appeal therefrom, each party shall bear its own costs and expenses, including its own attorneys' fees; provided, however, that the Executive (or the Executive's estate or other beneficiaries, as the case may be) will be entitled to reimbursement for reasonable costs and expenses, including reasonable attorneys' fees, with respect to such action if and to the extent that the Executive (or the Executive's estate or other beneficiaries, as the case may be) is the prevailing party.

11. Cooperation. Executive agrees that, after the termination of the Executive's employment, the Executive shall cooperate on a reasonable basis in the truthful and honest prosecution and/or defense of any claim in which the Company, its affiliates and/or its subsidiaries may have an interest (subject to reasonable limitations and the Executive's other commitments concerning time and place), which may include, without limitation, making himself available on a reasonable basis to participate in any proceeding involving the Company, its affiliates and/or its subsidiaries, appearing for depositions and testimony without requiring a subpoena, and producing and/or providing any documents or names of other persons with relevant information. The Company agrees to reimburse Executive for all expenses reasonably incurred by him and to pay reasonable compensation to Executive for and in connection with services provided by the Executive pursuant to this section.

12. Travel Restrictions. As is reasonable, Executive has the right to refuse travel to destinations deemed politically unstable or otherwise hostile and/or those that may represent a danger to the Executive's health and well-being.

13. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or forty-eight (48) hours after deposit in the United States mail, postage fully paid, certified mail, return receipt requested, addressed to the Company at its principal headquarters address and to the Executive at the Executive's last address on record with the Company. Either party may change the address to which notices to such party shall be delivered personally or mailed by giving notice thereof to the other party hereto in accordance with the terms of this Section 13.

14. Venue; Jurisdiction. The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws (procedural and substantive) of the State of New Jersey without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction of, and agree that such litigation shall be conducted in, any state or federal court located in the State of New Jersey.

15. Binding Effect; Assignment. Executive shall not, without the prior written consent of the Company, assign, transfer, or otherwise convey this Agreement, or any right or interest herein. This Agreement, and all rights and obligations of the Company or any of its successors, may be assigned or otherwise transferred to any of its successors and shall be binding upon and inure to the benefit of its successors. As used herein, the term "successor" shall mean any person, corporation or other entity that, by merger, consolidation, purchase of stock, assets, liquidation, voluntary or involuntary assignment, or otherwise, acquires all or a substantial part of the assets of the Company or succeeds to one or more lines of business of the Company.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties hereto with respect to such subject matter, it being understood that this Agreement shall expressly supersede any employment agreement between Executive and the Company, and any amendments thereto. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by all of the parties hereto; provided, however, that any waiver by either party with respect to any provision hereof, or the breach of any provision hereof by the other party, need be signed only by the party waiving such provision or breach; and provided, further, that the waiver by either party hereto of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

17. Severability. In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction to be illegal, invalid or unenforceable in any respect, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held to be illegal, invalid, or unenforceable, shall not be affected thereby.

18. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

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

20. Survival. The provisions of Sections 6-11 and 13-20 of this Agreement shall survive any termination of this Agreement and the termination of Executive's employment by either party for any reason.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

AQUESTIVE THERAPEUTICS, INC.	EXECUTIVE
By: /s/ Keith J. Kendall Name: Keith J. Kendall Title: President and Chief Executive Officer	/s/ Daniel Barber DANIEL BARBER

EXHIBIT A

SHAREHOLDERS AGREEMENT

See Attached

EXHIBIT B

REGISTRATION RIGHTS AGREEMENT

See Attached

EXHIBIT B

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of June ___, 2018 (the "Effective Date"), is by and between Aquestive Therapeutics, Inc., a Delaware corporation (the "Corporation"), and Daniel Barber ("Executive"). Except as otherwise indicated herein, capitalized terms used herein are defined in Section 7 hereof.

RECITALS

A. In contemplation of the proposed initial Public Offering of the Corporation's common stock, the Corporation has granted certain registration rights to the holders (each individually, a "Member", and collectively, the "Members") of the membership interests in, Aquestive Partners, LLC, a Delaware limited liability company and sole shareholder of the Corporation ("APL") and the members of the board of directors of APL (the "Directors"); and

B. The Corporation has agreed to grant to Executive, in accordance with the terms and conditions set forth in this Agreement, certain piggyback registration rights with respect to Executive's shares of common stock, par value $.001 per share of the Corporation (the "Common Stock") received by Executive upon consummation of an initial Public Offering of the Corporation's Common Stock in exchange for Executive's shares of Non-Voting Common Stock, par value $.001 per share, of the Corporation (the "Non-Voting Common Stock") held by Executive as of the Effective Date;

NOW, THEREFORE, in consideration of the agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, and in contemplation of the proposed initial Public Offering, the parties to this Agreement intending to be legally bound hereby agree as follows:

1. Piggyback Registrations.

(a) Right to Piggyback. Whenever the Corporation proposes to register all or any portion of one or more Members' Registrable Securities under the Securities Act (each, a "Piggyback Registration"), including a Demand Registration on Form S-1, or any similar long-form registration (a "Long-Form Registration"), or on Form S-3 (including for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act) or any similar short-form registration (a "Short-Form Registration"), the Corporation shall give written notice to Executive of its intention to effect such a registration and of Executive's rights under this Section 1. Upon the written request of Executive delivered to the Corporation within twenty (20) days after Executive's receipt of such notice from the Corporation (which request must specify the number of shares of Common Stock which Executive wishes to be included in such registration), the Corporation shall include in such registration (subject to the provisions of this Agreement) all of Executive's shares of Common Stock requested to be registered pursuant to this Section 1, together with Registrable Securities requested to be registered in such Piggyback Registration from the other holders of Registrable Securities.

(b) Priority on Piggyback Registrations. The Piggyback Registration rights provided for in this Section 1 shall be subject to the right of the Corporation and the underwriters of any Public Offering, in view of market conditions and in their reasonable and good faith opinion, to reduce the number of securities proposed to be registered in any offering; provided that to the extent Executive requests to participate in a Piggyback Registration, Executive's Registrable Securities shall not be reduced until all of the Registrable Securities participating in such Piggyback Registration are reduced and the Registrable Securities to be registered in such Piggyback Registration shall be reduced in accordance with the following allocation:

(i) first, all securities proposed to be sold by the Corporation, if such registration is one that is an underwritten Public Offering initiated by the Corporation for its account;

(ii) second, all Registrable Securities requested to be included in such Piggyback Registration by holders of Demand Registration rights and Other Priority Holders, pro rata among such holders of Demand Registration rights and Other Priority Holders on the basis of the percentage of the Registrable Securities requested to be included in such Piggyback Registration by such holders; and

(iii) third, all other Registrable Securities requested to be included in such Piggyback Registration pro rata among all such other holders on the basis of the percentage of the Registrable Securities requested to be included in such offering by such other holders;

provided that Executive may withdraw Executive's request for inclusion in such Piggyback Registration at any time prior to executing the underwriting agreement or, if none, prior to the applicable registration statement becoming effective.

(c) Other Registrations. The Piggyback Registration rights provided for in this Section 1 shall not apply to securities which may be sold pursuant to Rule 144 under the Securities Act without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1).

2. Holdback Period; Lockup Agreements.

(a) Prohibited Actions during Holdback Period. Executive agrees that in connection with any Piggyback Registration that is an underwritten Public Offering of the Corporation's equity securities, from the date on which the Corporation gives written notice to Executive that a registration statement becomes effective for such underwritten Public Offering to the date that is 180-days following the date of the final prospectus for such underwritten Public Offering (each such period, a "Holdback Period"), Executive shall not without the prior written consent of the underwriter: (1) offer, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of) any shares of the Corporation's equity securities or any securities convertible into or exercisable or exchangeable for the Corporation's equity securities or warrants or other rights to acquire shares of the Corporation's equity securities of which Executive is now, or may in the future become, the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (such shares, securities, warrants or rights collectively, the "Restricted Securities"), (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic benefits or risks of ownership of such Restricted Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of the Corporation's equity securities or other securities, in cash or otherwise, or (3) publicly disclose the intention to enter into any transaction described in clause (1) or (2) above. Executive also agrees and consents to the entry of stop transfer instructions with the Corporation's transfer agent and registrar against the Transfer of Restricted Securities owned either of record or beneficially by Executive except in compliance with the foregoing restrictions. The foregoing provisions of this Section 2(a) shall not apply to Registrable Securities that are otherwise subject to a lock-up agreement contemplated by Section 2(b) and shall be applicable to Executive only if all officers and directors of the Corporation and all stockholders owning more than 10% of the Corporation's outstanding common stock are subject to the same restrictions.

(b) Lockup Agreements, etc. In connection with any underwritten Public Offering of the Corporation's equity securities, Executive agrees to enter into any holdback, lockup or similar customary agreement in customary forms as may be reasonably requested by the underwriters managing such underwritten Public Offering.

3. Registration Procedures. Whenever Executive has requested that any of Executive's Registrable Securities be registered pursuant to this Agreement, the Corporation shall use reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Corporation shall as expeditiously as possible:

(a) prepare and file with the Securities and Exchange Commission a registration statement with respect to such Registrable Securities and use reasonable best efforts to cause such registration statement to become effective as soon as practicable thereafter, in each case in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder;

(b) notify in writing Executive of the effectiveness of each registration statement filed hereunder and prepare and file with the Securities and Exchange Commission such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) furnish to Executive a number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), each Free-Writing Prospectus (as defined in Rule 405 of the Securities Act) and such other documents as Executive may reasonably request in order to facilitate the disposition of the Registrable Securities owned by Executive;

(d) promptly notify in writing Executive, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement (i) contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made or (ii) is otherwise not legally available to support sales of Registrable Securities, and, at the request of Executive, the Corporation shall promptly prepare and furnish to Executive a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(e) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Corporation are then listed;

(f) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(g) enter into and perform such customary agreements (including underwriting agreements in customary form) in order to expedite or facilitate the disposition of Registrable Securities (including, without limitation, a stock split or combination);

(h) otherwise use reasonable best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission;

(i) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any equity securities included in such registration statement for sale in any jurisdiction, the Corporation shall use reasonable best efforts promptly to obtain the withdrawal of such order;

(j) use reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(k) take all reasonable actions to ensure that any Free-Writing Prospectus utilized in connection with any Piggyback Registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) obtain one or more “cold comfort” letters, dated the effective date of such registration statement (and, if such registration includes an underwritten Public Offering, dated the date of the closing under the underwriting agreement and addressed to the underwriters), from the Corporation’s independent public accountants in customary form and covering such matters of the type customarily covered by such letters as the holders of a majority of the Registrable Securities being sold in such registered offering reasonably request;

(m) provide a legal opinion of the Corporation’s outside counsel, dated the effective date of such registration statement (or, if such registration includes an underwritten Public Offering, dated the date of the closing under the underwriting agreement and addressed to the underwriters), with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature; and

(n) cooperate with Executive to facilitate the timely preparation and delivery of certificates (or electronic notation through the use of The Depository Trust Corporation's Direct Registration System) representing the Registrable Securities to be sold pursuant to such registration statement or Rule 144 free of any restrictive legends and representing such number of shares of common stock registered in such names as Executive may reasonably request in a reasonable period of time prior to sales of Registrable Securities pursuant to such registration statement or Rule 144.

4. Registration Expenses.

All expenses (exclusive of sales commissions, stock transfer taxes, underwriting discounts and the fees and disbursements of counsel for the selling security holders, other than one special counsel for the selling security holders, all of which shall be borne by the selling security holders in proportion to their respective pro rata share of Registrable Securities sold in such Piggyback Registration) incurred in complying with its obligations pursuant to this Agreement and in connection with the registration and disposition of Registrable Securities shall be paid by the Corporation, including, without limitation, all: (a) registration and filing fees (including, without limitation, any fees relating to filings required to be made with, or the listing of any Registrable Securities on, any securities exchange or over-the-counter trading market on which the Registrable Securities are listed or quoted); (b) underwriting expenses (other than fees, commissions or discounts); (c) expenses of any audits incident to or required by any such registration; (d) fees and expenses of complying with securities and “blue sky” laws (including, without limitation, fees and disbursements of counsel for the Corporation in connection with “blue sky” qualifications or exemptions of the Registrable Securities); (e) printing expenses; (f) messenger, telephone and delivery expenses; (g) fees and expenses of the Corporation's counsel and accountants; (h) Financial Industry Regulatory Authority, Inc. filing fees (if any); and (ii) fees and expenses of one counsel for the holders of Registrable Securities participating in such registration as a group (selected by the holders of Demand Registration rights and, if none are participating in such registration, by holders initially requesting such registration).

5. Indemnification.

(a) Indemnification of Holders of Registrable Securities and Underwriters. The Corporation agrees to indemnify and hold harmless, to the fullest extent permitted by law, Executive against all losses, claims, damages, liabilities, and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof), whether joint and several or several, together with reasonable costs and expenses (including reasonable attorneys' fees) to which Executive may become subject under the Securities Act or otherwise (collectively, "Losses") caused by, resulting from, arising out of, based upon, or relating to: (i) any untrue or alleged untrue statement of material fact contained in (A) any registration statement, prospectus or preliminary prospectus, free writing prospectus, or any amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 5 each, an "application") executed by or on behalf of the Corporation or based upon written information furnished by or on behalf of the Corporation filed in any jurisdiction in order to qualify any securities covered by such registration under the "blue sky" or securities laws thereof; (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Corporation or APL of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Corporation or APL and relating to action or inaction required of the Corporation or APL in connection with any such registration, qualification or compliance; provided, that the Corporation shall not be liable in any such case to the extent that any such Losses result from, arise out of, are based upon, or relate to an untrue statement or alleged untrue statement, or omission or alleged omission, made in such registration statement, any such prospectus, or preliminary prospectus or any amendment thereof or supplement thereto, or in any application, in each case, made in reliance upon, and in conformity with, written information prepared and furnished in writing to the Corporation by Executive expressly for use therein or by Executive's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Corporation has furnished Executive with a sufficient number of copies of the same prior to any written confirmation of sale of Registrable Securities.

(b) Provision of Information; Indemnity of holders. In connection with any registration statement in which Executive is participating, Executive will furnish to the Corporation in writing such information and affidavits as the Corporation reasonably requests for use in connection with any such registration statement or prospectus and, to the fullest extent permitted by law, shall indemnify and hold harmless the Corporation, and its officers, directors, agents, and employees, and each other Person who controls the Corporation (within the meaning of the Securities Act) against any Losses caused by, resulting from, arising out of, based upon, or relating to: (i) any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus, or any amendment thereof or supplement thereto or in any application; or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that such untrue statement or omission is made in such registration statement, any such prospectus or preliminary prospectus or any amendment or supplement thereto, or in any application, in each case, in reliance upon and in conformity with written information prepared and furnished to the Corporation by Executive with respect to Executive's participation in such Piggyback Registration and expressly for use therein, and Executive will reimburse the Corporation and each such other indemnified party for any reasonable legal or any other expenses incurred by them in connection with investigating or defending any such Losses; provided that the obligation to indemnify shall be several, not joint and several, for Executive and any other holder of Registrable Securities participating in such Piggyback Registration against whom the Corporation has a claim for Losses with respect to such Piggyback Registration, and shall be limited to the net amount of proceeds (after underwriting fees, commissions or discounts) actually received by Executive from the sale of Executive's Registrable Securities pursuant to such registration statement.

(c) Claims. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party); and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, then the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, delayed or conditioned). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay: (i) the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim; or (ii) any settlement made by any indemnified party without such indemnifying party's consent (but such consent will not be unreasonably withheld, delayed or conditioned).

(d) Additional Indemnification Rights. The indemnification provided for under this Agreement shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract, and will remain in full force and effect regardless of any investigation made or omitted by or on behalf of the indemnified party or any officer, director, or controlling Person of such indemnified party and shall survive the transfer of securities.

(e) Contribution. If the indemnification provided for in this Section 5 is unavailable to or is insufficient to hold harmless an indemnified party under the provisions above in respect to any Losses referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (i) in such proportion as is appropriate to reflect the relative fault of the Corporation on the one hand and the sellers of Registrable Securities and any other sellers participating in the registration statement on the other hand (proportional to the number of Registrable Securities of such sellers participating in such registration statement) or (ii) if the allocation provided by clause (i) of this Section 5(e) is not permitted by applicable law, then in such proportion as is appropriate to reflect not only the relative fault referred to in clause (i) of this Section 5(e) but also the relative benefit of the Corporation on the one hand and of the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement on the other in connection with the statement or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative benefits received by the Corporation on the one hand and the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) to the Corporation bear to the total net proceeds from the offering (before deducting expenses) to the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement. The relative fault of the Corporation on the one hand and of the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement on the other shall be determined by reference to, among other things, whether the untrue statement or alleged omission to state a material fact relates to information supplied by the Corporation or by the sellers of Registrable Securities (including Executive but only in Executive's capacity as a seller of Registrable Securities and not as an employee of the Corporation) or other sellers participating in the registration statement and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(f) Contribution Limits. The Corporation and Executive agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation (even if the sellers of Registrable Securities were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in Section 5(e). The amount paid or payable by an indemnified party as a result of the Losses referred to in Section 5(e) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, Executive shall not be required to contribute pursuant to this Section 5 any amount in excess of the sum of (i) any amounts paid pursuant to Section 5(b) and (ii) net amount of proceeds (after underwriting fees, commissions or discounts) actually received by Executive from the sale of Registrable Securities covered by the registration statement filed pursuant hereto. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6. Participation in Underwritten Registrations.

(a) Cooperation with Underwriting Arrangements. Executive may not participate in any underwritten registration hereunder unless Executive: (i) agrees to sell Executive's securities on the basis provided in any underwriting arrangements approved by the Corporation or such other Person or Persons entitled to approve such arrangements (including pursuant to the terms of any over-allotment or "green shoe" option requested by the managing underwriter(s), provided that Executive will not be required to sell more than the number of Registrable Securities that Executive has requested the Corporation to include in any Piggyback Registration); and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other customary documents reasonably required under the terms of such underwriting arrangements; provided that Executive shall not be required to make any representations or warranties to the Corporation or the underwriters (other than representations and warranties regarding Executive) or to undertake any indemnification obligations to the Corporation or the underwriters with respect thereto, except as otherwise provided in Section 5.

(b) Supplements or Amendments to Prospectus. Executive agrees that, upon receipt of any notice from the Corporation of the happening of any event of the kind described in Section 3(d), Executive will immediately discontinue the disposition of his Registrable Securities pursuant to the registration statement until Executive's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 3(d). In the event the Corporation shall give any such notice, the applicable time period mentioned in Section 3(b) during which a registration statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to this Section 6(b) to and including the date when Executive shall have received the copies of the supplemented or amended prospectus contemplated by Section 3(c).

7. Definitions.

"Affiliate" of a Person means any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. For purposes of the foregoing: (a) each of APL, MRX Partners, LLC, Monoline RX, LP, Monoline RX II, LP, Monoline RX III, LP and MonoSol Rx Genpar, and each officer, director, manager, member or partner of any of the foregoing, shall be deemed an Affiliate of the others; (b) each of Richard C. Fuiz and Joseph M. Fuisz shall be deemed an Affiliate of Kosmos Pharma Ltd.; and (c) each direct or indirect equityholder and each beneficial owner of a Member shall be deemed an Affiliate of that Member.

"APL LLC Agreement" means that certain limited liability company of APL dated as of January 1, 2018, by and among APL and the members of APL, as amended.

"Demand Registration" means a Series A-2 Demand Registration or a Series A-3 Demand Registration, as applicable.

"Other Priority Holders" means any executive employee of the Corporation (which may include the Executive) who has been granted registration rights by the Corporation with respect to such executive employee's Registrable Securities and who elects to have any such Registrable Securities registered in any Public Offering and who is not eligible to sell such Registrable Securities under Rule 144 of the Securities Act.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or other entity, or a government or any branch, department, agency, political subdivision or official thereof.

"Public Offering" means a public offering and sale of the Corporation's equity securities pursuant to an effective registration statement under the Securities Act; provided that a Public Offering shall not include an offering made in connection with a business acquisition or combination pursuant to a registration statement on Form S-4 or any similar form, or an employee benefit plan pursuant to a registration statement on Form S-8 or any similar form.

"Registrable Securities" means: (a) the common stock of the Corporation owned either of record or beneficially by Executive upon exchange of Executive's Non-Voting Common Stock upon the initial Public Offering of the Corporation; (b) the common stock of the Corporation held of record or beneficially by, or to be issued or distributed upon the consummation of the initial Public Offering, to the Members and/or their respective Affiliates and their respective permitted transferees; (c) the common stock of the Corporation (or other equity securities of the Corporation convertible into common stock of the Corporation) owned either of record or beneficially by any of the Directors or any other Persons holding piggyback registration rights granted by the Corporation on or before the Effective Date; and (d) any common stock issued or issuable with respect to any shares described in subsections (a) through and including (c) above by way of a stock dividend or stock split or in exchange for or upon conversion of such shares or otherwise in connection with a combination of shares, distribution, recapitalization, merger, consolidation, other reorganization or other similar event with respect to the common stock (it being understood that, for purposes of this Agreement, a Person shall be deemed to be a holder of Registrable Securities whenever such Person has the right to then acquire or obtain from APL or the Corporation any Registrable Securities, whether or not such acquisition has actually been effected). As to any particular equity securities of the Corporation constituting Registrable Securities, such equity securities of the Corporation will cease to be Registrable Securities (x) when they have been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them, (y) when they are eligible to be sold to the public through a broker, dealer or market maker pursuant to Rule 144 (or by any similar provision then in force) under the Securities Act without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1), in each case in compliance with the terms and conditions of this Agreement, or (z) if Executive is no longer an employee of the Corporation or any of its subsidiaries at the time when the Corporation has an obligation to provide Executive notice under Section 1 above of a proposed Piggyback Registration (other than as a result of a termination without "Cause" by the Corporation or termination with "Good Reason" by Executive (each as defined under the Employment Agreement between the Corporation and Executive dated as of the Effective Date)).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Series A-2 Preferred Interests" means the Membership Interests comprised of "Series A-2 Preferred Interests" (as defined in the APL LLC Agreement) outstanding from time to time.

"Series A-3 Preferred Interests" means the Membership Interests comprised of "Series A-3 Preferred Interests" (as defined in the APL LLC Agreement) outstanding from time to time.

"Transfer" means the sale, transfer, assignment, pledge or other disposal of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of law) any interest (legal or beneficial) in any Registrable Securities.

9. Miscellaneous.

(a) Confidentiality. Executive hereby agrees that upon receiving notice of a pending Demand Registration or Piggyback Registration under this Agreement, Executive shall not, without the prior written consent of the Corporation, disclose the existence of such pending Demand Registration or Piggyback Registration or any information relating thereto, to a third party, other than on a "need to know" basis to any agent or other representative of Executive, and Executive shall maintain and cause its agents and representatives to maintain, the confidentiality of such information until the public announcement or earlier termination of such Public Offering.

(b) Termination.

(i) This Agreement shall automatically terminate and become null and void: (A) at such time as the underwriters in the proposed initial Public Offering, on the one hand, or the Corporation, on the other hand, advises the other in writing, prior to the execution of an underwriting agreement relating to the initial Public Offering (the "Underwriting Agreement"), that it has determined not to proceed with the proposed initial Public Offering; (B) upon the termination of the Underwriting Agreement before the closing of the initial Public Offering; (C) on September 30, 2018, if the initial Public Offering shall not have closed by such date; provided, however, that the underwriters or the Corporation shall not have extended such date; or (D) if, prior to the election of Executive to participate in any Piggyback Registration pursuant to Section 1, Executive's employment with the Corporation or any of its subsidiaries terminates (other than as a result of a termination without "Cause" by the Corporation or termination with "Good Reason" by Executive (each as defined under the Employment Agreement between the Corporation and Executive dated as of the Effective Date)).

(ii) After the closing of an initial Public Offering, this Agreement shall automatically terminate and become null and void when Executive no longer owns either of record or beneficially any Registrable Securities; provided, that the provisions of Section 5 and Section 6 shall survive any such termination.

(c) Amendment and Waiver. Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only upon the prior written consent of the Corporation and Executive, and any amendment to which such written consent is obtained shall be binding upon the Corporation and Executive. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(d) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(e) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Corporation and Executive and their respective successors and assigns.

(f) Remedies; Third-Party Beneficiaries. The parties hereto acknowledge and agree that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that the Corporation and Executive shall have the right to specific performance and other injunctive relief, in addition to all of its rights and remedies at law or in equity, to enforce the provisions of this Agreement. Nothing contained in this Agreement shall be construed to confer upon any Person who is not a signatory hereto or any successor or assign of a signatory hereto any rights or benefits, as a third party beneficiary or otherwise; provided that the Corporation's successor and assigns is an express third-party beneficiary of this Agreement.

(g) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when personally delivered, sent by telecopy (with receipt confirmed) on a business day during regular business hours of the recipient (or, if not, on the next succeeding business day) or three (3) business days after sent by reputable overnight express courier (charges prepaid), at the address listed below for the Corporation and the address listed on the signature page hereto for Executive, or at any other address for Executive listed in the Corporation's records:

If to the Corporation:

Aquestive Therapeutics, Inc.
30 Technology Drive
Warren, New Jersey 07059
Attention: Chief Financial Officer
Facsimile: (908) 561–1209

With a copy to:

Day Pitney LLP
One Jefferson Road
Parsippany, New Jersey 07054
Attention: Lori J. Braender
Facsimile: (973) 206-6093

(h) **GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE. THE DELAWARE GENERAL CORPORATIONS LAW WILL GOVERN ALL ISSUES CONCERNING THE RELATIVE RIGHTS OF THE CORPORATION AND ITS SHAREHOLDERS. ALL OTHER ISSUES CONCERNING THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS (PROCEDURAL AND SUBSTANTIVE) OF THE STATE OF NEW JERSEY, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW JERSEY OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW JERSEY. EACH PARTY HERETO HEREBY SUBMITS TO THE CO-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY, AND OF ANY NEW JERSEY STATE COURT OVER ANY LAWSUIT UNDER THIS AGREEMENT AND WAIVES ANY OBJECTION BASED ON VENUE OR *FORUM NON CONVENIENS* WITH RESPECT TO ANY ACTION INSTITUTED THEREIN. EACH PARTY HERETO HEREBY WAIVES THE NECESSITY FOR PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL (RETURN RECEIPT REQUESTED), IN EACH CASE DIRECTED TO SUCH PARTY AT ITS ADDRESS SET FORTH IN, AND WITH COPIES SENT AS REQUIRED BY, SECTION 8(g) ABOVE, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED ON THE DATE OF ACTUAL RECEIPT. EACH PARTY HERETO HEREBY CONSENTS TO SERVICE OF PROCESS AS AFORESAID. NOTHING IN THIS SECTION 8(h) WILL PROHIBIT PERSONAL SERVICE IN LIEU OF THE SERVICE BY MAIL CONTEMPLATED HEREIN.**

(i) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(j) Entire Agreement. Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(k) Counterparts. This Agreement may be executed in any number of counterparts (including by .pdf file exchanged via email or other electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

AQUESTIVE THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

EXECUTIVE

_____

DANIEL BARBER

_____

_____

Executive's Address

EXHIBIT C

GENERAL RELEASE

In exchange for certain payments and benefits to be provided to me by Aquestive Therapeutics, Inc. pursuant to the Employment Agreement dated as of _____, 2018, between the undersigned executive (the "Executive") and Aquestive Therapeutics, Inc., the Executive hereby knowingly and voluntarily waives, releases and discharges Aquestive Therapeutics, Inc., its predecessors, successors, parent corporations, subsidiaries, affiliates and each of their employees, officers and directors, agents, trustees, and fiduciaries (the "Company") from any and all claims, liabilities, demands, and causes of action, which the Executive may have or claim to have against the Company, including any and all claims arising out of or relating in any way to the Executive's employment and/or separation of employment from the Company. This General Release specifically waives and releases all rights, claims, causes of action, demands, and liabilities which may arise up to and including the date the Executive signs this General Release. This General Release does not, however, waive or release any rights or claims which may arise after the date the Executive signs this General Release. This General Release of claims includes, but is not limited to:

a.. all State and Federal statutory claims including, but not limited to, claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Older Worker Benefit Protection Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Sarbanes-Oxley Act, the Employee Retirement Income Security Act, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, the New Jersey Law Against Discrimination, the New Jersey Civil Rights Act, the New Jersey Civil Union Act, the New Jersey Wage and Hour Law, the New Jersey Conscientious Employee Protection Act, the New Jersey Domestic Partnership Act, and the New Jersey Family Leave Act;

b. All claims arising under the United States and New Jersey Constitutions;

c. All claims arising under any Executive Order or derived from or based upon any State or Federal regulations;

d. All common law claims including, but not limited to, claims for wrongful or constructive discharge, public policy claims, retaliation claims, claims for breach of an express or implied contract, claims for breach of an implied covenant of good faith and fair dealing, intentional infliction of emotional distress, defamation, fraud, conspiracy, loss of consortium, tortious interference with contract or prospective economic advantage, promissory estoppel and negligence;

e. All claims for any compensation including, but not limited to, back wages, front pay, overtime pay, bonuses or awards, fringe benefits, reinstatement, retroactive seniority, pension benefits, or any other form of economic loss;

f. All claims for personal injury including, but not limited to, physical injury, mental anguish, emotional distress, pain and suffering, embarrassment, humiliation, damage to name or reputation, liquidated damages, and punitive damages; and

g. All claims for costs and attorneys' fees.

The Executive hereby acknowledges that the Company is advising the Executive in writing that the Executive should consult with an attorney prior to executing this General Release. The Executive hereby states that the Executive has had the opportunity to discuss this General Release with whomever the Executive wished, including an attorney of the Executive's own choosing. The Executive further states that the Executive has had the opportunity to read, review, and consider all of the provisions of this General Release; that the Executive understands its provisions and its binding effect on him; and that the Executive is entering into this General Release freely, voluntarily, and without duress or coercion. The Executive acknowledges that the Executive has not relied upon the Company employees, officers or directors, counsel, agents or accountants for any legal, tax or other advice, and the Executive has, to the extent the Executive deems necessary, consulted with the Executive's own advisors as to these matters. The Executive represents that the Executive has not filed any grievance, charge, claim, or complaint of any kind seeking personal recovery or personal injunctive relief against the Company or any of its owners, officers, directors, employees or agents, with respect to any matter, including but not limited to, the Executive's employment with the Company and/or the separation of that employment. Nothing contained in this paragraph shall prohibit the Executive from (a) bringing any action to enforce the terms of this Agreement and General Release; (b) filing a timely charge or complaint with the Equal Employment Opportunity Commission ("EEOC") regarding the validity of this Agreement and General Release; (c) filing a timely charge or complaint with the EEOC or participating in any investigation or proceeding conducted by the EEOC regarding any claim of employment discrimination (although the Executive has waived any right to personal recovery or personal injunctive relief in connection with any such charge or complaint); (d) initiating or engaging in communication with, responding to any inquiry from, or otherwise providing information to, any other federal or state regulatory, self-regulatory or enforcement agency or authority; or (e) seeking or obtaining an award under the whistleblower provisions of the federal securities laws.

The Executive understands that the Executive has twenty-one (21) calendar days within which to consider this General Release before signing it. The Executive also understands that the Executive is free to use as much of the twenty-one (21) calendar day period as the Executive wishes or considers necessary before deciding to sign this General Release. The Executive may revoke the Executive's signature of this General Release within seven (7) calendar days of signing it by delivering written notice of revocation to the Director of Human Resources of the Company, 30 Technology Drive South, Warren, New Jersey 07059. If Executive has not revoked the Executive's signature of this General Release by written notice delivered within the seven (7) calendar day period, it becomes effective immediately thereafter.

The Executive understands that the Executive's failure or refusal to execute this General Release or the Executive's timely revocation of this General Release will result in forfeiture of any severance payments and benefits.

BY SIGNING THIS GENERAL RELEASE, THE EXECUTIVE ACKNOWLEDGES THAT:

THE EXECUTIVE HAS READ IT;

THE EXECUTIVE UNDERSTANDS IT AND KNOWS THAT HE/SHE IS GIVING UP IMPORTANT RIGHTS;

THE EXECUTIVE AGREES WITH EVERYTHING IN IT;

THE EXECUTIVE HAS BEEN ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS GENERAL RELEASE; AND

THE EXECUTIVE HAS SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY.

EXECUTIVE

_____

DANIEL BARBER

AQUESTIVE THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

Exhibit 10.7

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement") is made and entered into as of June 26, 2018 (the "Effective Date") by and between Aquestive Therapeutics, Inc. (the "Company"), and John Maxwell (the "Executive").

WITNESSETH:

WHEREAS, the Executive is currently employed by the Company as its Senior Vice President, Chief Financial Officer under an Executive Employment Agreement dated as of January 9, 2017 between the Executive and MonoSol Rx, LLC, the predecessor of the Company (the "2017 Employment Agreement"); and

WHEREAS, the parties desire that the Executive continue to be employed by the Company as its Senior Vice President, Chief Financial Officer upon the terms and conditions of this Agreement and that this Agreement will supersede the 2017 Employment Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto, intending to be legally bound, hereby agree as follows:

1. Employment. During the Employment Term (as hereinafter defined), the Executive agrees to be employed by and to serve the Company as its Senior Vice President, Chief Financial Officer, and the Company agrees to employ and retain Executive in such capacity. The Executive shall report directly to the Chief Executive Officer of the Company (the "CEO") and, at the election of the Company, Executive may be required to also report to the Audit Committee of the Board of Directors of the Company (the "Board"). The Executive shall: (i) devote the Executive's entire business time, energy and skill to the affairs of the Company; (ii) faithfully, loyally, and industriously perform all duties incident to the position of Senior Vice President, Chief Financial Officer, as well as any other duties consistent with the stature and responsibility of the Executive's position as may from time to time be assigned by the CEO; and (iii) comply with the Company's policies in effect from time to time. Notwithstanding any provision herein to the contrary, Executive shall not be precluded from devoting reasonable periods of time required for serving as a member of one or more advisory boards or boards of directors of companies or organizations or engaging in other minor business activities, so long as such memberships or activities do not interfere with the performance of Executive's duties hereunder and are not directly or indirectly competitive with, nor contrary to, the business or other interests of the Company, subject to prior approval by the CEO.

2. Employment Term. The term of this Agreement shall begin on the Effective Date and continue until terminated in accordance with this Agreement (the "Employment Term").

3. Compensation.

A. Base Salary. The Company shall pay Executive a base salary (the "Base Salary") at a rate of $350,000 per annum, payable in accordance with the standard payroll practices of the Company. Executive's Base Salary shall be increased to a rate of $375,000 per annum after the completion of an initial public offering and sale of the capital stock of the Company (an "IPO"). The Board and/or the Compensation Committee of the Board (the "Compensation Committee") will review Executive's Base Salary at least annually and, with recommendations from the CEO, may increase but not decrease the then current annual rate.

B. Annual Bonus. Executive shall be eligible for a target annual performance bonus (the "Annual Bonus") of at least fifty percent (50%) of Executive's Base Salary for each calendar year, provided the Company and Executive each achieves performance targets established by the Board and/or Compensation Committee, with recommendations from the CEO for the Company and Executive. The Annual Bonus amount, if any, for a calendar year will be determined by the Board and/or the Compensation Committee with recommendations from the CEO and paid by the Company by March 15th of the following calendar year, unless it is administratively impracticable to determine and/or make the payment by such date. Except as otherwise provided by this Agreement, the Executive must be employed by the Company on the day any Annual Bonus payment is due and payable in order to receive said bonus payment. If the Company exceeds established performance targets, the Board and/or Compensation Committee may, in its sole discretion, with recommendations from the CEO, increase the amount of the Annual Bonus.

C. Award of Non-Voting Common Stock. Executive has previously been awarded Non-Voting Common Stock, par value $.001 per share, of the Company (the "Non-Voting Common Stock") equal to 0.66% of the issued and outstanding capital securities of the Company as of the time of grant of the Non-Voting Common Stock. Each share of Non-Voting Common Stock awarded to the Executive will become one share of voting common stock, par value $.001 per share, of the Company upon completion of an initial public offering and sale of the capital stock of the Company (an "IPO"). The Executive shall be eligible for awards of additional shares of Non-Voting Common Stock and to participate in other employee incentive plans and equity-based compensation awards of the Company during the Employment Term at the times and in the amounts as the Board and/or Compensation Committee in its sole discretion, with recommendations from the CEO, shall determine. The award of the shares of Non-Voting Common Stock is governed by the Shareholders Agreement dated as of April 19, 2018 by and among the Company, the Executive and other parties who are signatories thereto, and all amendments, supplements, and revisions thereto, attached hereto as Exhibit A and incorporated herein by reference.

4. Additional Benefits.

A. Executive Benefits. During the Employment Term, Executive shall be eligible to participate in such employee benefit plans as are generally available to other senior executives of the Company.

B. Paid Time Off. The Executive will be allowed to take up to four weeks of vacation each year, and shall be eligible for such sick leave and other paid time off in accordance with the Company' policies applicable to other executives generally.

C. Expense Reimbursement. The Company will pay or reimburse Executive for reasonable expenses incurred by Executive in connection with the performance of the Executive's duties and responsibilities under this Agreement, subject to presentation of vouchers and compliance with generally applicable business expense reimbursement policies of the Company.

D. Piggyback Registration Rights. Effective upon execution and delivery to the Company by Executive of the Registration Rights Agreement in the form attached hereto as Exhibit B (the "Registration Rights Agreement"), Executive shall have the piggyback registration rights described under, subject to the terms and conditions set forth in, the Registration Rights Agreement.

5. Termination.

A. Termination for Cause. The Company may terminate Executive's employment for "Cause" if Executive:

(i) is convicted of or pleads nolo contendre to a felony (or its equivalent under applicable state law);

(ii) commits fraud or a material act or omission involving dishonesty with respect to the Company or any of its respective employees, customers or affiliates;

(iii) willfully and repeatedly fails or refuses to carry out the material responsibilities of Executive's employment by the Company (except where due to physical or mental incapacity);

(iv) engages in willful misconduct or a pattern of behavior which in either case has had or is reasonably likely to have a significant adverse effect on the Company;

(v) willfully engages in any act or omission which is in material violation of the Company's policy, including but not limited to engaging in insider trading transactions or disseminating inside information; or

(vi) commits a material breach of Executive's material obligations under this Agreement, including but not limited to Section 8.

A decision to terminate the Executive's employment for Cause shall be made, if at all, by the CEO, after consultation with the Board, upon reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard by the CEO, and the CEO finding that, in his good faith opinion, Executive engaged in conduct set forth above and specifying the particulars thereof in reasonable detail. If the act or omission giving rise to the termination for Cause is curable by Executive, the Company will provide thirty (30) days' written notice to Executive of the Company's intent to terminate the Executive for Cause, with an explanation of the reason(s) for the termination for Cause and, if Executive cures the act or omission within the 30-day notice period, the Company will rescind the notice of termination and Executive's employment will not be terminated for Cause at the end of the 30-day notice period. If Executive has previously been afforded the opportunity to cure particular behavior and successfully cured under this provision, the Company will have no obligation to provide Executive with notice and an opportunity to cure a recurrence of that behavior prior to a termination for Cause. For purposes of this Section 5(A), an action or inaction shall not be treated as "willful misconduct" if authorized by the CEO or the Board, or taken by Executive in the good faith belief that it was in, or not opposed to, the best interests of the Company.

B. Termination by Reason of Permanent Disability. In a manner consistent with the Americans with Disabilities Act and the Family and Medical Leave Act, this Agreement may be terminated at the Company's option immediately upon notice to Executive if Executive shall suffer a Permanent Disability. For purposes of this Agreement, the term "Permanent Disability" shall mean the Executive's inability to perform the essential functions of the Executive's job under this Agreement, with or without reasonable accommodation, for a period of 150 consecutive days or for an aggregate of 180 days, whether or not consecutive, in any twelve (12) month period, due to illness, accident or other physical or mental incapacity, as determined by a duly licensed physician mutually agreed to by both the Executive and the Company.

C. Termination by Reason of Death. In the event of the Executive's death, the Executive's employment shall be deemed to have terminated on the date of Executive's death.

D. Voluntary Resignation. Executive may terminate this Agreement at any time, subject to providing thirty (30) days' written notice to the Company. The Company may waive such notice and/or set an earlier termination date, without pay in lieu of notice.

E. Termination without Cause. The Company may terminate Executive's employment under this Agreement at any time without Cause upon thirty (30) days' prior written notice to Executive. The Company, at its sole discretion, may relieve Executive of the Executive's active duties during the notice period. Executive's termination without Cause will be effective upon the expiration of the 30-day notice period. For purposes of this Agreement, a termination of employment by the Company that purports to be for Cause, but is not in full compliance with all of the substantive and procedural requirements relating to a termination for Cause under this Agreement, shall be treated as a termination of employment without Cause.

F. Termination for Good Reason. The Executive may terminate the Executive's employment under this Agreement at any time for Good Reason upon the occurrence (or within 180 days following the occurrence, provided that the Executive furnishes the Company with written notice of the Executive's belief that grounds for a Good Reason termination by the Executive exists no later than sixty (60) days after becoming aware of the occurrence) of any one or more of the following acts or omissions which, if curable, is not cured within thirty (30) days after notice of the occurrence is provided by Executive: (1) any action by the Company which results in a material diminution in Executive's position, authority, duties or responsibilities as Senior Vice President, Chief Financial Officer of the Company (including status, offices, titles and reporting requirements contemplated by this Agreement); (2) a material breach by the Company of its obligations under this Agreement, including, without limitation, a reduction of Executive's Base Salary or target bonus opportunity in violation of this Agreement; or (3) the Company requiring the Executive to be based at any office location that is more than fifty (50) miles from its current headquarters in Warren, New Jersey, except for travel reasonably required in connection with the performance of the Executive's responsibilities hereunder. Notwithstanding the foregoing, if a "Change in Control" (as hereinafter defined) occurs, the Executive will not have "Good Reason" to terminate the Executive's employment under this Agreement merely because the Executive reports to a senior executive officer of a company that acquires the Company.

6. Obligations of the Company Upon Termination.

A. Termination for Cause. In the event that the Executive's employment under this Agreement is terminated for Cause, the Company shall have no obligation to pay the Base Salary or any other compensation provided under this Agreement, to or for the benefit of the Executive, for any period after the effective date of such termination, or to pay the Target Annual Bonus or any other bonus or incentive compensation for the fiscal year in which such termination occurs; provided, however, that the Company shall promptly provide: (i) all Base Salary earned by the Executive through the effective date of such termination; (ii) any unpaid Annual Bonus earned by the Executive for the year preceding the year in which the Executive's employment terminates; and (iii) any benefits under any plans of the Company in which the Executive is a participant, consistent with the Executive's (or the Executive's beneficiaries') rights under such plans.

B. Termination by Reason of Death or Permanent Disability. In the event that the Executive's employment under this Agreement terminates due to the Executive's death or is terminated by the Company due to the Executive's Permanent Disability, the Company shall, within five (5) business days following such termination, provide to the Executive (or the Executive's estate or other beneficiaries, as the case may be): (i) a cash payment consisting of the sum of any previously unpaid Base Salary earned by the Executive through the date on which the Executive's employment terminates, any unpaid Annual Bonus earned by the Executive for the year preceding the year in which the Executive's employment terminates, and any accrued and unused vacation pay for the year in which the Executive's employment terminates; (ii) any benefits under any plans of the Company in which the Executive is a participant, to the full extent of the Executive's (or the Executive's beneficiaries') rights under such plans; (iii) a cash payment consisting of the Executive's Target Annual Bonus for the year of termination, pro-rated for the number of days the Executive is employed during the calendar year in which the Executive's employment terminates ("Pro Rata Bonus"); and (iv) accelerated vesting of all outstanding stock options, restricted stock units ("RSUs"), stock appreciation rights ("SAR"), restricted stock ("Restricted Stock") and other equity-based compensation awards as if the Executive's employment had continued through the end of the year in which the Executive's employment terminates or, in the case of any such award that is subject to "cliff vesting," on a pro rata basis determined by a fraction the numerator of which is the number of days during such vesting period, and the denominator of which is the total number of days in the vesting period that have elapsed as of the date the Executive's employment terminates. Notwithstanding the immediately preceding sentence, with respect to any unvested stock options, RSUs, SARs, Restricted Stock and other equity-based compensation that are unvested at the time of termination of employment under this Section 6(B), and which are subject to a performance condition or performance period that ends at or after the date of employment termination, such awards will be assumed to have been achieved at "target", and the Executive will be entitled to receive a pro rata share of such awards, determined by a fraction the numerator of which is the number of days during the performance period in which Executive was employed, and the denominator of which is the total number of days in the performance period. Stock options, SARs and other equity-based compensation awards that are or become vested upon termination of the Executive's employment due to death or Permanent Disability will be exercisable (if applicable) for at least one year after the date of such termination or, if earlier, until the expiration of the stated term of the award.

C. Voluntary Resignation. In the event that the Executive voluntarily resigns from the Executive's employment with the Company, the Company may, at its discretion, continue the Executive's employment with the Company for any part or the full duration of the 30-day notice period required under Section 5(D). In the event of said termination, the Company shall have no obligation to pay the Base Salary or any other compensation provided under this Agreement to or for the benefit of the Executive for any period after such termination; provided, however, that the Company shall promptly provide: (i) all Base Salary earned by the Executive through the date of such termination; and (ii) any benefits under any plans of the Company in which Executive is a participant, to the full extent of the Executive's (or the Executive's beneficiaries') rights under such plans.

D. Termination by the Company Without Cause or by Executive for Good Reason--Unrelated to Change in Control. In the event that the Executive's employment under this Agreement is terminated by the Company without Cause (pursuant to Section 5(E)) or by the Executive for Good Reason (pursuant to Section 5(F)), the Company shall provide to the Executive: (i) a cash payment consisting of the sum of any previously unpaid Base Salary earned by the Executive through the date on which the Executive's employment terminates, any unpaid Annual Bonus earned by the Executive for the year preceding the year in which the Executive's employment terminates, and any accrued and unused vacation pay for the year in which the Executive's employment terminates; (ii) any benefits under any plans of the Company in which the Executive is a participant, to the full extent of the Executive's (or the Executive's beneficiaries') rights under such plans; (iii) a cash payment consisting of the Executive's Pro Rata Bonus for the year of termination; (iv) monthly payments for a period of twelve (12) months (the "Severance Period") following the termination of Executive's employment equal to 1/12 of the sum of Executive's Base Salary and Target Annual Bonus (in each case determined without regard to any reduction prior to the termination of Executive's employment); (v) continuing coverage under the Company's group health and life insurance plans in which the Executive is a participant immediately before the termination of the Executive's employment (or any successor plans), at the same levels and on the same terms and conditions as are provided to similarly situated executives during the Severance Period (or, if such coverage is not permitted by law or the applicable plan, the cash equivalent of such coverage, grossed up if and to the extent necessary to negate the tax impact of such payment and to negate the tax impact of the gross-up payment); and (vi) full and immediate vesting of outstanding unvested stock options, RSUs, SARs, Restricted Stock and other equity-based compensation awards with any such stock options, SARs and other equity-based compensation awards that are or become vested upon termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason remaining exercisable, as applicable, for at least one year after the date the Executive's employment terminates or, if earlier, until the expiration of the stated term of the award. Notwithstanding the immediately preceding sentence, with respect to any unvested stock options, RSUs, SARs, Restricted Stock and other equity-based compensation that are unvested at the time of termination of employment under this Section 6(D), and which are subject to a performance condition or performance period that ends at or after the date of employment termination, such awards will be assumed to have been achieved at "target." The payments and benefits described in parts (iv) – (vi) of this subsection shall be conditioned upon and subject to the Executive's continuing compliance with the Executive's obligations under Section 8 of this Agreement, and the Executive's execution and delivery of a general release substantially in the form annexed hereto as Exhibit C.

E. Termination in Conjunction with a Change in Control.

(1) Severance Protection Upon Involuntary Termination. In the event that, during the period beginning one hundred and eighty (180) days before the effective date of a Change in Control and ending twelve (12) months following the effective date of a Change in Control, the Executive's employment is terminated by the Company without Cause (pursuant to Section 5(E)) or by the Executive for Good Reason (pursuant to Section 5(F)), the Executive shall be entitled to the payments and benefits described in the preceding Section 6(D) except (i) in lieu of the severance payments described in Section 6(D)(iv), Executive will be entitled to receive an immediate cash payment of an amount equal to twelve (12) months of the Executive's Base Salary and 1.0 times the Target Annual Bonus (in each case determined without regard to any reduction prior to the termination of Executive's employment); and (ii) the benefit continuation period described in Section 6(D)(v) shall commence on the date the Executive's employment terminates and expire twelve (12) months from such date of termination. The payments and benefits described in the preceding sentence and in Sections 6(D)(iv) and 6(D)(v) and the single sum severance payment described in the preceding sentence shall be conditioned upon and subject to the Executive's continuing compliance with the Executive's obligations under Section 8 of this Agreement, and the Executive's execution and delivery of a general release substantially in the form annexed hereto as Exhibit C.

(2) Definition of Change in Control. For the purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if (a) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), or group (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")), becomes, in any 12-month period ending on the date of the most recent acquisition of the voting securities of the Company or any successor entity by such person, persons, or group, directly or indirectly, the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the outstanding voting securities of the Company or successor entity; (b) there shall have been consummated a consolidation, merger or reorganization of the Company or any successor entity, unless the holders of the equity interests of the Company or successor entity, immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the outstanding voting securities or at least a majority of the aggregate fair market value of the corporation or other entity resulting from such consolidation, merger or reorganization; (c) during any 12-month period prior to an IPO (i) Bratton Capital Management L.P. ("Bratton"), or affiliates thereof, cease to beneficially own, directly or indirectly, at least a majority of the outstanding voting securities of, or cease to maintain the right to direct the management of, MonoSolRx Genpar, L.P. (the sole manager of Aquestive Partners, LLC ("APL'), the parent company of the Company as of the Effective Date), or any successor or other or additional manager or managers (or their equivalent) of APL or any successor entity and (ii) if satisfaction of a "change in effective control" is necessary in order to avoid noncompliance with the requirements of Section 409A of the Code, individuals who, as of the Effective Date, constitute the entire Board of the Company (the "Incumbent Board") cease to constitute a majority of the Board or equivalent governing body; provided that (A) any individual becoming a member of the Board or equivalent governing body subsequent to the Effective Date whose appointment was made by a Bratton entity or an affiliate thereof referred to in subclause (i) above or was otherwise approved by at least a majority of the individuals then comprising the Incumbent Board or equivalent governing body shall be considered as though such individual were a member of the Incumbent Board or equivalent governing body as of the Effective Date, and (B) the voluntary resignation of the Executive from the Board, if a member thereof, shall not be considered for purposes of this subclause (ii); or (d) a sale, transfer, liquidation or other disposition of the Company or successor entity's assets and properties representing all or substantially all of the aggregate fair market value of such assets and properties is consummated during any 12-month period; provided, however, that no "Change in Control" shall be deemed to have occurred under this Section 6(E)(2) unless such occurrence, event or condition shall constitute a change in the ownership or effective control of the Company or any successor entity or a change in the ownership of a substantial portion of the Company or successor entity's assets, each as determined under Section 409A(a)(2)(A)(v) of the Code.

F. 409A Compliance. The Company shall take all reasonable actions to ensure that none of the amounts earned or payable under this Agreement or under any Company stock purchase, compensation or other equity incentive plan will violate Section 409A of the Code. To the extent necessary to comply with the restriction in Section 409A(a)(2)(B) of the Code concerning payments to "specified employees," any amounts payable on account of the Executive's separation from service shall be paid (or commence to be paid in the case of any payments to be made in installments) on the first business day of the seventh month following the Executive's date of termination (or death, if earlier) and the first such payment shall include the cumulative amount of any payments that would have been made prior to such date if not for such restriction, together with interest at an annual rate equal to the minimum rate required by the Code in order to avoid the imputation of interest on short-term loans between employers and employees. The date of the Executive's termination of employment shall be determined in accordance with Treasury Regulation Section 1.409A-1(h). Except as otherwise provide herein, any payment required as a result of a termination of employment will be made (or, with respect to any payments to be made in installments under this Agreement, commenced) within 45 days following such event. Notwithstanding anything else herein to the contrary, to the extent that any payments due under the terms of this Agreement are conditioned upon the delivery and non-revocation of a release, and if any of those payments are determined to be nonqualified deferred compensation that is subject to the requirements of Section 409A of the Code, and if the period for consideration and revocation of such release spans two calendar years, then any such payment shall not be made until the later of (i) the end of the revocation period following delivery of the release, or (ii) the first business day of the second calendar year.

G. Value of Insurance Coverage During Severance Period. To the extent any medical or dental plan covering any post-employment period is a "self-insured medical reimbursement plan" under Section 105(h) of the Code, and such coverage would be discriminatory thereunder, the value of the insurance coverage during the post-termination coverage period (based upon premium value) shall be reported as taxable income to the Executive, and the Company shall pay the Executive promptly no later than January 15th of the year of coverage, such additional cash payments as are necessary for the Executive to receive the same net after-tax benefits (taking into account all federal, state and local income, excise and employment taxes) that the Executive would have received under such plans if the Executive had continued to receive such plan benefits while employed with the Company; provided that any such additional cash payment that would be so immediately paid shall be subject to the provisions of Section 6(F) in connection with compliance with Section 409A of the Code.

7. Section 280G.

A. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates or subsidiaries to the Executive or for the Executive's benefit pursuant to the terms of this Agreement or otherwise, including, without limitation, payments in connection with a Change in Control or the vesting of shares of Restricted Stock, RSUs, SARs, stock options or other equity awards or other non-cash benefits or property), whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement with the Company or any affiliated company (the "Total Payments") ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Code and would, but for this Section 7, be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount under (ii) above, then the Covered Payments will be reduced or cut back by the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

B. Any such reduction shall be made in accordance with Section 409A of the Code and the following:

(i) the Covered Payments which do not constitute nonqualified deferred compensation subject to Section 409A of the Code shall be reduced first; and

(ii) all other Covered Payments shall then be reduced as follows: (A) cash payments shall be reduced before non-cash payments; and (B) payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date.

C. Any determination required under this Section 7 shall be made in writing in good faith by an independent accounting firm selected by the Company (the "Accountants"). The Company and the Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 7. For purposes of making the calculations and determinations required by this Section 7, the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants' determinations shall be final and binding on the Company and the Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 7.

D. It is possible that after the determinations and selections made pursuant to this Section 7 the Executive will receive Covered Payments that are in the aggregate more than the amount provided for under this Section 7 ("Overpayment") or less than the amount provided for under this Section 7 ("Underpayment").

(i) In the event that: (A) the Accountants determine, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accountants believe has a high probability of success, that an Overpayment has been made or (B) it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then the Executive shall pay any such Overpayment to the Company.

(ii) In the event that: (A) the Accountants, based upon controlling precedent or substantial authority, determine that an Underpayment has occurred or (B) a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment, together with penalties accruing thereon, if any, plus interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date the amount would have otherwise been paid to the Executive until the payment date, will be paid promptly by the Company to or for the benefit of the Executive.

E. The Company shall have the right to control all proceedings with the Internal Revenue Service that may arise in connection with the determination and assessment of any Excise Tax and, at its sole option, the Company may pursue or forgo any and all administrative appeals, proceedings, hearings, and conferences with any taxing authority in respect of such Excise Tax (including any interest or penalties thereon). Executive shall cooperate with the Company in any proceedings relating to the determination and assessment of any Excise Tax and shall not take any position or action that would materially increase the amount of any Overpayment or Underpayment.

8. Covenants of the Executive. In order to induce the Company to enter into this Agreement and continue to employ the Executive hereunder, the Executive hereby covenants and agrees as follows. For all purposes under this Section 8 herein, references to "Company" shall be deemed to include the Company's wholly-owned subsidiaries, if any, and the Company's "business" shall mean film based delivery systems to deliver drug actives, nutraceuticals, cosmaceuticals or flavors, and soluble film based packaging systems and such other lines of business in which the Company or its wholly-owned subsidiaries, if any, is actively engaged or actively pursuing and with respect to which Executive has oversight responsibility or is otherwise substantively involved.

A. Non-Competition. During the Employment Term, including any extensions thereof, and for a period of twelve (12) months immediately following the termination of Executive's employment under this Agreement for any reason other than death (the "Restrictive Period"), except as provided herein, Executive shall not directly or indirectly: (a) engage in or in any manner be connected or concerned, whether as an officer, director, stockholder, partner, owner, employee, advisor, creditor, or otherwise with the development, operation, management, or conduct of any business in the United States that competes with the business of the Company being conducted at the time of such termination; (b) solicit or otherwise attempt to divert business from or interfere in the Company relationship with any supplier of the Company or any customer served by the Company or and potential customer identified by the Company during the period of Executive's employment hereunder; or (c) solicit, hire or otherwise interfere with the Company relationship with any person then or previously employed by the Company; provided, however, that, after the termination of Executive's employment, Executive shall not be bound by the Covenant set forth in this subparagraph following a material breach by the Company of any of its obligations to the Executive hereunder or in the event of the cessation or dissolution of the Company business. As used herein, "cessation or dissolution" means total liquidation of the Company and does not include a cessation of business due to any Change in Control. Nothing contained herein shall prohibit Executive from owning up to 3% of the stock of a publicly traded company that competes with the business of the Company or, following the termination of the Executive's employment with the Company, prevent the Executive from being employed by or otherwise affiliated with a line of business of another company that engages in multiple lines of business so long as the Executive is not employed by, does not provide services with respect to and is not otherwise involved in the line or lines of business of such other company that compete with the Company.

B. Confidentiality. During the Employment Term, and following the termination of this Agreement for any reason for as long as the information remains confidential, Executive shall not make any use, for the Executive's own benefit or for the benefit of a business or entity other than the Company, of any verbal or written secret or confidential information. Such confidential information shall include, but not be limited to, customer lists, trade secrets, sales, marketing or consignment information, vendor lists or operational resource information, forms, processes or procedures, budget and financial statements or information, files, records, documents, compilation of data, engineering drawings, computer print-outs, or any other data of or pertaining to the Company, its business, customers and financial affairs, or its services not generally known within the Company's trade and which was acquired by the Executive during the Executive's affiliation with the Company. Executive shall not remove from the Company premises or retain without the Company's written consent any of the Company's confidential information as defined herein, or copies thereof or extracts therefrom. Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge, or data of the Company or its business or production operations obtained by Executive during the Executive's employment by the Company, which shall not be generally known to the public or recognized as standard practice (whether or not developed by Executive) and shall not, during the Executive's employment hereunder or after the termination of such employment, communicate or divulge any such information, knowledge or data to any person, firm or corporation other than the Company or persons, firms or corporations designated by the Company. Executive acknowledges that this information is treated as confidential by the Company, that the Company takes meaningful steps to protect the confidentiality of this information, and that the Company has at all times directed Executive to maintain the confidentiality of this information. Immediately upon termination of this Agreement, Executive shall return all of the Company's property to it, including any and all copies of said property. Notwithstanding this provision or any provision in this Agreement to the contrary, nothing contained in this Agreement is intended to nor shall it limit or prohibit the Executive, or waive any right on his part, to make any good faith reports to, initiate or engage in communication with, respond to any inquiry from, otherwise provide information to, participate in any investigation or proceeding that may be conducted by, or obtain any monetary recovery from, any federal or state regulatory, self-regulatory, or enforcement agency or authority, as provided for, protected under or warranted by applicable law, in all events without notice to or consent of the Company.

C. Ownership of Work Product. Executive agrees that the Company shall own all intellectual property including trade secrets, patents, patentable inventions, discoveries and improvements that relate to the Company's business that Executive conceives, develops during the period of the Executive's employment with the Company or delivers to the Company while performing services pursuant to this Agreement ("Work Product"). Executive further agrees to deliver to the Company, and that the Company shall thereafter own for all purposes, all Work Product conceived or developed by the Executive relating to the business of the Company which does not otherwise belong to Employee's former employer or to which the former employer has no legal right or claim. Executive hereby irrevocably extinguishes for the benefit of the Company and its assigns any moral right to the Work Product recognized by applicable law. All Work Product shall be considered a work made for hire by Executive and owned by the Company. If any of the Work Product may not, by operation of law, be considered work made for hire by Executive for the Company, or if ownership of all right, title and interest of the intellectual property rights therein shall not otherwise vest exclusively in the Company, Executive agrees to assign, and upon creation thereof automatically assign, without further consideration, the ownership of all trade secrets, copyrights, patentable inventions, and other intellectual property rights therein to the Company, its successors and assigns. The Company, its successors, and assigns, shall have the right to obtain and hold in its or their own name copyrights, patents, registrations and any other protection available in the foregoing. For purposes hereof, a "trade secret" shall mean any information, including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings. processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers that derive economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use and are the subject of efforts that are reasonable under the circumstances to maintain their secrecy. Executive agrees to perform, upon the reasonable request of the Company and at no cost to the Company (other than travel out of pocket costs where applicable), during or after the period(s) that this Agreement remains in effect, such further acts as may be necessary or desirable to transfer, perfect and defend the Company's ownership of Work Product, or to enforce the Company's Work Product against third parties. When requested, Executive shall promptly and at no cost to the Company (other than travel out of pocket costs, where applicable): (a) execute, acknowledge and deliver any requested affidavits and documents of assignment and conveyance; (b) obtain and aid in the enforcement of copyright and, if applicable, patents with respect to the Work Product in any countries; (c) provide testimony in connection with any enforcement proceeding or any proceeding affecting the right, title or interest of the Company in any Work Product; and (d) perform any other acts deemed necessary or desirable to carry out the purposes of this Agreement.

D. Inventions. All discoveries, designs, improvements, ideas and inventions, whether patentable or not, relating to (or suggested by or resulting from) products, services, or other technology of the Company or relating to (or suggested by or resulting from) methods or processes used or usable in connection with the business of the Company that have been, or may be, conceived, developed or made by Executive during the Employment Term (hereinafter "Inventions"), either solely or jointly with others, shall automatically become the sole property of the Company. Executive shall immediately disclose to the Company all such Inventions and shall, without additional compensation, execute all assignments and other documents deemed necessary by the Company to perfect the Company's title thereto, or to the patents issued thereon, or to otherwise secure and protect the Company's property rights therein. These obligations shall continue beyond the termination of Executive's employment with respect to Inventions conceived, developed or made by Executive during employment with the Company. The Company acknowledges and agrees that the provisions of this paragraph shall not apply to any invention for which no equipment, supplies, facilities or trade secret (or proprietary) information of the Company is used by Executive and which is developed entirely on Executive's own time, unless (a) such invention related to the business of the Company or to the Company's actual or demonstrably anticipated research or development; or (b) such invention results from any work performed by Executive for the Company.

E. Acknowledgment. Executive acknowledges that all of the restrictions set forth in this Section entitled "Covenants of the Executive" are reasonable in scope, both individually and in the aggregate, and essential to the preservation of the Company's business and proprietary interests and that the enforcement thereof will not in any manner preclude Executive, in the event of Executive's termination of employment with the Company for any reason, from becoming gainfully employed in such manner and to such extent as to provide a standard of living for himself, the members of the Executive's family, and those dependent upon the Executive of at least the sort and fashion to which the Executive and they have become accustomed and may expect. The Company and the Executive further agree that if any particular provision or portion of this Section 8 shall be adjudicated to be invalid or unenforceable, such adjudication shall apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. The Company and Executive also agree that in the event that any restriction herein shall be found to be void or unenforceable if some part or parts thereof were deleted or the period or area of application reduced, such restriction shall apply with such modification as may be necessary to make it valid and enforceable to the fullest extent possible consonant with applicable law. In addition, pursuant to the Defend Trade Secrets Act of 2016, the parties acknowledge that (a) an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding; and (b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

F. Representations and Warranties. Executive represents and warrants to the Company as follows: (a) Executive is under no contractual or other restriction or obligation which may conflict with or be inconsistent with the execution of this Agreement or with the performing of any duties for the Company, or any other rights of the Company; and (b) neither the Company nor any of its affiliates nor any of their respective officers, directors, employees, agents or employees has requested that Executive communicate or otherwise make available to any such parties at any time any proprietary information, data, trade secrets, or other confidential information belonging to Executive's former employers or others.

G. Severability. All of the covenants of Executive contained in this Section entitled "Covenants of the Executive" shall each be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants. Both parties hereby expressly agree that it is not the intention of either party to violate any public policy, statutory or common law. If any sentence, paragraph, clause or combination of the same of this Agreement is in violation of the law of any state where applicable, such sentence, paragraph, clause or combination of the same shall be void in the jurisdictions where it is unlawful, and the remainder of such paragraph and this Agreement shall remain binding on the parties to the extent that it may be lawfully done under existing applicable laws. In the event that any part of any covenant of this Agreement is determined by a court of law to be overly broad thereby making the covenant unenforceable, the parties hereto agree, and it is their desire that such court shall substitute a judicially enforceable limitation in its place, and that as so modified the covenant shall be binding upon the parties as if originally set forth herein.

H. Remedies. The Executive agrees that irreparable harm would result from any breach by Executive of the covenants of this Section 8 in particular, and this Agreement in general, and that monetary damages alone would not provide the Company adequate relief for any such breach. Accordingly, if Executive breaches any covenant in this Section 8, the parties acknowledge that equitable or injunctive relief in favor of the Company is a proper remedy, and nothing in this Agreement shall be construed as precluding the Company from seeking such equitable or injunctive relief in a court of competent jurisdiction for Executive's violations of Section 8. Any award of equitable or injunctive relief shall not preclude the Company from seeking or recovering any lawful compensatory damages that may have resulted from a breach of the covenants of this Agreement. Any waiver or failure to seek enforcement or remedy for any breach or suspected breach of any covenant of Executive in this Agreement shall not be deemed a waiver of such provision in the future. Furthermore, the existence of any claim of Executive against the Company, whether based upon this Agreement or otherwise, shall not operate as a defense to the Company enforcement of any provision of this Agreement. Proceedings seeking equitable and injunctive relief to enforce the terms of this Section 8 may be brought in any court of competent jurisdiction.

9. Indemnification. Subject to the Company by-laws, to the fullest extent allowed or permitted under any provision of applicable law, the Company shall indemnify Executive against any losses, claims, damages or liabilities, or expenses (including reasonable attorneys' fees) incurred by Executive arising out of any claim based upon acts performed or omitted to be performed by Executive in connection with the Executive's employment with the Company.

10. Attorneys' Fees. In any action brought by any party under this Agreement to enforce any of its terms, or any appeal therefrom, each party shall bear its own costs and expenses, including its own attorneys' fees; provided, however, that the Executive (or the Executive's estate or other beneficiaries, as the case may be) will be entitled to reimbursement for reasonable costs and expenses, including reasonable attorneys' fees, with respect to such action if and to the extent that the Executive (or the Executive's estate or other beneficiaries, as the case may be) is the prevailing party.

11. Cooperation. Executive agrees that, after the termination of the Executive's employment, the Executive shall cooperate on a reasonable basis in the truthful and honest prosecution and/or defense of any claim in which the Company, its affiliates and/or its subsidiaries may have an interest (subject to reasonable limitations and the Executive's other commitments concerning time and place), which may include, without limitation, making himself available on a reasonable basis to participate in any proceeding involving the Company, its affiliates and/or its subsidiaries, appearing for depositions and testimony without requiring a subpoena, and producing and/or providing any documents or names of other persons with relevant information. The Company agrees to reimburse Executive for all expenses reasonably incurred by him and to pay reasonable compensation to Executive for and in connection with services provided by the Executive pursuant to this section.

12. Travel Restrictions. As is reasonable, Executive has the right to refuse travel to destinations deemed politically unstable or otherwise hostile and/or those that may represent a danger to the Executive's health and well-being.

13. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or forty-eight (48) hours after deposit in the United States mail, postage fully paid, certified mail, return receipt requested, addressed to the Company at its principal headquarters address and to the Executive at the Executive's last address on record with the Company. Either party may change the address to which notices to such party shall be delivered personally or mailed by giving notice thereof to the other party hereto in accordance with the terms of this Section 13.

14. Venue; Jurisdiction. The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws (procedural and substantive) of the State of New Jersey without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction of, and agree that such litigation shall be conducted in, any state or federal court located in the State of New Jersey.

15. Binding Effect; Assignment. Executive shall not, without the prior written consent of the Company, assign, transfer, or otherwise convey this Agreement, or any right or interest herein. This Agreement, and all rights and obligations of the Company or any of its successors, may be assigned or otherwise transferred to any of its successors and shall be binding upon and inure to the benefit of its successors. As used herein, the term "successor" shall mean any person, corporation or other entity that, by merger, consolidation, purchase of stock, assets, liquidation, voluntary or involuntary assignment, or otherwise, acquires all or a substantial part of the assets of the Company or succeeds to one or more lines of business of the Company.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties hereto with respect to such subject matter, it being understood that this Agreement shall expressly supersede the 2017 Employment Agreement and any other employment agreement between Executive and the Company, and any amendments thereto. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by all of the parties hereto; provided, however, that any waiver by either party with respect to any provision hereof, or the breach of any provision hereof by the other party, need be signed only by the party waiving such provision or breach; and provided, further, that the waiver by either party hereto of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance.

17. Severability. In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction to be illegal, invalid or unenforceable in any respect, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held to be illegal, invalid, or unenforceable, shall not be affected thereby.

18. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

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

20. Survival. The provisions of Sections 6-11 and 13-20 of this Agreement shall survive any termination of this Agreement and the termination of Executive's employment by either party for any reason.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

AQUESTIVE THERAPEUTICS, INC.	EXECUTIVE
By: /s/ Keith J. Kendall	/s/ John Maxwell
Name: Keith J. Kendall	JOHN MAXWELL
Title: President and Chief Executive Officer	

EXHIBIT A

SHAREHOLDERS AGREEMENT

See Attached

EXHIBIT B

REGISTRATION RIGHTS AGREEMENT

See Attached

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of June ___, 2018 (the "Effective Date"), is by and between Aquestive Therapeutics, Inc., a Delaware corporation (the "Corporation"), and John Maxwell ("Executive"). Except as otherwise indicated herein, capitalized terms used herein are defined in Section 7 hereof.

RECITALS

A. In contemplation of the proposed initial Public Offering of the Corporation's common stock, the Corporation has granted certain registration rights to the holders (each individually, a "Member", and collectively, the "Members") of the membership interests in, Aquestive Partners, LLC, a Delaware limited liability company and sole shareholder of the Corporation ("APL") and the members of the board of directors of APL (the "Directors"); and

B. The Corporation has agreed to grant to Executive, in accordance with the terms and conditions set forth in this Agreement, certain piggyback registration rights with respect to Executive's shares of common stock, par value $.001 per share of the Corporation (the "Common Stock") received by Executive upon consummation of an initial Public Offering of the Corporation's Common Stock in exchange for Executive's shares of Non-Voting Common Stock, par value $.001 per share, of the Corporation (the "Non-Voting Common Stock") held by Executive as of the Effective Date;

NOW, THEREFORE, in consideration of the agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, and in contemplation of the proposed initial Public Offering, the parties to this Agreement intending to be legally bound hereby agree as follows:

1. Piggyback Registrations.

(a) Right to Piggyback. Whenever the Corporation proposes to register all or any portion of one or more Members' Registrable Securities under the Securities Act (each, a "Piggyback Registration"), including a Demand Registration on Form S-1, or any similar long-form registration (a "Long-Form Registration"), or on Form S-3 (including for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act) or any similar short-form registration (a "Short-Form Registration"), the Corporation shall give written notice to Executive of its intention to effect such a registration and of Executive's rights under this Section 1. Upon the written request of Executive delivered to the Corporation within twenty (20) days after Executive's receipt of such notice from the Corporation (which request must specify the number of shares of Common Stock which Executive wishes to be included in such registration), the Corporation shall include in such registration (subject to the provisions of this Agreement) all of Executive's shares of Common Stock requested to be registered pursuant to this Section 1, together with Registrable Securities requested to be registered in such Piggyback Registration from the other holders of Registrable Securities.

(b) Priority on Piggyback Registrations. The Piggyback Registration rights provided for in this Section 1 shall be subject to the right of the Corporation and the underwriters of any Public Offering, in view of market conditions and in their reasonable and good faith opinion, to reduce the number of securities proposed to be registered in any offering; provided that to the extent Executive requests to participate in a Piggyback Registration, Executive's Registrable Securities shall not be reduced until all of the Registrable Securities participating in such Piggyback Registration are reduced and the Registrable Securities to be registered in such Piggyback Registration shall be reduced in accordance with the following allocation:

(i) first, all securities proposed to be sold by the Corporation, if such registration is one that is an underwritten Public Offering initiated by the Corporation for its account;

(ii) second, all Registrable Securities requested to be included in such Piggyback Registration by holders of Demand Registration rights and Other Priority Holders, pro rata among such holders of Demand Registration rights and Other Priority Holders on the basis of the percentage of the Registrable Securities requested to be included in such Piggyback Registration by such holders; and

(iii) third, all other Registrable Securities requested to be included in such Piggyback Registration pro rata among all such other holders on the basis of the percentage of the Registrable Securities requested to be included in such offering by such other holders;

provided that Executive may withdraw Executive's request for inclusion in such Piggyback Registration at any time prior to executing the underwriting agreement or, if none, prior to the applicable registration statement becoming effective.

(c) Other Registrations. The Piggyback Registration rights provided for in this Section 1 shall not apply to securities which may be sold pursuant to Rule 144 under the Securities Act without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1).

2. Holdback Period; Lockup Agreements.

(a) Prohibited Actions during Holdback Period. Executive agrees that in connection with any Piggyback Registration that is an underwritten Public Offering of the Corporation's equity securities, from the date on which the Corporation gives written notice to Executive that a registration statement becomes effective for such underwritten Public Offering to the date that is 180-days following the date of the final prospectus for such underwritten Public Offering (each such period, a "Holdback Period"), Executive shall not without the prior written consent of the underwriter: (1) offer, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of) any shares of the Corporation's equity securities or any securities convertible into or exercisable or exchangeable for the Corporation's equity securities or warrants or other rights to acquire shares of the Corporation's equity securities of which Executive is now, or may in the future become, the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (such shares, securities, warrants or rights collectively, the "Restricted Securities"), (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic benefits or risks of ownership of such Restricted Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of the Corporation's equity securities or other securities, in cash or otherwise, or (3) publicly disclose the intention to enter into any transaction described in clause (1) or (2) above. Executive also agrees and consents to the entry of stop transfer instructions with the Corporation's transfer agent and registrar against the Transfer of Restricted Securities owned either of record or beneficially by Executive except in compliance with the foregoing restrictions. The foregoing provisions of this Section 2(a) shall not apply to Registrable Securities that are otherwise subject to a lock-up agreement contemplated by Section 2(b) and shall be applicable to Executive only if all officers and directors of the Corporation and all stockholders owning more than 10% of the Corporation's outstanding common stock are subject to the same restrictions.

(b) Lockup Agreements, etc. In connection with any underwritten Public Offering of the Corporation's equity securities, Executive agrees to enter into any holdback, lockup or similar customary agreement in customary forms as may be reasonably requested by the underwriters managing such underwritten Public Offering.

3. Registration Procedures. Whenever Executive has requested that any of Executive's Registrable Securities be registered pursuant to this Agreement, the Corporation shall use reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Corporation shall as expeditiously as possible:

(a) prepare and file with the Securities and Exchange Commission a registration statement with respect to such Registrable Securities and use reasonable best efforts to cause such registration statement to become effective as soon as practicable thereafter, in each case in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder;

(b) notify in writing Executive of the effectiveness of each registration statement filed hereunder and prepare and file with the Securities and Exchange Commission such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) furnish to Executive a number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), each Free-Writing Prospectus (as defined in Rule 405 of the Securities Act) and such other documents as Executive may reasonably request in order to facilitate the disposition of the Registrable Securities owned by Executive;

(d) promptly notify in writing Executive, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement (i) contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made or (ii) is otherwise not legally available to support sales of Registrable Securities, and, at the request of Executive, the Corporation shall promptly prepare and furnish to Executive a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(e) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Corporation are then listed;

(f) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(g) enter into and perform such customary agreements (including underwriting agreements in customary form) in order to expedite or facilitate the disposition of Registrable Securities (including, without limitation, a stock split or combination);

(h) otherwise use reasonable best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission;

(i) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any equity securities included in such registration statement for sale in any jurisdiction, the Corporation shall use reasonable best efforts promptly to obtain the withdrawal of such order;

(j) use reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(k) take all reasonable actions to ensure that any Free-Writing Prospectus utilized in connection with any Piggyback Registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) obtain one or more “cold comfort” letters, dated the effective date of such registration statement (and, if such registration includes an underwritten Public Offering, dated the date of the closing under the underwriting agreement and addressed to the underwriters), from the Corporation’s independent public accountants in customary form and covering such matters of the type customarily covered by such letters as the holders of a majority of the Registrable Securities being sold in such registered offering reasonably request;

(m) provide a legal opinion of the Corporation’s outside counsel, dated the effective date of such registration statement (or, if such registration includes an underwritten Public Offering, dated the date of the closing under the underwriting agreement and addressed to the underwriters), with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature; and

(n) cooperate with Executive to facilitate the timely preparation and delivery of certificates (or electronic notation through the use of The Depository Trust Corporation's Direct Registration System) representing the Registrable Securities to be sold pursuant to such registration statement or Rule 144 free of any restrictive legends and representing such number of shares of common stock registered in such names as Executive may reasonably request in a reasonable period of time prior to sales of Registrable Securities pursuant to such registration statement or Rule 144.

4. Registration Expenses.

All expenses (exclusive of sales commissions, stock transfer taxes, underwriting discounts and the fees and disbursements of counsel for the selling security holders, other than one special counsel for the selling security holders, all of which shall be borne by the selling security holders in proportion to their respective pro rata share of Registrable Securities sold in such Piggyback Registration) incurred in complying with its obligations pursuant to this Agreement and in connection with the registration and disposition of Registrable Securities shall be paid by the Corporation, including, without limitation, all: (a) registration and filing fees (including, without limitation, any fees relating to filings required to be made with, or the listing of any Registrable Securities on, any securities exchange or over-the-counter trading market on which the Registrable Securities are listed or quoted); (b) underwriting expenses (other than fees, commissions or discounts); (c) expenses of any audits incident to or required by any such registration; (d) fees and expenses of complying with securities and “blue sky” laws (including, without limitation, fees and disbursements of counsel for the Corporation in connection with “blue sky” qualifications or exemptions of the Registrable Securities); (e) printing expenses; (f) messenger, telephone and delivery expenses; (g) fees and expenses of the Corporation's counsel and accountants; (h) Financial Industry Regulatory Authority, Inc. filing fees (if any); and (ii) fees and expenses of one counsel for the holders of Registrable Securities participating in such registration as a group (selected by the holders of Demand Registration rights and, if none are participating in such registration, by holders initially requesting such registration).

5. Indemnification.

(a) Indemnification of Holders of Registrable Securities and Underwriters. The Corporation agrees to indemnify and hold harmless, to the fullest extent permitted by law, Executive against all losses, claims, damages, liabilities, and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof), whether joint and several or several, together with reasonable costs and expenses (including reasonable attorneys' fees) to which Executive may become subject under the Securities Act or otherwise (collectively, "Losses") caused by, resulting from, arising out of, based upon, or relating to: (i) any untrue or alleged untrue statement of material fact contained in (A) any registration statement, prospectus or preliminary prospectus, free writing prospectus, or any amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 5 each, an "application") executed by or on behalf of the Corporation or based upon written information furnished by or on behalf of the Corporation filed in any jurisdiction in order to qualify any securities covered by such registration under the "blue sky" or securities laws thereof; (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Corporation or APL of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Corporation or APL and relating to action or inaction required of the Corporation or APL in connection with any such registration, qualification or compliance; provided, that the Corporation shall not be liable in any such case to the extent that any such Losses result from, arise out of, are based upon, or relate to an untrue statement or alleged untrue statement, or omission or alleged omission, made in such registration statement, any such prospectus, or preliminary prospectus or any amendment thereof or supplement thereto, or in any application, in each case, made in reliance upon, and in conformity with, written information prepared and furnished in writing to the Corporation by Executive expressly for use therein or by Executive's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Corporation has furnished Executive with a sufficient number of copies of the same prior to any written confirmation of sale of Registrable Securities.

(b) Provision of Information; Indemnity of holders. In connection with any registration statement in which Executive is participating, Executive will furnish to the Corporation in writing such information and affidavits as the Corporation reasonably requests for use in connection with any such registration statement or prospectus and, to the fullest extent permitted by law, shall indemnify and hold harmless the Corporation, and its officers, directors, agents, and employees, and each other Person who controls the Corporation (within the meaning of the Securities Act) against any Losses caused by, resulting from, arising out of, based upon, or relating to: (i) any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus, or any amendment thereof or supplement thereto or in any application; or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that such untrue statement or omission is made in such registration statement, any such prospectus or preliminary prospectus or any amendment or supplement thereto, or in any application, in each case, in reliance upon and in conformity with written information prepared and furnished to the Corporation by Executive with respect to Executive's participation in such Piggyback Registration and expressly for use therein, and Executive will reimburse the Corporation and each such other indemnified party for any reasonable legal or any other expenses incurred by them in connection with investigating or defending any such Losses; provided that the obligation to indemnify shall be several, not joint and several, for Executive and any other holder of Registrable Securities participating in such Piggyback Registration against whom the Corporation has a claim for Losses with respect to such Piggyback Registration, and shall be limited to the net amount of proceeds (after underwriting fees, commissions or discounts) actually received by Executive from the sale of Executive's Registrable Securities pursuant to such registration statement.

(c) Claims. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party); and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, then the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, delayed or conditioned). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay: (i) the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim; or (ii) any settlement made by any indemnified party without such indemnifying party's consent (but such consent will not be unreasonably withheld, delayed or conditioned).

(d) Additional Indemnification Rights. The indemnification provided for under this Agreement shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract, and will remain in full force and effect regardless of any investigation made or omitted by or on behalf of the indemnified party or any officer, director, or controlling Person of such indemnified party and shall survive the transfer of securities.

(e) Contribution. If the indemnification provided for in this Section 5 is unavailable to or is insufficient to hold harmless an indemnified party under the provisions above in respect to any Losses referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (i) in such proportion as is appropriate to reflect the relative fault of the Corporation on the one hand and the sellers of Registrable Securities and any other sellers participating in the registration statement on the other hand (proportional to the number of Registrable Securities of such sellers participating in such registration statement) or (ii) if the allocation provided by clause (i) of this Section 5(e) is not permitted by applicable law, then in such proportion as is appropriate to reflect not only the relative fault referred to in clause (i) of this Section 5(e) but also the relative benefit of the Corporation on the one hand and of the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement on the other in connection with the statement or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative benefits received by the Corporation on the one hand and the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) to the Corporation bear to the total net proceeds from the offering (before deducting expenses) to the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement. The relative fault of the Corporation on the one hand and of the sellers of Registrable Securities (including Executive) and any other sellers participating in the registration statement on the other shall be determined by reference to, among other things, whether the untrue statement or alleged omission to state a material fact relates to information supplied by the Corporation or by the sellers of Registrable Securities (including Executive but only in Executive's capacity as a seller of Registrable Securities and not as an employee of the Corporation) or other sellers participating in the registration statement and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(f) Contribution Limits. The Corporation and Executive agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation (even if the sellers of Registrable Securities were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in Section 5(e). The amount paid or payable by an indemnified party as a result of the Losses referred to in Section 5(e) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, Executive shall not be required to contribute pursuant to this Section 5 any amount in excess of the sum of (i) any amounts paid pursuant to Section 5(b) and (ii) net amount of proceeds (after underwriting fees, commissions or discounts) actually received by Executive from the sale of Registrable Securities covered by the registration statement filed pursuant hereto. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6. Participation in Underwritten Registrations.

(a) Cooperation with Underwriting Arrangements. Executive may not participate in any underwritten registration hereunder unless Executive: (i) agrees to sell Executive's securities on the basis provided in any underwriting arrangements approved by the Corporation or such other Person or Persons entitled to approve such arrangements (including pursuant to the terms of any over-allotment or "green shoe" option requested by the managing underwriter(s), provided that Executive will not be required to sell more than the number of Registrable Securities that Executive has requested the Corporation to include in any Piggyback Registration); and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other customary documents reasonably required under the terms of such underwriting arrangements; provided that Executive shall not be required to make any representations or warranties to the Corporation or the underwriters (other than representations and warranties regarding Executive) or to undertake any indemnification obligations to the Corporation or the underwriters with respect thereto, except as otherwise provided in Section 5.

(b) Supplements or Amendments to Prospectus. Executive agrees that, upon receipt of any notice from the Corporation of the happening of any event of the kind described in Section 3(d), Executive will immediately discontinue the disposition of his Registrable Securities pursuant to the registration statement until Executive's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 3(d). In the event the Corporation shall give any such notice, the applicable time period mentioned in Section 3(b) during which a registration statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to this Section 6(b) to and including the date when Executive shall have received the copies of the supplemented or amended prospectus contemplated by Section 3(c).

7. Definitions.

"Affiliate" of a Person means any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. For purposes of the foregoing: (a) each of APL, MRX Partners, LLC, Monoline RX, LP, Monoline RX II, LP, Monoline RX III, LP and MonoSol Rx Genpar, and each officer, director, manager, member or partner of any of the foregoing, shall be deemed an Affiliate of the others; (b) each of Richard C. Fuiz and Joseph M. Fuisz shall be deemed an Affiliate of Kosmos Pharma Ltd.; and (c) each direct or indirect equityholder and each beneficial owner of a Member shall be deemed an Affiliate of that Member.

"APL LLC Agreement" means that certain limited liability company of APL dated as of January 1, 2018, by and among APL and the members of APL, as amended.

"Demand Registration" means a Series A-2 Demand Registration or a Series A-3 Demand Registration, as applicable.

"Other Priority Holders" means any executive employee of the Corporation (which may include the Executive) who has been granted registration rights by the Corporation with respect to such executive employee's Registrable Securities and who elects to have any such Registrable Securities registered in any Public Offering and who is not eligible to sell such Registrable Securities under Rule 144 of the Securities Act.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or other entity, or a government or any branch, department, agency, political subdivision or official thereof.

"Public Offering" means a public offering and sale of the Corporation's equity securities pursuant to an effective registration statement under the Securities Act; provided that a Public Offering shall not include an offering made in connection with a business acquisition or combination pursuant to a registration statement on Form S-4 or any similar form, or an employee benefit plan pursuant to a registration statement on Form S-8 or any similar form.

"Registrable Securities" means: (a) the common stock of the Corporation owned either of record or beneficially by Executive upon exchange of Executive's Non-Voting Common Stock upon the initial Public Offering of the Corporation; (b) the common stock of the Corporation held of record or beneficially by, or to be issued or distributed upon the consummation of the initial Public Offering, to the Members and/or their respective Affiliates and their respective permitted transferees; (c) the common stock of the Corporation (or other equity securities of the Corporation convertible into common stock of the Corporation) owned either of record or beneficially by any of the Directors or any other Persons holding piggyback registration rights granted by the Corporation on or before the Effective Date; and (d) any common stock issued or issuable with respect to any shares described in subsections (a) through and including (c) above by way of a stock dividend or stock split or in exchange for or upon conversion of such shares or otherwise in connection with a combination of shares, distribution, recapitalization, merger, consolidation, other reorganization or other similar event with respect to the common stock (it being understood that, for purposes of this Agreement, a Person shall be deemed to be a holder of Registrable Securities whenever such Person has the right to then acquire or obtain from APL or the Corporation any Registrable Securities, whether or not such acquisition has actually been effected). As to any particular equity securities of the Corporation constituting Registrable Securities, such equity securities of the Corporation will cease to be Registrable Securities (x) when they have been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them, (y) when they are eligible to be sold to the public through a broker, dealer or market maker pursuant to Rule 144 (or by any similar provision then in force) under the Securities Act without volume or manner-of-sale restrictions and without the requirement for the Corporation to be in compliance with the current public information requirement under Rule 144(c)(1), in each case in compliance with the terms and conditions of this Agreement, or (z) if Executive is no longer an employee of the Corporation or any of its subsidiaries at the time when the Corporation has an obligation to provide Executive notice under Section 1 above of a proposed Piggyback Registration (other than as a result of a termination without "Cause" by the Corporation or termination with "Good Reason" by Executive (each as defined under the Employment Agreement between the Corporation and Executive dated as of the Effective Date)).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Series A-2 Preferred Interests" means the Membership Interests comprised of "Series A-2 Preferred Interests" (as defined in the APL LLC Agreement) outstanding from time to time.

"Series A-3 Preferred Interests" means the Membership Interests comprised of "Series A-3 Preferred Interests" (as defined in the APL LLC Agreement) outstanding from time to time.

"Transfer" means the sale, transfer, assignment, pledge or other disposal of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of law) any interest (legal or beneficial) in any Registrable Securities.

8. Miscellaneous.

(a) Confidentiality. Executive hereby agrees that upon receiving notice of a pending Demand Registration or Piggyback Registration under this Agreement, Executive shall not, without the prior written consent of the Corporation, disclose the existence of such pending Demand Registration or Piggyback Registration or any information relating thereto, to a third party, other than on a "need to know" basis to any agent or other representative of Executive, and Executive shall maintain and cause its agents and representatives to maintain, the confidentiality of such information until the public announcement or earlier termination of such Public Offering.

(b) Termination.

(i) This Agreement shall automatically terminate and become null and void: (A) at such time as the underwriters in the proposed initial Public Offering, on the one hand, or the Corporation, on the other hand, advises the other in writing, prior to the execution of an underwriting agreement relating to the initial Public Offering (the "Underwriting Agreement"), that it has determined not to proceed with the proposed initial Public Offering; (B) upon the termination of the Underwriting Agreement before the closing of the initial Public Offering; (C) on September 30, 2018, if the initial Public Offering shall not have closed by such date; provided, however, that the underwriters or the Corporation shall not have extended such date; or (D) if, prior to the election of Executive to participate in any Piggyback Registration pursuant to Section 1, Executive's employment with the Corporation or any of its subsidiaries terminates (other than as a result of a termination without "Cause" by the Corporation or termination with "Good Reason" by Executive (each as defined under the Employment Agreement between the Corporation and Executive dated as of the Effective Date)).

(ii) After the closing of an initial Public Offering, this Agreement shall automatically terminate and become null and void when Executive no longer owns either of record or beneficially any Registrable Securities; provided, that the provisions of Section 5 and Section 6 shall survive any such termination.

(c) Amendment and Waiver. Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only upon the prior written consent of the Corporation and Executive, and any amendment to which such written consent is obtained shall be binding upon the Corporation and Executive. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(d) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(e) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Corporation and Executive and their respective successors and assigns.

(f) Remedies; Third-Party Beneficiaries. The parties hereto acknowledge and agree that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that the Corporation and Executive shall have the right to specific performance and other injunctive relief, in addition to all of its rights and remedies at law or in equity, to enforce the provisions of this Agreement. Nothing contained in this Agreement shall be construed to confer upon any Person who is not a signatory hereto or any successor or assign of a signatory hereto any rights or benefits, as a third party beneficiary or otherwise; provided that the Corporation's successor and assigns is an express third-party beneficiary of this Agreement.

(g) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when personally delivered, sent by telecopy (with receipt confirmed) on a business day during regular business hours of the recipient (or, if not, on the next succeeding business day) or three (3) business days after sent by reputable overnight express courier (charges prepaid), at the address listed below for the Corporation and the address listed on the signature page hereto for Executive, or at any other address for Executive listed in the Corporation's records:

If to the Corporation:
Aquestive Therapeutics, Inc.
30 Technology Drive
Warren, New Jersey 07059
Attention: Chief Executive Officer
Facsimile: (908) 561–1209
With a copy to:
Day Pitney LLP
One Jefferson Road
Parsippany, New Jersey 07054
Attention: Lori J. Braender
Facsimile: (973) 206-6093

(h) **GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE. THE DELAWARE GENERAL CORPORATIONS LAW WILL GOVERN ALL ISSUES CONCERNING THE RELATIVE RIGHTS OF THE CORPORATION AND ITS SHAREHOLDERS. ALL OTHER ISSUES CONCERNING THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS (PROCEDURAL AND SUBSTANTIVE) OF THE STATE OF NEW JERSEY, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW JERSEY OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW JERSEY. EACH PARTY HERETO HEREBY SUBMITS TO THE CO-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY, AND OF ANY NEW JERSEY STATE COURT OVER ANY LAWSUIT UNDER THIS AGREEMENT AND WAIVES ANY OBJECTION BASED ON VENUE OR *FORUM NON CONVENIENS* WITH RESPECT TO ANY ACTION INSTITUTED THEREIN. EACH PARTY HERETO HEREBY WAIVES THE NECESSITY FOR PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL (RETURN RECEIPT REQUESTED), IN EACH CASE DIRECTED TO SUCH PARTY AT ITS ADDRESS SET FORTH IN, AND WITH COPIES SENT AS REQUIRED BY, SECTION 8(g) ABOVE, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED ON THE DATE OF ACTUAL RECEIPT. EACH PARTY HERETO HEREBY CONSENTS TO SERVICE OF PROCESS AS AFORESAID. NOTHING IN THIS SECTION 8(h) WILL PROHIBIT PERSONAL SERVICE IN LIEU OF THE SERVICE BY MAIL CONTEMPLATED HEREIN.**

(i) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(j) Entire Agreement. Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(k) Counterparts. This Agreement may be executed in any number of counterparts (including by .pdf file exchanged via email or other electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

AQUESTIVE THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

EXECUTIVE

_____

JOHN MAXWELL

_____

_____

Executive's Address

EXHIBIT C

GENERAL RELEASE

In exchange for certain payments and benefits to be provided to me by Aquestive Therapeutics, Inc. pursuant to the Employment Agreement dated as of _____, 2018, between the undersigned executive (the "Executive") and Aquestive Therapeutics, Inc., the Executive hereby knowingly and voluntarily waives, releases and discharges Aquestive Therapeutics, Inc., its predecessors, successors, parent corporations, subsidiaries, affiliates and each of their employees, officers and directors, agents, trustees, and fiduciaries (the "Company") from any and all claims, liabilities, demands, and causes of action, which the Executive may have or claim to have against the Company, including any and all claims arising out of or relating in any way to the Executive's employment and/or separation of employment from the Company. This General Release specifically waives and releases all rights, claims, causes of action, demands, and liabilities which may arise up to and including the date the Executive signs this General Release. This General Release does not, however, waive or release any rights or claims which may arise after the date the Executive signs this General Release. This General Release of claims includes, but is not limited to:

a. All State and Federal statutory claims including, but not limited to, claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Older Worker Benefit Protection Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Sarbanes-Oxley Act, the Employee Retirement Income Security Act, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, the New Jersey Law Against Discrimination, the New Jersey Civil Rights Act, the New Jersey Civil Union Act, the New Jersey Wage and Hour Law, the New Jersey Conscientious Employee Protection Act, the New Jersey Domestic Partnership Act, and the New Jersey Family Leave Act;

b. All claims arising under the United States and New Jersey Constitutions;

c. All claims arising under any Executive Order or derived from or based upon any State or Federal regulations;

d. All common law claims including, but not limited to, claims for wrongful or constructive discharge, public policy claims, retaliation claims, claims for breach of an express or implied contract, claims for breach of an implied covenant of good faith and fair dealing, intentional infliction of emotional distress, defamation, fraud, conspiracy, loss of consortium, tortious interference with contract or prospective economic advantage, promissory estoppel and negligence;

e. All claims for any compensation including, but not limited to, back wages, front pay, overtime pay, bonuses or awards, fringe benefits, reinstatement, retroactive seniority, pension benefits, or any other form of economic loss;

f. All claims for personal injury including, but not limited to, physical injury, mental anguish, emotional distress, pain and suffering, embarrassment, humiliation, damage to name or reputation, liquidated damages, and punitive damages; and

g. All claims for costs and attorneys' fees.

The Executive hereby acknowledges that the Company is advising the Executive in writing that the Executive should consult with an attorney prior to executing this General Release. The Executive hereby states that the Executive has had the opportunity to discuss this General Release with whomever the Executive wished, including an attorney of the Executive's own choosing. The Executive further states that the Executive has had the opportunity to read, review, and consider all of the provisions of this General Release; that the Executive understands its provisions and its binding effect on him; and that the Executive is entering into this General Release freely, voluntarily, and without duress or coercion. The Executive acknowledges that the Executive has not relied upon the Company employees, officers or directors, counsel, agents or accountants for any legal, tax or other advice, and the Executive has, to the extent the Executive deems necessary, consulted with the Executive's own advisors as to these matters. The Executive represents that the Executive has not filed any grievance, charge, claim, or complaint of any kind seeking personal recovery or personal injunctive relief against the Company or any of its owners, officers, directors, employees or agents, with respect to any matter, including but not limited to, the Executive's employment with the Company and/or the separation of that employment. Nothing contained in this paragraph shall prohibit the Executive from (a) bringing any action to enforce the terms of this Agreement and General Release; (b) filing a timely charge or complaint with the Equal Employment Opportunity Commission ("EEOC") regarding the validity of this Agreement and General Release; (c) filing a timely charge or complaint with the EEOC or participating in any investigation or proceeding conducted by the EEOC regarding any claim of employment discrimination (although the Executive has waived any right to personal recovery or personal injunctive relief in connection with any such charge or complaint); (d) initiating or engaging in communication with, responding to any inquiry from, or otherwise providing information to, any other federal or state regulatory, self-regulatory or enforcement agency or authority; or (e) seeking or obtaining an award under the whistleblower provisions of the federal securities laws.

The Executive understands that the Executive has twenty-one (21) calendar days within which to consider this General Release before signing it. The Executive also understands that the Executive is free to use as much of the twenty-one (21) calendar day period as the Executive wishes or considers necessary before deciding to sign this General Release. The Executive may revoke the Executive's signature of this General Release within seven (7) calendar days of signing it by delivering written notice of revocation to the Director of Human Resources of the Company, 30 Technology Drive South, Warren, New Jersey 07059. If Executive has not revoked the Executive's signature of this General Release by written notice delivered within the seven (7) calendar day period, it becomes effective immediately thereafter.

The Executive understands that the Executive's failure or refusal to execute this General Release or the Executive's timely revocation of this General Release will result in forfeiture of any severance payments and benefits.

BY SIGNING THIS GENERAL RELEASE, THE EXECUTIVE ACKNOWLEDGES THAT:

THE EXECUTIVE HAS READ IT;

THE EXECUTIVE UNDERSTANDS IT AND KNOWS THAT HE/SHE IS GIVING UP IMPORTANT RIGHTS;

THE EXECUTIVE AGREES WITH EVERYTHING IN IT;

THE EXECUTIVE HAS BEEN ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS GENERAL RELEASE; AND

THE EXECUTIVE HAS SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY.

EXECUTIVE

_____

JOHN MAXWELL

AQUESTIVE THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

Exhibit 10.9

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [***] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

DATED AUGUST 15, 2008

(1) MONOSOL RX LLC

(2) RECKITT BENCKISER PHARMACEUTICALS INC.

COMMERCIAL EXPLOITATION AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made on the 15th day of August, 2008 between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc, a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 **(**"**RB**").

WHEREAS, RB wishes to engage MSX to manufacture and supply the Products (as defined below) on the terms of this Agreement and MSX wishes to manufacture and supply the Products to RB on the terms of this Agreement.

IT IS AGREED as follows:

1. **DEFINITIONS**

1.1 In this Agreement the following definitions shall apply, unless the context requires otherwise:

"**Affiliates**" means in relation to a company, any entity controlled by that company or any entity which controls that company or any entity which is controlled by another entity, which also controls that company whether such control is direct or indirect. For the purpose of this definition, a particular company is:

(i) directly controlled by another company or companies if the latter hold/holds in the aggregate fifty percent (50%) or more of (a) the shares carrying votes exercisable at a general meeting (or its equivalent) of the particular company if such company is a corporation issuing voting shares or (b) the control rights or interests if it is not a corporation; and

(ii) indirectly controlled by a company or companies ("the parent company or companies") if a series of companies can be specified, beginning with the parent company or companies and ending with the particular company, so related that each company or companies of the series, except the parent company or companies, is directly controlled by one or more companies earlier in the series.

"**MSX's Affiliates**" and "**RB's Affiliates**" shall be construed accordingly in relation to MSX and RB respectively. MSX's Affiliates shall expressly include MonoSol Rx, Inc., a Delaware corporation.

"**Arising Intellectual Property Rights**" means such Intellectual Property Rights as are created during the conduct of and pursuant to the work performed under this Agreement by either party (or its authorized Sub-Contractor) whether acting alone or in combination with the other party, including, without limitation, any Improvements.

"**Annual Review**" shall have the meaning given in **Clause 7.12.**

"**API**" means the active pharmaceutical ingredient buprenorphine and/or naloxone manufactured by or for RB and/or used in the manufacture of the Product, as further described in the API Specification.

"**API Specification**" means the specification for the API as set out in **Schedule Four Part B** attached to and incorporated by reference in this Agreement and which shall be deemed to include that API shall be manufactured and supplied in accordance with all applicable laws, codes of practice and regulations.

"**Certificate of Analysis**" means in respect of the Product a document, signed by the Quality Manager, setting out the results of the testing and analysis of the Product to which such document refers together with the Product Specification and methods against which, and by which, the tests were performed, and in respect of the API a document, signed by the Quality Manager, setting out the results of the testing and analysis of the API to which such document refers together with the API Specification and methods against which, and by which, the tests were performed.

"**Certificate of Compliance**" means in respect of the Product a document, signed by the Quality Manager, confirming that the Product to which such document refers has been manufactured in accordance with, and in all respects complies with, the Health Registration, the Product Specification and cGMP and, in respect of the API a document, signed by the Quality Manager, confirming that the API to which such document refers has been manufactured in accordance with, and in all respects complies with, the API Specification and cGMP.

"**cGMP**" means current European Good Manufacturing Practice as set out in Commission Directive 200$^{3}/_{9}$4/EC laying down the principles of good manufacturing practice in respect of medicinal products for human use and sale in the European Union, and as set out in the U.S. FDA, 21 Code of Federal Regulations, Parts 210 and 211 in respect of medicinal products for human use and sale in the U.S.

"**Commencement Date**" means the date of this Agreement.

"**Confidential Information**" means: information concerning the existence and terms of this Agreement and the fact that MSX is manufacturing the Products for RB; and information related to Intellectual Property Rights generally, Arising Intellectual Property Rights, Existing Intellectual Property Rights, the API Specification, the Product Specification, formulations and Quality Agreement (all as defined herein), Know How, and data and information of a technical, operational, administrative, financial or business nature, whether oral or in some tangible form, such as in documents, papers, drawings, diagrams, discs, articles, samples, prototypes or otherwise, that is disclosed (intentionally or unintentionally) by one party or its Affiliates to the other party.

"**Cost of Goods Price**" shall have the meaning given in **Clause 7.13**.

"**Delivery Date**" shall have the meaning given in **Clause 4.2**.

"**DMF**" means the drug master file relating to the Product, containing all the information on the validation activities, manufacture, and testing of the Product.

"**Existing Intellectual Property Rights**" means any Intellectual Property Rights owned by or licensed to RB or MSX or their respective Affiliates prior to the Commencement Date or created or resulting after the Commencement Date otherwise than under, or pursuant to, this Agreement.

"**FDA**" means the United States Food and Drug Administration or any successor thereto.

"**Field**" means either (a) opiate (i) agonists, (ii) partial agonists, and (iii) antagonists, in each case alone or in combination with other opiate agonists, partial agonist or antagonists for administration to humans in the treatment of drug addiction, or (b) buprenorphine.

"**Film**" means the dissolvable film material impregnated with the API in the manufacture of the Products.

"**Foil**" means the primary packaging material for the Products.

"**Forecasts**" shall have the meaning given in **Clause 4.1.**

"**Half Year**" means the six month period ending 30 June or 31 December in each calendar year (or such part thereof as the case may be for the initial and final Half Year periods under this Agreement) and the term "**Half Yearly**" shall be construed accordingly.

"**Health Registration**" means the technical, medical and scientific licences, registration, authorisations or approvals required or deemed necessary by any Regulatory Authority for the advertising, distribution, import, export, marketing or sale of the Products in the Territory or any part thereof.

"**Improvements**" means any improvement, modification or adaptation to the Know-How, the Patents or the Products (whether itself patentable or not) created during the conduct of and pursuant to the work performed under this Agreement by either party (or its authorized Sub-Contractor) whether acting alone or in combination with the other party and related to the design, manufacture and supply of the Products.

"**Intellectual Property Rights**" means the patents (including the Patents), applications for patents, utility models, applications for utility models, trade marks or applications for trademarks or trading names (whether or not registered or registrable), rights in Improvements, Know How, designs (registered or unregistered and including applications for registered designs), copyright (including rights in computer software), rights in inventions, the right to claim damages for past infringements of any or all such rights and all rights having equivalent or similar effect wherever situated.

"**Know-How**" means all knowledge, experience, data, technical or commercial information, inventions and all other Intellectual Property Rights (other than the Patents) related to the design, manufacture and supply of Products (including, without limitation, trade secrets, technology, methods of manufacture, specifications, description of manufacturing processes, recopies, formulae or drawings relating to the design, development, manufacture and supply of the Products, and other information).

"**Losses**" means, collectively, any and all claims, liabilities, losses, damages, costs, expenses, including reasonable fees and disbursements of counsel (except as herein limited) and any consultants or experts and expenses of investigation, obligations, liens, assessments, judgments, fines and penalties imposed upon or incurred by an indemnified party under this Agreement.

"**Manufacturing Capacity**" means MSX's capacity to manufacture products (including, without limitation, the Products) using tooling and machines which are in some way used in the manufacture of the Products.

"**Major Raw Materials**" means Raw Materials constituting [***] percent ([***]) or more of the Price.

"**Manufacturing Site**" means MSX's manufacturing site used for the Manufacture of the Products located at 6560 Melton Road, Portage Indiana USA, or such other manufacturing facility as may be agreed in writing between the parties from time to time.

"**Master Manufacturing File**" means the documentary file created by MSX in accordance with cGMP containing information and data on the Product Specification, the purchase of Raw Materials (excluding the API), labelling, testing, packaging, quality control, storage, release and despatch data, formula, procedures and manufacturing records generated in connection with the manufacture of the Product.

"**Milestone Payments**" means the payments to be made by RB to MSX upon the Product Launch in the U.S. and first Product Launch of the Products within any country within the ROW as set out in **Clause 7.10.**

"**Net Sales Value**" means the invoiced sales price of the Products after taking the deductions specified in **Schedule One** attached to and incorporated by reference in this Agreement.

"**Options**" means RB's option to make payments to MSX in accordance with **Clause 7.7** in order to buy out its obligation to continue making payments of the Royalties.

"**Order**" shall have the meaning given in **Clause 4.2.**

"**Packaging Specifications**" means each of the specifications for the packaging of the Products in a pouch/sachet (but for the avoidance of doubt not cartoned) as annexed in **Schedule Four Part A** and as listed in the relevant Quality Agreement signed for the purposes of identification by each party, as amended from time to time.

"**Patents**" means:

(i) the patents and applications for the patents in the MSX Arising Intellectual Property Rights and Existing Intellectual Property Rights and rights of a similar nature in the Territory and relating to the Products, the particulars of which are set out in **Schedule Two** attached to and incorporated by reference in this Agreement; and

(ii) the patents granted in the Territory pursuant to the patent applications in (i) above including any patents for Improvements.

"**Pharma Price Index**" means the Producer Price Index for Finished Goods, Pharmaceutical Preparations, Series Id: WPU0638, issued by the Bureau of Labor Statistics, U.S. Department of Labor, or comparable successor index.

"**Price**" means the price (described by reference in **Schedule One** to stock keeping units) to be charged by MSX to RB in respect of any Products supplied pursuant to this Agreement as set out in **Clause 7.1** (for the avoidance of doubt the Price shall not include any Milestone Payments).

"**Price Change**" means the documented price change in MSX's manufacturing costs from the preceding Year's manufacturing costs of MSX. For purposes of this definition, change in manufacturing costs includes all costs to manufacture the Products, including, without limitation, changes in the cost of Raw Materials (excluding the API) ("**Cost of Raw Materials**"), energy, transportation, legal and regulatory costs. The changes in manufacturing costs shall exclude labour and overhead allocation.

"**Product Launch**" means the first date that the Products are supplied by RB or its agents to a customer in a country within the Territory, save that for the avoidance of doubt such date shall not be before the date on which the Products have been approved and rated by the relevant Regulatory Authority in that country and RB or its Affiliates has obtained a Health Registration in that country.

"**Product Specification**" means each of the specifications for the Products annexed in **Schedule Four Part A** and as listed in the relevant Quality Agreement signed for the purposes of identification by each party, as amended from time to time by mutual written agreement of the parties, and in accordance with which MSX shall manufacture and supply the Products, and which, for the avoidance of doubt, shall from the point of MSX's compliance with its obligations at **Clause 3.14** include the Serialized Product Specifications (as defined in **Clause 3.11**).

"**Products**" means those products which are listed in **Schedule Three** attached to and incorporated by reference in this Agreement or as otherwise agreed by the parties in writing, together with such additional, improved, modified or replacement products as shall be agreed between the parties from time to time in writing as are manufactured by MSX under this Agreement and wherever "Products" is referred to in this Agreement it shall refer to the relevant Product or all Products as the case may be, as listed in **Schedule Three.**

"**Quality Agreement**" means the manual referred to in **Schedule Six** attached to and incorporated by reference in this Agreement, in respect of each of the Products (supplied by RB to MSX and signed for the purposes of identification by each party) containing the technical information for manufacture of the Products along with any and all manufacturing policies of RB together with such manufacturing policies which may be provided by RB or its Affiliates to MSX in writing prior to the Commencement Date or as periodically updated by mutual written agreement of the parties.

"**Quality Manager**" means in respect of the Product the person (independent of the person responsible for production) responsible for the inspection and testing of the Raw Materials, the Film and the Product and for confirming that the manufacture of the Product is in compliance with the requirements of this Agreement; and in respect of the API the person (independent of the person responsible for production) responsible for the inspection and testing of the raw materials used in the manufacture of the API, and the API, and for confirming that the manufacture of the API is in compliance with the requirements of this Agreement.

"**Raw Materials**" means the API, excipients, reagents, solvents, packaging, labelling and other materials used by MSX in connection with the manufacture of the Products.

"**Regulatory Authority**" means any governmental body or agency responsible for the regulation of narcotics or the granting of any health or pricing approvals, Health Registration or reimbursement prices required to be obtained before the Products can be lawfully advertised, imported, distributed, marketed or sold in the Territory or any part thereof (including, without limitation, the FDA in the U.S., the Medicines and Healthcare products Regulatory Agency in the UK and the Transparency Commission in France).

"**ROW**" means the Territory excluding the U.S.

"**Royalty**" means the payments to be made by RB to MSX in respect of the Net Sales Value of the Products as set out in **Clause 7.4.**

"**Sub-Contractors**" means in respect of each of the Products the sub-contractor (if any) listed in **Schedule Five** attached to and incorporated by reference in this Agreement together with any other person or company proposed by MSX as a sub-contractor and agreed to in writing by RB, which agreement shall not be unreasonably withheld, conditioned or delayed.

"**Term**" shall have the meaning set forth in **Clause 2.1.**

"**Territory**" means the world.

"**Tooling**" means any moulds, machines, or equipment required for and specific to the manufacture of the Products under the terms of this Agreement

"**U.S.**" means the United States of America.

"**Year**" means the period from the Commencement Date until the 31 December in the calendar year of the Commencement Date and shall thereafter constitute any period of 365 days (or 366 days if the period includes 29th February) commencing on the 1st day of January in any calendar year.

1.2 Unless otherwise indicated, references to clauses and schedules are references to clauses and schedules in this Agreement.

2. **TERM**

2.1 This Agreement shall be effective from the Commencement Date and shall continue until the latter of (i) the expiration of the last to expire of the Patents; or (ii) in the event that the Patents do not proceed to registration (or are otherwise declared void, terminated or revoked during the seven year period beginning with the Commencement Date), the expiration of the seven year period beginning with the Commencement Date; unless terminated by either party in accordance with the provisions of **Clause 17** (the "**Term**").

3. **MANUFACTURE AND SUPPLY**

3.1 During the Term, MSX shall manufacture and supply RB's requirements of the Products on an exclusive basis and shall manufacture the Products:

3.1.1 in accordance with cGMP, the Product Specification and the processes set out in the Quality Agreement;

3.1.2 in accordance with any legislation applicable to the manufacture of the Products (including without limitation legislation and standards applicable to environmental protection such as waste disposal and any legislation or regulations regarding ePedigree requirements as and when enforced as further described in **Clause 3.13**); and

3:1.3 subject to **Clause 3.3** below, at the Manufacturing Site.

3.2 MSX shall not:

3.2.1 use any site other than the Manufacturing Site for the manufacture of the Products (including the process, plant or equipment used in the manufacture of the Products), without the prior written consent of RB, such consent not to be unreasonably withheld, conditioned or delayed, and RB to cooperate reasonably with MSX in respect of any proposals to utilise new manufacturing sites; and

3.2.2 at any time during the Term carry out any activities that MSX actually knows or should reasonably know shall prejudice the quality, safety or efficacy of the Products.

3.3 The parties acknowledge that MSX intends to use its facility located at 6465 Ameriplex Drive, Portage Indiana 46368 as a manufacturing site for the manufacture of the Products, and RB hereby consents to such site transfer subject to RB conducting a quality review of the Ameriplex Drive site in accordance with **Clause 3.2.1.**

3.4 MSX shall:

3.4.1 only use API supplied from RB in the manufacture of the Products;

3.4.2 ensure that all personnel employed by MSX in the manufacture of the Products are suitably trained, experienced and competent for their respective functions; and

3.4.3 monitor, account for and keep RB regularly informed of the usage and waste of API and MSX shall ensure that in the manufacture of the Products MSX does not waste any more than a set percentage of the API to be determined by the parties in writing acting reasonably and assuming efficient manufacture of the Products.

3.5 Subject to **Clause 7.12**, MSX shall be entitled to obtain the Raw Materials and other components for the manufacture and delivery of the Products from qualified suppliers of its own choosing. In the event that MSX obtains Raw Materials from a third party supplier, MSX shall notify RB and MSX shall consider in good faith (but not be bound by) any reasonable objection by RB timely delivered to MSX as to the qualification of such third party supplier; provided, however, that (subject to **Clause 7.12**) RB shall have no right to object to any financial arrangement reached between MSX and such third party supplier, which shall be determined at the sole discretion of MSX. MSX shall ensure that such Raw Materials and other components are of the requisite standard to comply with the Product Specification and any applicable laws, codes of practice and regulations and the terms of this Agreement. Periodically, MSX will share with RB a list of all suppliers, so RB may voice to MSX any concerns in connection with them.

3.6 Unless otherwise agreed with RB in writing and save for the fact that RB shall be responsible for cartoning the Products once delivered to RB, MSX shall operate on a full service basis (meaning that MSX shall be responsible for the purchase of all Raw Materials (except for API which shall be supplied by RB in accordance with **Clause 4.3** hereof) and the supply of the Products in individual sachet form to RB or its nominee). RB shall only be invoiced for the Cost of Goods Price as set out in **Schedule One** which shall be inclusive of such costs and expenses, including FCA (Incoterms 2000) delivery.

3.7 For the purposes of ensuring that RB has the full protection of its business interests and the ongoing benefit of its and any of its Affiliates' Intellectual Property Rights, and subject to applicable laws, MSX covenants with RB that during the Term it will not, so far as it is aware, without the prior written consent of RB, whether directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise:

3.7.1 subject to **Clause 3.9,** canvass, solicit or approach, or cause to be canvassed, solicited or approached, any person for orders of products within the Field who RB informs MSX in writing is or was at any time during the Term:

3.7.1.1 negotiating with RB or any of its Affiliates for the supply by RB or any of its Affiliates of the Products; or

3.7.1.2 an actual customer of RB or any of its Affiliates in respect of the Products;

3.7.2 interfere, or seek to interfere, with the continuation of supplies to RB or any of its Affiliates from any supplier who RB informs MSX in writing has been supplying goods to RB or any of its Affiliates at any time during the Term if such interference causes or would cause that supplier to cease supplying, or materially reduce its supply of those goods; and

3.7.3 directly solicit or entice, or endeavour to solicit or entice, away from RB or its Affiliates, any person employed in a managerial, supervisory, technical or sales capacity by, or who is or who was a consultant to, RB or its Affiliates at a time during the Term; provided, that, general solicitations not directed to a specific individual shall not constitute a breach hereof; and

3.7.4 develop (subject to **Clause 3.9**), manufacture, market or sell any product within the Field.

3.8 For the purposes of ensuring that MSX has the full protection of its business interests and the ongoing benefit of its and any of its Affiliates' Intellectual Property Rights, and subject to applicable laws, RB covenants with MSX that during the Term it will not, without the prior written consent of MSX whether directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise:

3.8.1 subject to **Clause 6.5** and **Clause 3.9**, canvass, solicit or approach, or cause to be canvassed, solicited or approached; any person for the manufacture of the Products in the Field;

3.8.2 interfere, or seek to interfere, with the continuation of supplies or Raw Materials to MSX or any of its Affiliates from any supplier who has been supplying supplies or Raw Materials to MSX or any of its Affiliates at any time during the Term if such interference causes or would cause that supplier to cease supplying, or materially reduce its supply of those goods;

3.8.3 directly solicit or entice, or endeavour to solicit or entice, away from MSX or its Affiliates, any person employed in a managerial, supervisory, technical or sales capacity by, or who is or who was a consultant to, MSX or its Affiliates at a time during the Term; provided, that, general solicitations not directed to a specific individual shall not constitute a breach hereof; and

3.8.4 develop (subject to **Clause 3.9**), manufacture, make, have made, market or sell Products outside the Field.

3.9 Each of RB and MSX agrees that at least one year prior to the expiration of the Term it will notify the other of its intent to renew or not to renew this Agreement. In the event that either party elects not to renew this Agreement upon the expiration of the Term, notwithstanding the restriction contained in **Clauses 3.7.1** and **3.7.4** as to MSX and **Clauses 3.8.1** and **3.8.4** as to RB, during the last twelve (12) months of the Term of this Agreement: (i) RB shall have the right to develop Products outside the Field and to canvass, solicit and approach, and cause to be canvassed, solicited and approached, any person for the manufacture of the Products in the Field to commence after the expiration of the Term, and (ii) MSX shall have the right to develop products in the Field and to canvass, solicit and approach, and cause to be canvassed, solicited and approached, any person for the manufacture of products in the Field to commence after the expiration of the Term. Notwithstanding anything to the contrary contained in this Agreement, no notice by either party under this **Clause 3.9** shall reduce or impair the respective obligations of each of the parties under this Agreement for the remainder of the Term except as set forth in this **Clause 3.9.**

3.10 At the option of RB delivered by written notice to MSX at least ninety (90) days prior to the expiration of the Term, MSX shall continue to supply the Products to MSX in accordance with the terms and conditions of this Agreement for a period determined by RB not to exceed six (6) months after the expiration of the Term.

3.11 The parties agree to use their best efforts to implement as soon as possible (including prior to Launch, or if this is not possible, as soon as possible thereafter) an electronic pedigree system in connection with the manufacture and supply of the Products which would satisfy the expected legal requirements of the E-Pedigree regulations of the State of California for the electronic tracking and tracing of prescription drugs through the supply chain, California Business and Professions Code § 4034 *et seq.* (the "**E-Pedigree Regulations**") (currently scheduled to become effective as of January 1, 2011) and in accordance with the Serialized Product Specifications (as defined below). The parties agreement set forth in the preceding sentence shall apply to the manufacture and supply of the Products throughout the Territory; provided that such manufacture and/or supply, as the case may be, is not in violation of any applicable law, code of practice or regulation in any country in the ROW in which instance it shall not apply in such country in the ROW. To that end, RB intends to purchase, or have purchased, technology (including equipment and software) from a third party manufacturer (the "**E-Pedigree Manufacturer**") which consists of a pouch image acquisition and collating system and affixes a unique serialization identifier on the packaging of each saleable unit of the Product/ Part of such technology will be installed at RB's third party packager of the Product (the "**Packager Serialization Technology**") and part of such technology will be purchased by and installed at the facility of MSX's third party Foil supplier (the "**Foil Supplier**") for the Product (the "**Foil Serialization Technology**") (the Foil Serialization Technology together with the Packager Serialization Technology, shall collectively be referred to as the "**Serialization Technology**"). The specifications for serialization of the Product using the Foil Serialization Technology (the "**Serialized Product Specifications**") are set forth in **Schedule Four Part A.1** and shall not be modified without the prior approval of RB. RB acknowledges that the Foil Serialization Technology is newly developed by the E-Pedigree Manufacturer and has never before been installed, tested, or validated by the E-Pedigree Manufacturer and, as a result, the parties are at the time of signing this Agreement unable to guarantee the performance of the Foil Serialization Technology or the effectiveness, value, safety, merchantability or fitness for any particular purpose of the Foil Serialization Technology, or any part thereof, or its impact on the manufacture or supply of the Products under this Agreement. MSX agrees to coordinate the purchase, installation, testing, validation and qualification of the Foil Serialization Technology by the Foil Supplier and to use its best efforts to ensure that the Foil Serialization Technology is purchased, installed, tested, validated and qualified, in order to enable MSX to manufacture and supply the Products in accordance with the Product Specifications (the "**Serialized Products**") for Launch (or if this is not possible as soon as soon as possible thereafter). Thereafter MSX shall manufacture and supply the Serialized Product in accordance with the Serialized Product Specifications subject to the following conditions, which conditions shall be and remain in effect only until such time as (i) MSX shall be required by state law to comply with the E-Pedigree Regulations, or be required by federal law to comply with a comparable electronic pedigree prescription drug supply chain tracking and tracing system, in connection with the manufacture and supply by MSX of Serialized Products under this Agreement (the "**Effective E-Pedigree Regulations**") in accordance with the provision of **Clause 3.13** or (ii) MSX has complied with its obligations under **Clause 3.14** and successfully manufactured such volume of Serialized Products (as specified in **Clause 3.14**) in accordance with the Serialized Product Specification such that MSX shall thereon be responsible for ensuring all Products produced under this Agreement comply with the Serialized Product Specifications (and MSX shall no longer be able to produce to the Non-Serialized Product Specifications (as defined below)), whichever is the earlier:

3.11.1 In the event that the Foil Serialization Technology fails or causes a material adverse impact on the manufacture and supply of the Film or the Products or the timely delivery of same, RB and MSX agree to suspend the use of the Serialization Technology in the manufacture and supply of the Product until the cause of such material adverse impact has been cured or the parties agree in writing to abandon the Serialization Technology, and MSX shall thereafter resume the manufacture and supply of the Products which meet the Product Specifications not including the Serialized Product Specifications, (the "**Non-Serialized Product Specifications**") in accordance with the terms of this Agreement. MSX shall promptly notify RB upon becoming aware of any such failure or material adverse impact. During the period while MSX is manufacturing and supplying the Product (including any Serialized Product or Non-Serialized Product) under this **Clause 3.11, MSX** shall arrange with the Foil Supplier to maintain an appropriate rolling amount of inventory of Foil (the "**Foil Stock**") which is reasonably anticipated as necessary to avoid any material delay In the manufacture and supply of Product in compliance (with the Non-Serialized Product Specifications required as a result of such failure or material adverse impact. RB shall reimburse MSX for the cost of any unused Foil Stock providing that MSX has used reasonable efforts to ensure such unused Foil waste is kept to a minimum;

3.11.2 MSX shall bear no cost for the purchase, installation, implementation, testing, validation or qualification of the Serialization Technology and RB agrees that the Cost of Goods Price shall be simultaneously increased to reflect any and all direct increases incurred by MSX (without mark-up thereof by MSX and based upon supporting documentation from MSX) during the Term in the purchase of Foil manufactured using the Foil Serialization Technology (the "**Serialized Foil**"), whether as an increase in the cost of purchase of the Serialized Foil and/or as an amortization charge by the Foil Supplier for the purchase, installation, implementation, testing, validation, and/or qualification of the Serialization Technology. MSX estimates that the Cost of Goods Price will be initially increased by the sum of (i) [***] per unit of Product for the cost associated with the purchase by MSX of the Serialized Foil plus (ii) [***] per unit of Product for the amortized cost of purchasing the Foil Serialization Technology by the Foil Supplier based upon the purchase by MSX of Serialized Foil required to make [***] of Serialized Products (a total estimated initial cost increase per unit of Product of [***]). The parties agree that if the Cost of Goods Price is initially increased for the amortization of the cost of purchasing the Foil Serialization Technology by the Foil Supplier, when such cost is fully amortized by the Foil Supplier, or if RB has otherwise fully paid MSX or the Foil Supplier all sums due to the Foil Supplier in respect of the Foil Serialization Technology, the Cost of Goods Price per unit of Serialized Product would thereafter be reduced by an amount equal to any such increase in the Cost of Goods Price for the amortized cost of purchasing the Foil Serialization Technology by the Foil Supplier. Such estimates shall not be binding on MSX and shall be adjusted and finalized by MSX upon receipt by MSX from the Foil Supplier of all final costs incurred in purchasing the Foil Serialization Technology, producing and supplying the Serialized Foil and all other related costs and expenses of the Foil Supplier. In the event of any suspension or abandonment of the manufacture and supply of the Serialized Product in accordance with **Clause 3.11.1**, the Cost of Goods Price for the purchase of all Products manufactured and supplied following such suspension or abandonment in accordance with the Non-Serialization Specifications shall revert to the Cost of Goods Price in effect prior to such increase and any unamortized costs for the purchase of the Foil Serialization Technology shall be paid by RB; provided, however, that RB may exercise any right and remedy (and MSX shall assist RB therewith) against the Foil Supplies to dispute such payment in the event that such suspension is not due to a failure of the Serialization Technology but is due to the fault of the Foil Supplier, including failure by the Foil Supplier to manufacture the Foil in accordance with the Serialized Foil specifications agreed to by MSX and the Foil Supplier;

3.11.3 The provisions under **Clause 7.14** relating to RB's rights to obtain pricing for Major Raw Materials from third parties, and MSX's obligations to engage any other supplier or obtain a price reduction from its then-current Foil supplier in the event that a Price Change exceeds the Pharma Price Index shall not apply to any Price Change resulting from the purchase, installation, implementation, testing, validation, and/or qualification of the Foil Serialization Technology until RB has complied with its obligations under **Clause 3.11.7** in respect of identifying and qualifying an alternative secondary supplier for the Serialized Foil and such engagement of an alternate Foil supplier or obtaining a, price reduction from its then current Foil supplier would not result in a breach of the agreement between MSX and its then current Foil supplier. MSX shall remain obliged to show documentary evidence of the Price Change;

3.11.4 MSX makes no representation or warranty with respect to the Serialization Technology including any representation or warranty under **Clause 9** as it may relate to the Foil Serialization Technology;

3.11.5 MSX shall be excused from any and all unfulfilled manufacturing, supply and delivery performance obligations under this Agreement resulting from, relating to or in connection with Foil Serialization Technology including the purchase, installation, implementation, testing, validation, qualification and/or operation of the Foil Serialization Technology; provided, however, that nothing in this **Clause 3.11.5** shall limit MSX's obligation to manufacture and supply Product in compliance with the Non-Serialized Product Specifications as soon as possible in accordance with **Clause 3.11.1** in the event and for such period of time that the parties determine to suspend the manufacture of Serialized Product and, in the event that the parties determine to terminate and abandon the manufacture of Serialized Product in accordance with **Clause 3.11.1;** for the remainder of the Term or the date upon which the E-Pedigree Regulations become effective, whichever is earlier;

3.11.6 MSX shall not be in default or breach under this Agreement, and RB shall not be entitled to withhold payment for non-conforming Products, or to terminate this Agreement for any reason with respect to any delay or incomplete delivery of, failure to deliver or delivery of non-conforming Products relating to, as a result of or in connection with the Foil Serialization Technology (including the purchase, installation, implementation, testing, validation, qualification or failure of the Serialization Technology), except to the extent caused by the breach by MSX of any of its obligations under this **Clause 3.11;**

3.11.7 RB and MSX agree to use commercially reasonable efforts to qualify an FDA approved secondary supplier of the Serialized Foil as soon as practicable after the Commencement Date. It is acknowledged that, due to importance of obtaining a secondary supplier of the Serialized Foil in order to reduce the risk of failure to supply the Serialized Foil, both parties will use their best efforts to qualify such secondary supplier within one (1) year of the FDA approval of the Product or as soon as possible thereafter. The parties further agree that RB shall be responsible for payment to MSX of all costs and expenses incurred by MSX in connection with the qualification of any secondary and/or replacement supplier of Serialized Foil in connection with the manufacture and supply of the Products under this Agreement if RB continues to require that the Products be manufactured and supplied using the Serialization Technology, or any part thereof, or substitute therefore, including without limitation, the cost of the purchase, installation, implementation, testing, validation, and qualification of the Foil Serialization Technology by the secondary and/or replacement supplier.

3.11.8 In addition to the exceptions and exclusions set forth in the foregoing provisions of this **Clause 3.11,** notwithstanding anything to the contrary contained in this Agreement or otherwise, none of the provisions of **Clauses 5.5, 6.5, 6.6, 6.7, 7.9, 10.2, 13.10, 16.2, 17.3.4, 17.3.6,** and **17.4** shall during the course of manufacture under this **Clause 3.11** apply to the Foil Serialization Technology or any event or matter covered therein relating to, resulting from or in connection with the purchase, installation, implementation, testing, validation, qualification and/or failure of the Foil Serialization Technology, and MSX shall have no obligations or responsibilities with respect to the Foil Serialization Technology except as expressly set forth in this **Clause 3.11** which for the avoidance of doubt expressly includes MSX's obligations to manufacture and supply Products in compliance with Non-Serialized Product Specifications as soon as possible in accordance with **Clause 3.11.1** in the event and for such period of time that the parties determine to suspend the manufacture of Serialized Product, and for the remainder of this **Clause 3.11** in the event that the parties determine to terminate the manufacture of Serialized Product in accordance with **Clause 3.11.1.**

3.12 RB acknowledges that MSX shall have no interest in the Serialization Technology and that, MSX shall have no obligations to transfer or grant to RB, or to arrange the transfer or grant to RB of, any interest in the Serialization Technology under any circumstances at any time whether during the Term or upon any expiration or termination of this Agreement for any reason, including, without limitation, the Foil Serialization Technology, and/or any Arising Intellectual Property Rights therein of the Foil Supplier under **Clause 15** except to the extent such interests or Arising Intellectual Property Rights are in the possession or control of MSX and not subject to any third party restrictions on such transfer or grant to RB.

3.13 For the avoidance of doubt, in the event that MSX is required to comply with Effective E-Pedigree Regulations after the Commencement Date, MSX shall (i) use commercially reasonable efforts to deliver the Product serialization data produced by MSX in compliance with the Effective E-Pedigree Regulations in a format which is compatible with RB's Product distribution system; and (ii) from the date on which the Effective E-Pedigree Regulations come into effect (currently scheduled to become effective as of January 1, 2011) be fully responsible for ensuring all Products manufactured and supplied under this Agreement comply with all legislation and regulatory requirements including the Specifications and Serialized Product Specifications as may be amended to ensure compliance with the Effective E-Pedigree Regulations (including without limitation the envisaged requirement to ensure all Products are serialized and thereafter scanned before leaving the Manufacturing Site) and, for the avoidance of doubt, from this date MSX shall under no circumstances (including without limitation those set out **Clauses 3.11.1** to **3.11.8**) be released from any liability arising from the failure to manufacture and supply the Products to such Specifications in accordance with the terms of this Agreement.

3.14 Following the date upon which each of the following has occurred (the "**Product Serialization Acceptance Date**"): (i) successful implementation of the Foil Serialization Technology; (ii) successful production of the Serialized Products in compliance with the Serialized Product Specifications at scale and consistent with applicable Product Order patterns for an uninterrupted period of three (3) consecutive months or a period of six (6) consecutive months after the Product Launch (whichever is the latter); and (iii) qualification of a secondary supplier of Serialized Foil in accordance with **Clause 3.11.7;** the Product Specification for the Products shall thereupon be permanently amended to include the Serialized Product Specifications. For the avoidance of doubt, from and after the Serialization Acceptance Date, MSX shall be responsible for ensuring that the Products manufactured and supplied under this Agreement are in compliance with the Serialized Product Specifications, and MSX shall be responsible for any failure to comply with such Serialized Product Specifications and, for the further avoidance of doubt, from and after the Product Serialization Date MSX shall under no circumstances (including without limitation those set out Clauses 3.11.1 to 3.11.8) be released from any liability arising from the failure to manufacture and supply the Products to such Serialized Product Specifications in accordance with the terms of this Agreement.

4. FORECASTS, ORDERS AND SUPPLY OF THE API

4.1 No less than one (1) month prior to the end of every calendar month, RB shall provide (or cause to be provided from its Affiliates) a forecast of its requirements for the Products for the [***] months (a "**Forecast**"), By way of example, this means that the Forecast for [***] to [***] (inclusive) of any year shall be provided by no later than the end of [***] in the previous year, and the subsequent Forecast for [***] to [***] of any year shall be provided by no later than the end of [***] in the previous year.

4.2 In respect of the [***] months of the Forecast, RB shall specify the date by which the Products are requested to be delivered ("**Delivery Date**"). RB's requirements as set out in the [***] months of the Forecast shall be fixed and shall constitute a firm order binding on MSX (subject to the terms and conditions of this Agreement) for the delivery of, and on RB for the purchase of, those Products specified in the [***] months of the Forecast by the Delivery Date with delivery in accordance with **Clause 5.1** (an "**Order**"). Once MSX receives the Forecast, MSX shall ensure that it has sufficient Raw Materials, packaging components and other materials necessary to manufacture RB's requirements for Products as set out in the Order, and MSX shall use commercially reasonable efforts to acquire sufficient Raw Materials, packaging components and other materials necessary to manufacture [***] percent [(***%)] of RB's requirements as set out in the remaining [***] months of the Forecast. For the avoidance of doubt this means that the Forecast given at the end of [***] shall be a binding Order for [***] and the Forecast given at the end of [***] shall be a binding Order for [***]. To the extent that the Forecast given in [***] would increase the Order for [***] as originally set in [***], MSX agrees to liaise with RB and use reasonable endeavours to meet such increase but failure to supply such increase shall not in any way constitute a breach by MSX of this Agreement and shall not constitute a failure by MSX to deliver an Order on time for the purposes of **Clause 6.4**. Notwithstanding anything to the contrary contained in this Agreement, MSX shall be under no obligation to fill any Order that is for less than [***] units of a Product (the "**Minimum Purchase Requirement**"). RB shall have the right to delay the issuance of any firm Order for a reasonable period of time in order to combine such Order with one or more subsequent Orders for the purpose of meeting the Minimum Purchase Requirement (meaning that in order to meet the [***] unit Minimum Purchase Requirements RB can (subject to compliance with **Clause 7.12**) combine Orders for the same dose Product for different countries (such as [***] 2mg dose units for the UK and [***] 2mg dose units for the US (which therefore require different packaging requirements chargeable under **Clause 7.3.2**)) but cannot combine orders for different dose Products (such as [***] 2mg dose units and [***] 8mg dose units)).

4.3 RB shall supply, or arrange the supply of, API that conforms to the API Specification to MSX at the Manufacturing Site free of charge on the dates and in such quantities as are required by MSX for manufacture of the Products in the Forecasts and in connection with manufacturing validation and site transfer, together with the API's Certificate of Analysis and Certificate of Compliance. Save as may be amended by the mutual written agreement of the parties in accordance with the terms of this Agreement, such supply shall be made by RB to MSX DDP (Incoterms 2000) and on or before the delivery dates reasonably required by MSX in writing. RB will promptly notify MSX of any changes to the safety and handling procedures in relation to the API that are required by applicable law or Regulatory Authorities after the Commencement Date, and MSX shall comply with such changes with respect to all future Orders placed by RB at least ninety (90) days following receipt of notice thereof, or such earlier time as required by applicable law or Regulatory Authority. The purchase orders by MSX for API shall be made and filled in accordance with the procedure specified in **Schedule Seven**. Subject to the terms of this Agreement, MSX shall only use the API to manufacture and test the Product and for no other purpose whatsoever.

4.4 MSX shall test each batch or stock of the API delivered to MSX in accordance with the testing procedure set out in the **Schedule Eight** to determine its conformance with the necessary amounts and API Specification or for contamination during transit. If in the reasonable opinion of MSX, MSX determines that such API is contaminated or does not meet the API Specification or necessary amounts, MSX shall within twenty-one (21) days from the date of completion of such tests notify RB in writing of such defect or non-conformance, including the test results supporting MSX's opinion.

4.5 If RB agrees that the API is contaminated or does not meet the API Specification, RB shall at no charge to MSX replace the defective or non-conforming API with API that meets the API Specification. If RB disagrees with the alleged defective or non-conformity of the API, samples of the alleged defective or non-conforming API shall be retested by an independent laboratory, mutually agreed upon by the parties in writing, to determine compliance with the API Specification. MSX and RB shall be bound by the results of such independent laboratory testing. The costs incurred in connection with independent laboratory's testing of the API shall be borne by MSX if the API in question is found to conform to the API Specification or not defective and by RB if it is found not to conform to the API Specification or be defective. Any delay in the manufacture or supply of Products resulting from RB's failure or delay in supplying API in accordance with the API Specification or MSX's good faith reasonable belief pursuant to **Clause 4.4** and this **Clause 4.5** that the API does not meet the API Specifications or is defective, shall not constitute a default under or breach of this Agreement. The parties agree that in the event that the API is found to be defective, RB shall be responsible, at its costs, to identify and implement such remedial action as is necessary to rectify the issue and ensure that the API meets the API Specification.

4.6 Notwithstanding the terms of any DDP delivery (or any other delivery) of the API by RB to MSX, legal title to the API shall remain with RB after delivery to MSX. MSX shall use reasonable efforts to ensure proper storage and handling of the API once delivered to MSX. Risk of damage to, or loss of, the API shall pass from RB to MSX upon delivery as set out in **Clause 4.3**. MSX shall retain casualty insurance coverage for the expected inventory of the API (amounts expected to be supplied to MSX by RB for manufacture of the Product in the amounts set forth in the Forecasts) to cover damage to or loss of the API for so long as the API remains at MSX's risk.

4.7 In the event that MSX manufactures Products which cannot be sold due to latent defects in the API supplied (and such defects are not caused by MSX's negligent storage or handling), RB shall remunerate MSX for its costs of manufacturing such Products. In the event that MSX manufactures Products which cannot be sold due to latent defects in the API caused by MSX's negligent storage or handling, MSX shall remunerate RB for the Cost of Goods Price for such Products, to the extent such Cost of Goods Price has been paid to MSX for such Products.

5. DELIVERY OF THE PRODUCTS

5.1 Unless otherwise specifically stated, the Delivery Date shall be the date by which the Order shall be made available FCA (Incoterms 2000) at MSX's loading dock at the Manufacturing Site, whereupon MSX shall be entitled to invoice RB for Cost of Goods Price in respect of the Products so delivered. An Order may request boxed shipping at an additional handling charge beyond the Cost of Goods Price. No Orders shall be shipped in boxes unless expressly agreed to by MSX in writing. Legal title to the Products and risk of damage to, or loss of, the Products shall pass from MSX to RB upon being made available at MSX's loading dock at the Manufacturing Site on the Delivery Date in accordance with **Clause 5.7**. Any invoices sent to RB under this **Clause 5.1** shall specify the Price in respect of the Products delivered, the quantity of Products delivered, the date of delivery and the amount of VAT or other taxes due in respect of the Products delivered, together with any applicable transportation costs (if any) associated with delivery.

5.2 MSX shall not be liable for any delay or failure to deliver hereunder after the Products leave MSX's loading dock at the Manufacturing Site as set out in **Clause 5.1**.

5.3 Each shipment of Product shall be delivered to RB with:

5.3.1 a Certificate of Analysis and Certificate of Compliance;

5.3.2 in accordance with the Quality Agreement; and

5.3.3 any other documentation required by any applicable rule, law or regulation having jurisdiction over the shipment and supply of the Products.

5.4 RB shall be entitled to reject any Product delivered to RB (or its nominee) without a Certificate of Analysis, Certificate of Compliance or other documentation required under any applicable rule, law or regulation.

5.5 MSX recognises that late delivery of the Products may have an impact on RB's obligations to its customers. MSX shall make all reasonable efforts to deliver Products by the Delivery Date requested by RB. The Delivery Date shall be reasonable based on MSX's production capacity.

5.6 MSX shall manage any mutually agreed upon changes in writing to the Product Specification and the Packaging Specification, whilst maintaining the supply and delivery performance as set out herein. Changes to the Products shall be made with commercially reasonable speed of implementation, and meet the launch timings mutually agreed upon by the parties in writing or required by applicable law or Regulatory Authority. Inventory levels of Raw Materials, Film and the Products are to be communicated at least ninety (90) days prior to the change and usage agreed with RB in writing before the change is implemented. The parties shall agree in writing to the implementation date at least sixty (60) days prior thereto.

5.7 Legal title and risk in the Products shall pass to RB upon being made available FCA (Incoterms 2000) at MSX's loading dock at the Manufacturing Site on the Delivery Date. MSX shall fully insure the Products (at a valuation based on MSX's cost of manufacture plus the cost of API) for as long as they remain at MSX's risk.

5.8 In the event there is an incomplete delivery of the Products to RB (or its nominee) pursuant to an Order, RB shall notify MSX in writing within twenty-one (21) days, identifying the amount of Product that has not been delivered. MSX shall use commercially reasonable efforts to rectify such incomplete delivery by supplying, the balance of the Products under such Order.

5.9 RB shall inspect and test the Products within thirty (30) calendar days of receipt thereof, and shall be entitled to reject such Products which do not conform to the Product Specification and withhold payment of the Cost of Goods Price for such non-conforming Products by giving written notice to MSX within forty (40) calendar days from receipt of such Products by RB.

5.10 Any written notice of rejection of the Products given by RB shall specify in sufficient detail the manner in which the Products fail to conform. If it is determined by written agreement between the parties (or, in the absence of written agreement of the parties, by an independent laboratory or consultant agreed upon by the parties in writing whose fees shall be paid by the non-prevailing party) that the non-conformity is due to:

5.10.1 damage to the Products caused by RB (or its nominee), including, without limitation, through improper Product storage or transit, after the delivery of the Products to RB (or its nominee), MSX shall have no liability to RB with respect thereto and RB shall promptly pay what is owed for such Products in accordance with the terms of this Agreement; or

5.10.2 the negligence of MSX or breach by MSX of the terms of this Agreement, then MSX shall credit RB's account with the Cost of Goods Price invoiced for such non-conforming Products (or in the event the Cost of Goods Price has been withheld by RB, waive any right to claim the Cost of Goods Price for such non-conforming Products from RB under this Agreement). RB will either return such non-conforming Product to MSX, or lawfully destroy such non-conforming Products (in each case at MSX's written option and cost).

6. CAPACITY, STOCK LEVELS AND TOOLING

6.1 Within six (6) months following the Commencement Date, and thereafter within the first calendar month of each Year, MSX shall provide to RB copies of its disaster recovery and contingency plans.

6.2 MSX shall inform RB when:

6.2.1 the Forecasts; and

6.2.2 any other third party orders for products other than the Products that use any tooling or machines which are used in the manufacture of the Products;

together meet or exceed [***] percent ([***]%) of the Manufacturing Capacity.

6.3 MSX represents and warrants that it will have the capacity to fill RB's requirements for the Products set forth in any Order so long as the amount specified in the Order does not exceed [***] percent ([***]%) of the forecasted volume for such period as set out in the previous Forecast (or such other figure as RB and MSX may agree in writing from time to time). At RB's reasonable written request, MSX shall provide RB with capacity information to demonstrate that the available capacity meets RB's requirements. MSX shall promptly take commercially reasonable action to address to RB's reasonable satisfaction any capacity issues identified in accordance with this **Clause 6.3** and **Clause 6.5.**

6.4 MSX hereby agrees that, in the event that MSX's success in meeting Orders (whether in terms of failure to meet either or both of the volume and/or the Delivery Date specified in the Orders) falls below [***] percent ([***]%) for any consecutive [***] period during which RB places less than [***] Orders (provided that in the case of any Order which exceeds [***] percent ([***]%) of the volume as set out for that period in the previous Forecast, MSX shall only be deemed to have failed to meet that Order for the purposes of this **Clause 6.4** if it fails to deliver on the Delivery Date at least [***] percent ([***]%) of the volume set out in the previous Forecast), MSX shall thereafter hold [***] month stock of the Products, as set out in the latest Forecast, in advance of any Orders from RB.

6.5 In the event that:

6.5.1 MSX's success in meeting Orders (whether in terms of failure to meet either or both of the volume and/or the Delivery Date specified in the Orders) falls below either (i) [***] percent ([***]%) for any consecutive [***] period during which RB places [***] Orders or more, or (ii) [***] percent (***%) for any consecutive [***] period during which RB places less than [***] Orders (provided that in the case of any Order which exceeds [***] percent ([***]%) of the volume as set out for that period in the previous Forecast, MSX shall only be deemed to have failed to meet that Order for the purposes of this **Clause 6.5.1** if it fails to deliver on the Delivery Date at least [***] percent ([***]%) of the volume set out in the previous Forecast); or

6.5.2 if MSX is prevented from performance in view of an event of Force Majeure as set out in **Clause 16.2**;

then RB shall have the right to retain a temporary alternative supplier to manufacture and supply the Product, without prejudicing any other rights RB may have under this Agreement.

6.6 If RB elects to purchase the Product from an alternative supplier in accordance with **Clause 6.5** above, MSX shall, if necessary:

6.6.1 grant RB and the alternative supplier a limited, personal, non-exclusive, royalty-free licence, without the right to sublicense, to use MSX's applicable Intellectual Property Rights for such period as may be necessary for the alternative supplier to be able to supply Products pursuant to the Forecasts; and

6.6.2 use commercially reasonable efforts to promptly transfer such MSX Intellectual Property Rights under **Clause 6.6.1** above subject to confidentiality and intellectual property agreements in the form reasonably satisfactory to MSX.

6.7 MSX shall provide all reasonable assistance regarding the identification, appointment and validation of any proposed alternative supplier of the Products in the event a supply issue under **Clause 6.5** hereof arises. The parties agree to work together in good faith to procure the continued manufacture and supply of the Products from MSX as soon as reasonably practicable following the resolution of the manufacturing problem by MSX.

6.8 At the recommencement of the supply of the Product by MSX pursuant to **Clause 6.7** above, the licence to use MSX Intellectual Property Rights to make, have made and import the Products shall cease immediately thereupon. Supply of all Products to RB by MSX will resume immediately thereupon. Except as otherwise provided in **Clause 6.5** above, RB shall source the Products exclusively from MSX during the Term.

6.9 The provisions of **Clause 6.5** and **6.6** shall not apply, and subject to **Clause 5.9,** RB shall not be entitled to withhold payment for Products, where a delay or failure to deliver arises due to the delay or failure of RB to deliver the quantities of API ordered by MSX, where the API delivered by RB fails to meet the API Specification or is contaminated, or is due to any other delay, fault or failure attributable to RB or any of its Affiliates or assigns and, in each case, MSX shall not be in default under or breach of this Agreement for any corresponding failure or delay in the manufacture or delivery of Products.

6.10 MSX represents and warrants that, subject to **Clause 6.12** and the receipt of binding Orders from RB for such stock materials, it will maintain sufficient stock levels of the Film (which subject to **Clause 6.11** below shall be no less than [***] months) to provide flexibility and to respond in a commercially reasonable manner to increases in RB's demand.

6.11 MSX will use commercially reasonable efforts to carry out such stability testing as is necessary to demonstrate that the storage of the Film (whether in the form of Master Rolls or in Daughter Rolls (being a Master Roll divided into approximately [***] equal rolls)) in accordance with **Clause 6.8** shall not adversely affect the manufacture of the Products and that the Products will remain within the Product Specification and the Packaging Specification. If MSX is unable to demonstrate that the storage of the Film for [***] months or more shall not adversely affect the manufacture of the Products and/or the maintenance of the Products within the Product Specification and the Packaging Specification, it will use commercially reasonable efforts to obtain a suitable shorter duration of commercially reasonably possible storage under the circumstances and the duration specified in **Clause 6.10** shall be adjusted accordingly.

6.12 RB warrants and represents that it shall reimburse MSX for all reasonable third party costs incurred by MSX in storing the Film and carrying out the stability testing as specified in **Clauses 6.10** and **6.11,** respectively. Such costs shall be invoiced by MSX to RB following MSX incurring the obligation to make payment of such costs and these invoices shall be paid by RB within the time set forth in such invoices, but in no event later than thirty (30) days from receipt thereof.

6.13 Where any Tooling is provided or funded by RB, if any (including in accordance with the provisions of **Clause 15.17**), ownership, title and interest in such Tooling shall at all times belong to RB and MSX shall throughout the Term keep and maintain the sign and/or sticker on the Tooling indicating the sole ownership of the property of RB.

7. PRICE AND PAYMENT

7.1 The price for the Products (the "**Price**") shall be as set out in **Clause 7.2** and all references to sums payable shall be in U.S. dollars (USD) unless specifically indicated to the contrary in this Agreement.

7.2 The Price payable by RB to MSX for the Products shall be the Cost of Goods Price for the Year of manufacture, subject to minimum Order price adjustments and additional packaging fees, if any, in accordance with **Clause 7.3 below.**

7.3 RB agrees that, during the Term, the Price for each of the Products shall be adjusted as follows:

7.3.1 the Price for each Product shall be increased in the event that RB fails to satisfy the minimum Order requirements for each Order as set forth below:

(i) each Order that is for [***] or more, but less than [***] units of a Product, the Price for each such Product shall be increased by [***] U.S. dollars (USD$[***]); and

(ii) each Order that is for less than [***] units of a Product, the Price for each such Product shall be increased by [***] U.S. dollars (USD$[***]); and where in this **Clause 7.3 Order shall mean** any Order composed of the same dose Product for different countries (such that a requirement for [***] 2mg dose units for the UK and [***] 2mg dose units for the US would be an Order for [***] units) but shall not include any combination of orders for different dose Products (such that a requirement for [***] 2mg dose units and [***] 8mg dose units would be considered as two separate Orders for [***] units each).

7.3.2 In the event that any Order requests more than one packaging for the Products covered by such Order, RB shall pay a lump sum amount for each additional packaging request in the amount of [***] Dollars (USD $[***]), regardless of the number of units of Product covered by such new packaging request (the "**Packaging Fee**"). For the avoidance of doubt, the parties agree that any Order that is for [***] units of a Product or more shall not be adjusted as to price per each Product by a request under such Order for multiple packaging of such Products but RB will pay any applicable Packaging Fees for such Order.

7.4 Subject to **Clauses 7.5** to **7.7**, in addition to the fees under **Clause 7.1**, RB shall pay to MSX a royalty of the sum of the following:

7.4.1 [***] of the Net Sales Value of the Products sold during the Term in the U.S. up to a maximum annual royalty of USD$9,000,000 (nine million U.S. dollars) per Year of sale (pro rated accordingly for the period from the Product Launch of the Product in the U.S. to the 31st of December in the Year of the Product Launch in the U.S. and from the 1st of January until the expiry of the Royalty obligations in accordance with **Clauses 7.5** in any Year where those obligations expire, if applicable); and

7.4.2 [***] of the Net Sales Value of the Products sold during the Term in the ROW up to a maximum annual royalty of GBP£2,000,000 (two million Pounds Sterling) per Year of sale (pro rated accordingly for the period from the Product Launch of the Product in the ROW to the 31st of December in the Year of the Product Launch in any country within the ROW and from the 1st of January until the expiry of the Royalty obligations in accordance with **Clause 7.6** in any Year where those obligations expire, if applicable).

7.5 The obligations to pay Royalties as set out in **Clause 7.4.1** above shall end upon the occurrence of:

7.5.1 the expiry of all of the Patents in the U.S. and of all patents which issue in the U.S. in respect of any Improvements relating to the MSX Arising Intellectual Property Rights and/or Existing Intellectual Property Rights, as the case may be; or

7.5.2 RB exercising the option under **Clause 7.7.1** in respect of the U.S., whichever is the sooner.

7.6 The obligations to pay Royalties as set out in **Clause 7.4.2** above shall end, on a country by country basis, upon the occurrence of:

7.6.1 the expiry of all of the Patents in the ROW and of all patents which issue in any country within the ROW in respect of any Improvements relating to the MSX Arising Intellectual Property Rights and/or Existing Intellectual Property Rights, as the case may be; or

7.6.2 RB exercising the option under **Clause 7.7.2** in respect of the ROW, whichever is the sooner.

7.7 RB shall have the option upon prior written notice to MSX to stop making payments of the Royalties due under **Clauses 7.4.1** and/or **7.4.2** (the "**Options**") by making payment to MSX of:

7.7.1 with respect to Royalties due under **Clause 7.4.1**, USD$[***] U.S. dollars) immediately upon exercising such Option. The Option under this **Clause 7.7.1** shall be exercisable at any time commencing after the [***] anniversary of the date of the Product Launch of the Product in the U.S.; and/or

7.7.2 with respect to Royalties due under **Clause 7.4.2**, GBP£[***] Pounds Sterling) immediately upon exercising such Option. The Option under this **Clause 7.7.2** shall be exercisable at any time commencing after the [***] anniversary of the date of the Product Launch of the Product in any country of the European Union within the ROW.

Upon making payment to MSX of the amounts stated in **Clause 7.7.1** the obligations to pay Royalties to MSX in respect of the U.S. will immediately cease and upon making payment to MSX of the amounts stated in **Clause 7.7.2** the obligations to pay Royalties to MSX in respect of the ROW will immediately cease. For the avoidance of doubt, the Options granted under **Clauses 7.7.1** and **7.7.2** may be exercised independently of each other.

7.8 For the avoidance of doubt, no credit will be given in respect of Royalties previously paid and where any of the Options are exercised part way through any Half Year Period, RB shall be responsible for making payments of any Royalties due in respect of sales of Products made before the date such of the Options was exercised and shall make such Royalty payments at the end of the Half Year period in which such of the Options was exercised.

7.9 Third Party Claims

7.9.1 If a third party claims that the manufacture and supply of a Product by MSX under this Agreement (including manufacture in accordance with the MSX's Existing Intellectual Property Rights or MSX's Arising Intellectual Property Rights), or the subsequent use and sale of such. Products by RB, infringes any claims of patents of such third party (and such infringement claim is not a claim that (i) the buprenorphine or naloxone component of the Product, and (ii) the manufacture of the buprenorphine or naloxone component of the Product, infringes any claims of patents of such third party) (a "**TP Patent Claim**"), MSX shall be responsible, at its cost and expense, for either defending or settling such TP Patent Claim and paying any judgment recovered by such third party in a suit for such TP Patent Claim (including any amounts for past infringement of such third party's patent by the Product), and using commercially reasonable endeavours to obtain an exclusive license in the Field from such third party that would by the terms of such settlement or exclusive license allow RB the right to continue to sell during the Term such Product in the Field in the jurisdiction or country in which such claim is brought, consistent with the terms and conditions of this Agreement and without any additional royalty or remuneration therefore by RB. In the event that MSX has not successfully defended or settled such TP Patent Claim or obtained such exclusive license, the obligation for payment of Royalty by RB under **Clauses 7.4.1** and **7.4.2** (and, if applicable, **Clause 7.7**) in connection with continued sales of such Product (if any) shall be adjusted as set out in **Clauses 7.9.3.1** and **7.9.3.2**, as applicable, and in the event that the TP Patent Claim is brought more than [***] years after the Commencement Date and RB is prohibited from selling Products (i) in any of the U.S. or that portion of the ROW that constitutes all of the European Union, then RB shall have the right upon [***] days prior written notice to MSX to terminate this Agreement, or (ii) in any other jurisdiction in the Territory, then RB shall have the right upon [***] days prior written notice to MSX to terminate this Agreement as to such other jurisdiction. For purposes of this **Clause 7.9.1**, MSX shall be deemed to have failed to use commercially reasonable efforts to obtain such a licence as set out above if MSX fails or elects not to use such efforts and resources (including, without limitation, the promptness in which such efforts and resources would be applied) consistent with its expression on and before the Commencement Date of MSX's commitment to obtaining such a licence should it be required in order to alleviate as a priority concern of MSX, including expending such additional funds and devoting such additional manpower and other resources as is necessary and appropriate to reasonably assure the grant of such a licence to allow RB to continue to sell during the Term the Products in the Field in the relevant jurisdiction or country and, in any circumstances, which are consistent with the general level of effort and resources that would be used in the pharmaceutical industry for a company with the intention to commercialize and exploit a product critical to the continued success of the company. In the event that despite the use of such endeavours as described above, MSX is unable to obtain the licence described above it shall inform RB of this fact and discuss with RB any further possibilities for the joint resolution of this issue including, without limitation, RB assisting MSX to obtain such a licence (which RB shall be entitled to consider in its absolute discretion) on the assumption that any sums paid by RB (if any) towards obtaining such a licence will be offset against any Royalties to be paid by RB to MSX pursuant to **Clause 7.4**.

7.9.2 If a third party brings a claim of invalidity of the Patents in any part of the Territory, then, subject to **Clause 7.9.4**, MSX shall be responsible for defending such claim, at its cost and expense, and seeking to maintain validity of the Patents and all obligations for payment of a Royalty under **Clauses 7.4.1** and **7.4.2** (and if applicable **Clause 7.7**) in connection with sales of Products following such claim shall be adjusted according to **Clause 7.9.3.1** and **7.9.3.2** below, as applicable, and RB shall have the other rights set forth in **Clause 7.9.3.3.**

7.9.3 For any claim brought by a third party which is successful or not yet finally adjudicated under **Clauses 7.9.1** or **7.9.2**

7.9.3.1 and such third party introduces a product in the Field which gains a market share in the Field of at least a [***] percent ([***]%) but not more than [***] percent ([***]%) in any of (i) the U.S., (ii) that portion of the ROW that constitutes the European Union, or (iii) any other country in the Territory within [***] months after such product introduction (the "**Market Review Period**"), RB's obligation to make such Royalty payments after the expiration of the Market Review Period with respect to sales of such Product in such jurisdiction or country shall be reduced by [***]; or

7.9.3.2 and such party introduces a product in the Field which gains a market share in the Field of [***] percent ([***]%) or more in any of (i) the U.S., (ii) that portion of the ROW that constitutes the European Union, or (iii) any other country in the Territory during the Market Review Period, RB's obligation to make such Royalty payments after the expiration of the Market Review Period and thereafter with respect to sales of such Product in such jurisdiction or country shall be terminated; or

7.9.3.3 if such third party claim is brought within [***] years after the Commencement Date and (i) RB is prohibited from achieving Product Launch in any of the U.S. or that portion of the ROW that constitutes all of the European Union, then RB shall have the right upon thirty (30) days prior written notice to MSX to terminate this Agreement, or (ii) RB is prohibited from selling all Products in any other jurisdiction in the Territory, then RB shall have the right upon thirty (30) days prior written notice to MSX to terminate this Agreement as to such other jurisdiction. Upon termination of this Agreement under this **Clause 7.9.3.3**, RB shall satisfy its obligations under **Clause 18.1.2** and MSX shall indemnify RB for the Losses incurred by RB as a result of such termination up to an amount equal to [***] of the payments made by RB (and its Affiliated Companies) to MSX and its Affiliated Companies in developing the Products (which for the avoidance of doubt shall be all sums paid by RB (and its Affiliated Companies) to MSX excluding sums paid by RB (and its Affiliated Companies) in respect of the purchase of the Products and Royalties under this Agreement including, payments by RB under **Clause 7.7**, if any) prior to such termination. Payment of such amount to RB under this **Clause 7.9.3.3** shall be the sole and exclusive remedy of RB for any termination of this Agreement under this **Clause 7.9.3.3** and, upon payment thereof to RB, MSX shall have no further obligation or liability to RB under this Agreement or otherwise for such third party claim, except for MSX's obligations to pay the costs and expense of defending and settling such third party claim under **Clause 7.9.1.** This **Clause 7.9.3.3** shall not apply to any claim brought by [***] within [***] after the Commencement Date, which claim (and the rights and obligations of MSX and RB relating thereto) shall be solely covered under **Clause 7.10.**

7.9.4 For any such third party claim brought under **Clauses 7.9.1** or **7.9.2** in which such third party is unsuccessful (including a claim brought by [***] as described in **Clause 7.10**), then RB's obligations to make payment of the Royalties shall remain unchanged and shall be in effect in accordance with the terms of this Agreement, subject to the following. If such third party introduces a product in the Field while such claim is being adjudicated and which is thereafter withdrawn from the Field after such adjudication, RB shall make payment of the Royalties (together will all future Royalties due under this Agreement) which would have been paid in accordance with the terms of this Agreement prior to such adjudication, subject to RB's rights in accordance with **Clauses 7.9.3.1** and **7.9.3.2** to reduce or terminate such Royalty payments, as the case may be, for the period prior to such withdrawal and subject to the last sentence of **Clause 7.9.1** in which RB may offset royalties paid by RB to such third party for a license under **Clause 7.9.1,** if any, against Royalties to be paid by RB to MSX pursuant to **Clause 7.4.**

7.9.5 For any such third party claim that is brought alleging the invalidity of the Patents and MSX believes that defending such claim is unnecessary and uneconomical, then save in respect of the US and that portion of the ROW that constitutes all of the Europe Union (in which areas MSX shall be obliged to defend any claims for invalidity), MSX shall seek RB's consent not to defend such actions and RB agrees that such consent shall not be unreasonably withheld, conditioned or delayed.

7.10 In the event that [***] brings a claim that the manufacture and supply of a Product by MSX under this Agreement (including manufacture in accordance with MSX's Existing Intellectual Property Rights or MSX's Arising Intellectual Property Rights) or the subsequent use and sale of such Products by RB, infringes a claim of one of its patents described in Schedule 10 attached hereto (and such infringement claim is not a claim that (i) the buprenorphine or naloxone component of the Product, or (ii) the manufacture of the buprenorphine or naloxone component of the Product, infringes any claims of such patents), MSX shall have all of the obligations to defend, settle and obtain an exclusive license with respect thereto in accordance with the terms of **Clause 7.9.1**. If the claim is brought within one year after the Commencement Date and [***] is successful in its claim, or such claim has not yet been finally adjudicated, and, as a result thereof, RB is prohibited from achieving Product Launch in the US or that portion of the ROW that constitutes all of the European Union, RB shall have the right to terminate this Agreement and, upon such termination, RB shall satisfy its obligations under **Clause 18.1.2** and MSX shall pay to RB as liquidated damages a lump sum amount equal to [***] for all Losses incurred or to be suffered by RB (the "[***] **Settlement**") as a result thereof or in connection therewith. Payment of the [***] Settlement to RB shall be the sole and exclusive remedy of RB for any termination of this Agreement with respect to a claim by [***] under this **Clause 7.10** and, upon payment of the [***] Settlement to RB, MSX shall have no further obligation or liability to RB under this Agreement or otherwise with respect to such [***] claim, except for MSX's obligation to pay for the defense and settlement of such [***] claim, including the payment of any judgement (including for past infringement of [***] patents by the Product, if any) recovered by [***] in a suit for such [***] claim in accordance with **Clause 7.9.1**.

7.11 In addition to the Price, RB shall make a payment to MSX of USD$[***] U.S. dollars) (the "**Milestone Payments**") on each of the following dates:

7.11.1 the Product Launch of the Product in the U.S.; and

7.11.2 the first Product Launch of a Product within any country within the ROW.

For the avoidance of doubt, this shall amount to a maximum total payment of USD$[***] for Milestone Payments.

7.12 For the duration of this Agreement, MSX shall use commercially reasonable efforts to be technically and commercially competitive, taking into account the market for the supply and the cost from other suppliers of product(s) similar to the Products, and shall effect cost reductions and engage in all such technical innovations in respect of the Products which are commercially reasonably possible, taking into account MSX's manufacturing obligations to other parties, capital investment and any other relevant factor as determined by MSX.

7.13 Promptly following the execution and delivery of this Agreement, MSX shall deliver to RB information regarding the Costs of Raw Materials. At least sixty (60) days prior to the beginning of each subsequent Year, the parties shall confer (each, an "**Annual Review**") regarding all costs of manufacturing the Products, including without limitation, Raw Materials, other components, energy, transportation, legal, regulatory and all other hard and soft costs of manufacture, but not labour, in order to determine if cost reductions are appropriate.

7.14 The cost of goods price for the period from the Commencement Date and expiring on the 31St of December in the Year of the Commencement Date shall be the price as set out in **Schedule One** and, unless otherwise agreed by the parties in writing pursuant to this **Clause 7.14,** the cost of goods price for each subsequent Year, shall be increased or decreased in accordance with the Price Change (the "**Cost of Goods Price**"). In the event that the Price Change for a Year exceeds the change in the Pharma Price Index for the same period, RB may, at its option, obtain pricing for one or more of the Major Raw Materials from , third parties who are, to the reasonable satisfaction of MSX, qualified suppliers (as can be demonstrated through written documentation). If the pricing obtained by RB is at least [***] more favourable for a given Year than the costs provided by MSX during such Year, MSX shall engage in a good faith review of the obtained pricing. If MSX, acting with commercial reasonableness (including, without limitation, giving consideration to quality control, shipping fees, import duties, warehousing fees, time of transit, and the cost of certifying, qualifying and testing the Major Raw Materials of such proposed supplier), determines that the pricing obtained by RB is at least [***] more favourable for a given Year, MSX shall, at its sole option, either (i) engage the supplier offering the pricing obtained by RB for such period as the supplier pricing remains at least [***] more favourable, and adjust the Cost of Raw Materials for the given period, or (ii) obtain a price reduction from its then-current supplier to pricing similar (even if less favourable) to the reduced pricing obtained by RB. The parties agree that during the course of such discussions the Price chargeable for the Products shall be the Price for the previous Year as varied according to the Pharma Price Index and that following the determination of the Price in accordance with the above procedure RB shall be responsible to MSX for the payment of any excess sums due to MSX applying such determined price retrospectively against all Orders for the Products during such period. RB shall make such payment within [***] days after determining the Price in accordance with the above procedures. For the avoidance of doubt, MSX acknowledges that in dealing with any third party suppliers of Raw Materials it will not disproportionately allocate any discounts in determining costs charged by the third party supplier for the Raw Materials, when such Raw Materials are purchased from a third party supplier supplying to MSX raw materials to be used by MSX in relation to products other than the Products. MSX hereby agrees that upon reasonable advance written notice to MSX, RB shall have a right to an audit of such records of MSX as is reasonable to ensure that the cost of such rat materials are in compliance with this **Clause 7.14**; provided, that, such access shall be limited to the period ending not more than [***] years prior to the date of such audit and RB shall be responsible for the costs of such audit and MSX shall not charge RB for any of MSX's costs of such audit. For the avoidance of doubt, RB agrees that all information disclosed by MSX under this **Clause 7.14** shall be Confidential Information for the purpose of this Agreement and RB shall ensure that any nominee of RB participating in such audit shall enter into a confidentiality agreement with MSX obligating such nominee to maintain the confidentiality of any information disclosed by MSX pursuant to this **Clause 7.14.**

7.15 All invoices to be sent to RB shall be sent to Accounts Payable, Reckitt Benckiser Pharmaceuticals Inc., 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235.

7.16 RB shall pay invoices in respect of the Cost of Goods Price, together with any other invoices submitted to it pursuant to this Agreement, within [***] of receipt by RB from MSX of a valid VAT (or other applicable similar taxes) invoice therefore.

7.17 If RB is required to withhold any tax, including, but not limited to, the value-added tax (VAT) and any similar taxes that can replace or append the existing ones, then RB shall make payment of the relevant fee after such withholding in accordance with the applicable law. The parties agree to co-operate in all commercially reasonable respects necessary to determine, prior to any such withholding, whether either party is responsible for any taxes in connection with the transactions contemplated under this Agreement and during the Term to take advantage of such double taxation agreement as may be available and the party responsible for securing any certificates or approvals that are necessary for the payment without any withholding of taxes at source is MSX, and all the expenses related to obtaining such certificates or approvals are for the remit of MSX.

7.18 RB shall pay the Royalty for Products (if any) within [***] days of the expiry of the Half Year period in which the relevant Royalties are chargeable. Each Royalty payment shall be accompanied by a statement detailing the calculation of Royalties due to MSX, including, without limitation, the amount of Products sold and the corresponding Royalty amount.

7.19 MSX shall be expressly permitted to assign any sums payable under this **Clause 7**.

7.20 MSX shall have the right to have its independent certified accountants ("**MSX Accountants**") review and verify the accuracy of the records and accounts related to the Royalties (including records of sales as notified to it by its distributor in respect of certain countries within the Territory) hereunder for any Half Year ending not more than [***] years prior to the date of such review (the "**Records**"); provided, that, MSX shall not have the right to conduct more than [***] such inspection in any [***] month period, unless MSX or RB shall have a good faith belief that during such period that a Regulatory Authority inspection is expected, or unless otherwise required by applicable law, regulation rule or Regulatory Authority. Following such review, MSX's accountants shall disclose to RB and MSX whether the Royalties paid to MSX hereunder are correct and accurate, and give details of any discrepancies between the Royalties due under the Records and Royalties paid. MSX shall be responsible for the costs of the MSX Accountants unless the MSX Accountants certify that RB has underpaid Royalties properly due to MSX by [***] or more in the period being audited, in which instance RB shall reimburse MSX for all costs of the MSX Accountants within [***] of receipt of notice of such underpayment. In no event shall the MSX Accountants disclose to MSX information other than whether the Royalties payable by RB were accurate of inaccurate and the amount of any discrepancies due. For the avoidance of doubt, MSX agrees that all information disclosed by RB under this **Clause 7.20** shall be Confidential Information for the purpose of this Agreement and MSX shall ensure that the MSX Accountants shall enter into a confidentiality agreement with RB obligating the MSX Accountants to maintain the confidentiality of any information disclosed by RB pursuant to this **Clause 7.20.**

7.21 In the event that the review conducted under **Clause 7.20** concludes that RB owes to MSX further Royalty payments, RB shall make such additional payments within [***] days of a copy of the MSX Accountants' review being delivered to both parties. In the event that the review conducted under **Clause 7.20** concludes that RB has made Royalty payments to MSX in excess of those required, such excess payments shall be credited against future payments owed by RB to MSX under this Agreement (or, if no such payments are owed, shall be promptly refunded by MSX to RB within [***] days of a copy of the MSX Accountants' review being delivered to MSX).

7.22 During the Term commencing with the period ending at December 31, 2008, RB shall be entitled to receive a rebate on volume purchases of the Products in accordance with the following (the "**Rebate**"):

7.22.1 In the event that RB purchases in any Year in the aggregate more than [***], but less than [***], units of Product, in any combination of one or more Products set forth on **Schedule 3**, RB shall be entitled to receive a Rebate of [***] U.S. dollars (USD$[***]) for each unit of Product over [***] and less than [***] purchased by RB during such Year; and

7.22.2 In the event that RB purchases in any Year in the aggregate [***] units of Products or more, in any combination of one or more Products set forth on Schedule 3, then in addition to the rebate payable under Clause 7.22.1 above, RB shall be entitled to receive a Rebate of [***] U.S. dollars (USD$[***]) for each unit of Product at and in excess of [***] purchased by RB during such Year; and

7.22.3 The Rebate due to RB in any Year, if any, shall be calculated by MSX on or before January 31st of the immediately succeeding Year (the "**Rebate Calculation**"); and

7.22.4 At the option of MSX, exercised in its sole discretion, the Rebate for each Year, if any, shall be either: (i) paid by MSX to RB on or before February 15th of the immediately succeeding Year for which such Rebate Calculation is due; or (ii) granted as a credit by MSX in the amount of such Rebate against the payment or payments of Royalties due by RB after the Rebate Calculation; and

7.22.5 No Rebate under this Agreement, if any, shall result in or entitle RB to any right of set-off, discount or similar reduction of the Price of any Product purchased by RB, or in any other payment due by RB under this Agreement, including, without limitation, any Milestone payment, Option payments, and Royalty payments except as specifically set forth in **Clause 7.22.4**(ii) above. No interim payments of Rebates, if any, due under this Agreement shall be made during the Term except any Rebates due and unpaid by MSX, pursuant to the terms of this Agreement, upon the expiration or termination of this Agreement and not theretofore applied by MSX as a credit against Royalties due and owing by RB upon such expiration or termination.

8. QUALITY DOCUMENTATION AND INSPECTION

8.1 MSX shall manufacture the Products in accordance with this Agreement and in particular with the provisions of **Clause 3.1.1**.

8.2 If MSX has actual knowledge that any aspect of the Product Specification is liable to result in the manufacture of a defective Product which may lead to a liability being incurred, MSX shall, as soon as reasonably practicable, notify RB in writing.

8.3 MSX shall establish and maintain a batch-tracking system to enable it to identify and procure the recall (if necessary) of Products which may be affected in any way by manufacturing and production problems. MSX shall provide details to RB of its batch-tracking system upon RB's reasonable written request to do so.

8.4 MSX shall:

8.4.1 complete the documentation relevant to the manufacture, testing, storage and delivery of the Product in accordance with cGMP and any other reasonable requirements of RB provided to MSX in advance in writing, and shall retain such documentation for a minimum period of six (6) years after delivery of the Product to RB (or its nominee);

8.4.2 permit RB (or its nominee), on reasonable prior written notice to MSX, access to the Manufacturing Site from time to time during the Term as is reasonable (or if required by applicable law, regulation, rule or Regulatory Authority) for the inspection of any documentation relating solely to the manufacture, testing, storage or delivery of the Products, the Raw Materials or the Film for the period ending not more than [***] years prior to the date of such inspection; provided, that, RB shall be responsible for the costs of such inspection and MSX shall not charge RB for MSX's costs of such inspection. For the avoidance of doubt, RB agrees that all information disclosed by MSX under this **Clause 8.4.2** shall be Confidential Information for the purpose of this Agreement and RB shall ensure that any nominee of RB participating in such inspection shall enter into a confidentiality agreement with MSX obligating such nominee to maintain the confidentiality of any information disclosed by MSX pursuant to this **Clause 8.4.2;**

8.4.3 promptly, upon the reasonable written request of RB, provide RB with any Product validation report, including a summary of the analytical results, the stability results, details of any Product failures, process deviations and any out of Product Specification results; and

8.4.4 complete and lodge with the appropriate Regulatory Authorities where required all documentation relating to the export of the Products where delivery involves export from the country of manufacture.

8.5 RB (or its nominee) shall have the right to perform any tests it wishes (at RB's expense) on any Product, Raw Materials or Film at MSX's Manufacturing Site as reasonably requested by RB upon ten (10) days advance written notice to MSX to ensure its compliance with the Product Specification, and without interference with MSX's operations.

8.6 MSX shall, and shall use commercially reasonable efforts to, procure that its Affiliates shall, grant a right of reasonable access to RB (or its nominee) to inspect any records relevant to the manufacture of the Products subject to **Clause 8.4.2** or conduct any tests on the Products, Raw Materials or Film subject to **Clause 8.5.**

8.7 RB shall, and shall use commercially reasonable efforts to procure that any Affiliate or third party API manufacturer shall:

8.7.1 complete the documentation relevant to the manufacture, testing, storage and delivery of the API in accordance with cGMP and any other reasonable requirements of MSX provided to RB in advance in writing, and shall retain such documentation for a minimum period of six (6) years after delivery of the API to MSX (or its nominee);

8.7.2 permit MSX (or its nominee), on reasonable prior written notice to RB, access to the manufacturing site of the API from time to time during the Term as is reasonable (or if required by applicable law, regulation, rule or Regulatory Authority) for the inspection of any documentation relating to the manufacture, testing, storage or delivery of the API for the period ending not more than [***] years prior to the date of such inspection; provided, that, MSX shall be responsible for the costs of such inspection and RB shall not charge MSX for any of RB's costs for such inspection. For the avoidance of doubt, MSX agrees that all information disclosed by RB under this **Clause 8.7.2** shall be Confidential Information for the purpose of this Agreement and MSX shall ensure that any nominee of MSX participating in such inspection shall enter into a confidentiality agreement with RB obligating such nominee to maintain the confidentiality of any information disclosed by RB pursuant to this **Clause 8.7.2**;

8.7.3 promptly, upon reasonable request of MSX, provide MSX with any validation report for any API batch, including a summary of the analytical results, the stability results, details of any such batch failures, process deviations and any out of API Specification results; and

8.7.4 complete and lodge with the appropriate Regulatory Authorities where required all documentation relating to the export of the API where delivery involves export from the country of manufacture.

8.8 MSX shall have the right, but not the obligation, to perform any tests it wishes (at MSX's expense) on any API at the manufacturing site of the API or any other relevant sites as MSX reasonably requests to ensure its compliance with API Specifications.

8.9 RB shall, and shall use commercially reasonable efforts to procure that its Affiliates and any third party API manufacturer shall, grant a right of reasonable access to MSX (or its nominee) to inspect any records relevant to the manufacture of the API subject to **Clause 8.7.2** or conduct any tests on the API subject to **Clause 8.7.4**.

8.10 Each of the parties hereby warrant and represents to the other that (i) it is not debarred under the Generic Drug Enforcement Act of 1992, 21 U.S.C. 335[a] (the "**Generic Drug Enforcement Act**"), and that it has not been convicted of a crime for which it could be debarred under the Generic Drug Enforcement Act; and (ii) it shall not use in any capacity the services of any person debarred under the Generic Drug Enforcement Act, or convicted of a crime for which a person can be debarred under the Generic Drug Enforcement Act.

9. WARRANTIES

9.1 MSX hereby warrants that:

9.1.1 the Manufacturing Site has as of the Commencement Date, and will maintain during the Term, all necessary or appropriate consents, approvals, licences, permits, registrations or authorisations (or waivers) required to manufacture the Products, in accordance with the terms of this Agreement;

9.1.2 it has the necessary facilities, equipment, Know-How, procedures and personnel at the Manufacturing Site to manufacture the Products in accordance with the terms of this Agreement;

9.1.3 any Products manufactured pursuant to this Agreement shall comply with the Product Specification and all provisions as to quality set out in the Quality Agreement;

9.1.4 subject to **Clause 6.9**, at the time that legal title and risk of loss passes to RB pursuant to **Clause 5.7**, the Products manufactured pursuant to this Agreement shall be free from adulteration or contamination and fit for their intended purpose under this Agreement; and

9.1.5 the manufacture of the Products will comply with all applicable national and local laws, rules, regulations and guidelines in force in the jurisdiction of the country of distribution in respect of the manufacture of the Products and, to the knowledge of MSX, there are no circumstances or conditions in existence as of the Commencement Date which would reasonably be expected to prevent continuing compliance of the manufacture of the Products in accordance with the terms of this Agreement with all such national and local laws, rules, regulations and guidelines during the Term.

9.2 MSX further warrants that:

9.2.1 subject to the terms of this Agreement, it will meet all Orders from RB for the Products that are consistent with the terms of this Agreement;

9.2.2 it shall supply the Products within the periods set out in **Clause 5.1**;

9.2.3 it shall convey good title in any Products delivered to RB under this Agreement;

9.2.4 it is duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation and has the corporate power and authority to own its assets and to conduct its businesses and to perform its obligations hereunder;

9.2.5 the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not result in the breach of, or violate any term or provision of, its articles of incorporation or by-laws;

9.2.6 it is not subject to any outstanding injunction, judgement or order of any governmental authority which would prevent or materially delay the transactions contemplated by this Agreement; there are no civil, criminal or administrative claims, actions, suits, demands, proceedings, hearings or investigations pending or, to MSX's knowledge threatened, at law, in equity or otherwise, in, before, or by, any governmental authority which (if successful) would prevent or materially delay MSX's compliance with the provisions of this Agreement;

9.2.7 no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced or is pending or, to MSX's knowledge, proposed in respect of it;

9.2.8 the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by appropriate persons within its organisation and this Agreement constitutes the legal, valid and binding obligation of MSX enforceable against it in accordance with its terms;

9.2.9 it or its Affiliates has taken or will take all action as may be required to obtain and maintain, comply and keep current any governmental licences, permits, approvals and/or registrations that are necessary for MSX and/or its Affiliates to manufacture and/or supply the Products and to carry out and perform its obligations under this Agreement;

9.2.10 it shall, at its own cost, diligently prosecute to grant all subsisting patent applications within the Patents so as to secure the broadest monopoly legally and reasonably obtainable within the Field consistent with avoiding serious prejudice to the validity of such granted Patents and provide RB with a patent update report (which shall include details of the renewal dates of all Patents registered) every [***] months during the Term;

9.2.11 it shall for the life of the Patents pay all renewal fees and do all such act: and things as may be necessary to maintain and keep the Patents and shall provide RB with written notice of its intent not to renew at least [***] months before the last day for renewing the Patents; and

9.2.12 it shall not during the Term, save following receipt of written notice that RB does not wish to acquire the Patents in accordance with **Clause 15.13**, abandon any of the Patents or allow any of them to lapse.

9.3 RB hereby warrants that:

9.3.1 RB, the manufacturing site of the API and/or any third party API manufacturer, as applicable, has as of the Commencement Date, and to RB's knowledge will maintain during the Term, all necessary or appropriate consents, approvals, licences, permits, registrations or authorisations (or waivers) required to manufacture the API in accordance with the terms of this Agreement. For the avoidance of doubt this warranty is given without prejudice to RB's obligations to supply API in accordance with the API Specifications;

9.3.2 it and/or any third party API manufacturer, as applicable has the necessary facilities, equipment, Know-How, procedures and personnel at the manufacturing site of the API to manufacture the API in accordance with the terms of this Agreement;

9.3.3 any API delivered pursuant to this Agreement shall comply with the provisions the API Specification;

9.3.4 the API supplied pursuant to this Agreement shall conform to the API Specification and shall be free from adulteration or contamination and fit for its intended purpose under this Agreement;

9.3.5 it and/or any third party API manufacturer, as applicable shall comply with all applicable national and local laws, rules, regulations and guidelines in force in the U.S. and the European Union in respect of the manufacture of the API and, to the knowledge of RB, there are no circumstances or conditions in existence as of the Commencement Date which would reasonably be expected to prevent continuing compliance of the manufacture of the API in accordance with the terms of this Agreement with all such national and local laws, rules, regulations and guidelines during the Term; and

9.3.6 MSX's use of the API in accordance with the terms of this Agreement shall not infringe any third party patent rights or other intellectual property rights which are known by RB (or ought reasonably to be known by RB) to exist as of the Commencement Date.

9.4 RB further warrants that:

9.4.1 it shall supply the API within the time periods set out in **Clause 4.3**;

9.4.2 it is duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation and has the corporate power and authority to own its assets and to conduct its businesses and to perform its obligations hereunder;

9.4.3 the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not result in the breach of, or violate any term or provision of its articles of formation or by-laws;

9.4.4 it is not subject to any outstanding injunction, judgement or order of any governmental authority which would prevent or materially delay the transactions contemplated by this Agreement; there are no civil, criminal or administrative claims, actions, suits, demands, proceedings, hearings or investigations pending or, to RB's knowledge threatened, at law, in equity or otherwise, in, before, or by, any governmental authority which (if successful) would prevent or materially delay RB's compliance with the provisions of this Agreement;

9.4.5 no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced or is pending or, to the knowledge of RB, proposed in respect of it;

9.4.6 the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by appropriate persons within its organisation and this Agreement constitutes the legal, valid and binding obligation of RB enforceable against it in accordance with its terms; and

9.4.7 it or its Affiliates has taken or will take all action as may be required or necessary to obtain and maintain, comply and keep current any governmental licences, permits, approvals and/or registrations that are necessary for RB and/or its Affiliates to manufacture and/or supply the API and to carry out and perform its obligations under this Agreement.

9.5 NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A WARRANTY OR REPRESENTATION BY EITHER PARTY (II) REGARDING THE EFFECTIVENESS, VALUE, SAFETY, NON-TOXICITY OR PATENTABILITY OF ANY PATENT TECHNOLOGY, THE PRODUCT OR ANY INFORMATION OR RESULTS PROVIDED BY EITHER PARTY PURSUANT TO THIS AGREEMENT, OR (II) THAT THE PRODUCT WILL BE APPROVED. EACH PARTY EXPRESSLY DISCLAIMS, WAIVES, RELEASES, AND RENOUNCES ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT THOSE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT WHICH SHALL REMAIN IN FULL FORCE AND EFFECT IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

10. **INDEMNITY**

10.1 Subject to the limitations in **Clause 22** below, RB shall indemnify, defend and hold harmless MSX, its Affiliates and its and their respective directors, officers, employees, representatives, agents and contractors ("**MSX Parties**") from any and all Losses that result from or arise in connection with any claim, action, suit or proceeding, made or brought by or on behalf of a third party (a "**Claim**") against any of the MSX Parties to the extent the Claim arises from (i) the marketing, distribution or sale of the Products by RB, its Affiliates and its agents, (ii) the use of the Products, (iii) the failure of API to meet the API Specification as a result of defects (latent or otherwise) in, or non-conformance of, the API (save for those defects or non-conformance which would have been discovered but for MSX's failure to perform the tests to be carried out by MSX in accordance with the terms under **Clause 4.4**) or the breach by RB of the warranties set forth in **Clauses 9.3** and **9.4.1**, or (iv) a material breach of this Agreement by RB or any of its Affiliates; provided, that:

10.1.1 the Claim does not arise from the negligence, wilful default or breach of the terms of this Agreement (including the warranties by MSX in **Clause 9**) or the Quality Agreement by the MSX Parties; and

10.1.2 the indemnity shall not extend to any part of a Claim that results from any failure by MSX to promptly notify RB in writing of any matter which may give rise to such a Claim to which this indemnity may apply, where such failure actually causes material prejudice to RB's rights or ability to defend against such Claim.

10.2 MSX shall indemnify, defend and hold harmless RB, its Affiliates, and its and their respective directors, officers, employees and contractors ("**RB Parties**") from any and all Losses that result from or arise in connection with any Claim brought against the RB Parties to the extent the Claim arises from (i) the failure of the Products to meet the Product Specification or the breach by MSX of the warranties set forth in **Clause 9,** or (ii) a material breach of this Agreement by MSX or its Affiliates, provided, that:

10.2.1 the Claim does not arise from the negligence, wilful default or breach of the terms of this Agreement (including the warranties by RB in **Clause 9**) or the Quality Agreement by the RB Parties; and

10.2.2 the indemnity shall not extend to any part of a Claim that results from any failure by RB to promptly notify MSX in writing of any matter which may give rise to such a Claim to which this indemnity may apply, where such failure actually causes material prejudice to MSX's rights or ability to defend against such Claim.

10.3 Each party shall be obliged to promptly notify the other in writing upon becoming aware of any indemnity claims likely to be made by a third party under the terms of this **Clause 10,** and shall promptly exchange all information relating to an indemnity claim to the extent reasonably practicable.

10.4 The indemnifying party shall:

10.4.1 have sole control over the conduct, defense (including the right to select counsel) and settlement of any such Claim; provided that no compromise or settlement may be affected by the indemnifying party that indicates an admission of liability by the indemnified party or requires the indemnified party to make any monetary payments, without the prior written consent of the indemnified party, such consent not to be unreasonably withheld, conditioned or delayed; and

10.4.2 keep the indemnified party fully informed of the progress of the defense of such Claim.

10.5 The indemnified party shall:

10.5.1 cooperate fully with the indemnifying party and its legal representatives in the investigation and defense of any Claim under this Agreement;

10.5.2 not make any admissions or do anything that may compromise or prejudice the defense of such Claim without the prior written consent of the indemnifying party; and

10.5.3 not make any payment or incur any expenses in connection with any such Claim or make any admission or do anything that may compromise or prejudice the defense of the Claim without the prior written consent of the indemnifying party, such consent not to be unreasonably withheld, conditioned or delayed.

10.6 Subject to **Clause 10.5**, in the event a Claim is asserted, the indemnified party may elect to choose counsel independent from that representing the indemnifying party and participate in the Claim, in which case the indemnified party shall be solely responsible for any costs and expenses associated with such counsel including, legal costs, expert fees and all related costs.

10.7 No later than the first shipment of Product to RB for commercial sale, throughout the remainder of the Term and for a period of [***] months after its expiry or termination, the parties shall carry and keep in force a comprehensive general liability insurance policy, including product liability as well as blanket contractual liability coverage. This insurance policy shall provide a liability limit of not less than £[***] for each occurrence or series of related occurrences within any twelve (12) month period. Each party shall, upon the reasonable request of the other, produce satisfactory evidence that all insurance premiums have been paid and kept up to date and are kept in accordance with local insurance laws or regulations from time to time in force. The existence of such insurance shall not be construed as a limitation of either party's liability hereunder.

11. CONFIDENTIAL INFORMATION

11.1 For the avoidance of doubt, RB and MSX may be disclosing Confidential Information belonging to them or their Affiliates on behalf of those Affiliates and those Affiliates may also disclose such information themselves directly.

11.2 "**Discloser**" means either party or any of its Affiliates disclosing Confidential Information to the Recipient.

11.3 "**Recipient**" means either party or any of its Affiliates receiving Confidential Information from the Discloser.

11.4 Each party will disclose to the other such Confidential Information as it considers necessary to further the purpose of this Agreement.

11.5 Each party shall treat all Confidential Information disclosed hereunder with strict confidentiality.

11.6 The Recipient shall only use Confidential Information to further the purpose of this Agreement and for no other purpose.

11.7 The Recipient will not, without the prior written consent of the Discloser, make any notes, sketches, drawings, photographs or copies of any kind of any part of the Confidential Information, except when reasonably necessary for the purposes of this Agreement, in which case such copies will be regarded as Confidential Information of the Discloser.

11.8 The Recipient shall not authorise any third party other than a Sub-Contractors as set forth in **Schedule Five** (and in the case of the API Specification which, for the avoidance of doubt, MSX shall not without the prior written consent of RB disclose or pass to, or allow use by, any party including a Sub-Contractor as set forth in **Schedule Five**) to act on or use in any way any Confidential Information belonging to the Discloser (whether or not such third party is aware of such Confidential Information), shall promptly notify the Discloser if it becomes aware of any third party so acting, and (without prejudice to any of its other obligations) shall provide the Discloser such assistance as the Discloser reasonably requires, at the Discloser's cost and expense, to prevent such third party from so acting.

11.9 The Recipient will not without the prior written consent of the Discloser communicate or otherwise make available the Confidential Information to any third party save in so far as is necessary to make available the Confidential Information (other than the API Specification which for the avoidance of doubt shall be held in the strictest confidence and shall not be disclosed to any third party (otherwise than under **Clause 11.12.6)** without the prior written consent of RB) to a third party for any application for registration of any Intellectual Property Rights that it owns or in connection with the registration of any medicinal product provided that it does not prevent the registration of or destroy any registrable Intellectual Property Right. The Recipient will forthwith notify the Discloser of any such application and the Discloser may (in its absolute discretion) refuse permission to allow publication. The Recipient shall require each third party (including Sub-Contractors) to which it gives Confidential Information of the Discloser, including those covered under **Clause 11.8** and this **Clause 11.9**, to sign, prior to receipt of any of the Discloser's Confidential Information, an agreement of confidentiality having the same obligations on such third party as are placed on the Recipient under this Agreement.

11.10 The Recipient will however be permitted to disclose Confidential Information to those of its officers and employees and/or officers and employees of its Affiliates who are required in the course of their duties to receive and acquire the Confidential Information for the purpose of this Agreement where such Affiliates and/or employees and/or officers are bound by obligations of confidentiality to the Recipient and/or the relevant Affiliate and are first made aware of the other terms of this Agreement. The Recipient will be liable to the Discloser for any breach of the terms of this Agreement by such Affiliates or by their employees or officers.

11.11 The terms of this **Clause 11** will continue beyond the expiration or termination of this Agreement for a period of [***] years, except in relation to the Know-How of the Discloser and the API Specification which shall remain confidential for the duration of its confidential nature.

11.12 The undertakings given in **Clauses 11.4** to **11.11** above shall not apply, in relation to the Recipient, to Confidential Information that:

11.12.1 the Recipient can show by written records was already in the Recipient's possession prior to the Commencement Date and was not obtained under a duty of confidentiality;

11.12.2 the Recipient can show by written records is subsequently developed independently by the Recipient without any reference to or use by the Recipient of Confidential Information disclosed by the Discloser;

11.12.3 is or becomes public knowledge other than through the default of the Recipient;

11.12.4 is disclosed to the Recipient by a third party where such third party did not obtain the same under an obligation of confidence to the Discloser and was not under an obligation of confidence to the Discloser at the time of disclosure;

11.12.5 is approved for release upon the written permission of the Discloser; or

11.12.6 is required by applicable law, rule or regulation including, without limitation, the United States Securities Act of 1933, the Securities Exchange Act of 1934 and related regulations and interpretations thereof (collectively, the "**Securities Laws**") to be disclosed by the Recipient, in which case the Recipient shall first inform the Discloser of all relevant facts relating to such a disclosure and shall provide such opportunity as is reasonable in the circumstances for the Discloser to object to, or limit, such disclosure and will provide reasonable assistance to the Discloser in seeking to prevent or limit such disclosure, except that no such act by the Discloser to object to or limit, or assistance of the Recipient requested by the Discloser, shall interfere with, delay or hinder the Recipient's obligations under Securities Laws.

11.13 Notwithstanding any other provision of this Agreement, neither party shall make any public disclosure or statement relating to the existence, nature, terms, subject matter or other item in connection with this Agreement, except as required by applicable law, rule or regulation (including, without limitation, Securities Laws), and shall follow the procedure stated in **Clause 11.12.6** in connection with issuing such statement.

12. **HEALTH REGISTRATIONS AND QUALITY ASSURANCE**

12.1 RB shall be responsible for obtaining and maintaining the Health Registrations in the Territory and MSX shall provide such assistance as may be reasonably required in connection with obtaining and maintaining such Health Registrations.

12.2 RB shall prepare, submit and maintain any relevant DMF dossiers for the Products and any relevant certificate of suitability for the Products in accordance with cGMP. Upon the reasonable request of MSX, MSX shall be given access to relevant information contained in DMF dossiers or the certificate of suitability necessary for its activities under this Agreement or required by applicable law.

12.3 The parties shall comply, and procure that their Affiliates comply, with their respective obligations set out in the Quality Agreement.

12.4 MSX shall, on reasonable written request by RB to MSX, provide RB with access to the Master Manufacturing File compiled by MSX in connection with the manufacture of the Products for review.

13. **REGULATORY COMPLIANCE, COMPLAINTS AND PRODUCT RECALLS**

13.1 MSX shall promptly and at its own cost:

13.1.1 provide any Regulatory Authority all such documents and information as it may request in relation to the manufacture of the Products;

13.1.2 allow any Regulatory Authority access in relation to the manufacture of the Products to the Manufacturing Site or any other relevant sites for the purpose of an audit or inspection promptly on request by such Regulatory Authority;

13.1.3 respond in a timely manner to any questions of a regulatory nature relating to the manufacture of the Products raised by any Regulatory Authority and copy RB into any such response; and

13.1.4 promptly provide to RB the findings of any such Regulatory Authority audits, inspections or enquires relating to the Manufacturing Site or other sites relevant to the manufacture of the Products.

13.2 If any Regulatory Authority requires any changes to be made to the manufacture of the Products, the process, plant or equipment used in the manufacture of the Products or disposal of residue after such manufacture, MSX shall promptly notify RB and send it copies of any relevant documents. MSX shall consult with RB and shall use commercially reasonable efforts to defer implementation of any such changes until RB has been able to make any appropriate amendments to its Health Registrations as may be necessary for manufacture of the Products by MSX.

13.3 Each party shall notify the other immediately by telephone and confirm in writing within twenty-four (24) hours upon having actual knowledge of any problem relating to the Products including where:

13.3.1 the Products do not comply with the Product Specification or any matter which may affect the safety or efficacy of the Products arising during their manufacture;

13.3.2 the Products are affected by bacteriological or other contamination; or

13.3.3 the Products are affected by significant chemical, physical or other change or deterioration or stability failures.

13.4 Upon written request by a party, the other party shall promptly investigate any problem identified under **Clause 13.3** above or any third party complaint it relation to the Products and shall promptly submit follow-up reports upon the receipt of any new information in connection with the problem or complaint. Upon written request by RB, MSX shall provide reasonable assistance to RB in investigating such problems or complaints. Such investigations by MSX shall include appropriate chemical or microbial analysis of the relevant Product sample (if available), analysis of any retained Product sample or the review of relevant batch documentation. MSX shall provide RB with a written report of its investigations and conclusions [***] days from receipt of RB's written request (including samples, if available) for such investigation. RB shall provide all reasonable assistance to MSX in analyzing any such Product problems or complaints.

13.5 All contact and correspondence with any Regulatory Authority in relation to a Product recall or complaint shall be made and co-ordinated by RB (unless otherwise required by applicable law). MSX shall not contact any Regulatory Authority or other government body in relation to any matter concerning the recall of or complaint concerning the Products, without the prior written consent of RB (unless required to do so by law), such consent not to be unreasonably withheld, conditioned or delayed.

13.6 During the Term:

13.6.1 MSX shall provide RB with copies of any communications (which are known to MSX to exist and are within its possession or control) with any Regulatory Authority specifically relating to the Products;

13.6.2 RB shall provide MSX with copies of relevant communications with any Regulatory Authority in relation to the API or the Products which would impact MSX's obligations under this Agreement; and

13.6.3 If the communications with any Regulatory Authority referred to in this **Clause 13** require or directly lead to any change in or to the Manufacturing Site in so far as such change affects or impacts upon the manufacture of the Products, then MSX shall in every case provide RB with all information relating thereto and in addition shall keep RB regularly updated of all events occurring and all further communications from Regulatory Authorities from time to time.

13.7 MSX shall, on written request by RB, provide RB with reasonable assistance at RB's cost in the event that:

13.7.1 any Regulatory Authority issues a request, directive or order that the Products be recalled, corrected or withdrawn from market; or

13.7.2 a court of competent jurisdiction orders such a recall, correction or withdrawal from market; or

13.7.3 RB determines in its reasonable discretion that the Products shall be recalled, withdrawn from market or corrected for any reason.

13.8 RB shall at all times have sole responsibility for the initiation and co-ordination of any recall of the Products or the issue of corrective statements (unless otherwise required by applicable law or Regulatory Authorities). MSX shall not, without RB's prior written consent, communicate with any Regulatory Authority or other third party in connection with any such recall or complaint (unless required to do so by law). Notwithstanding the above, MSX and RB shall notify the other promptly if any of the Products are suspected or proven to be the subject of a complaint which may require a recall of the Products and the parties shall cooperate with each other in the handling and disposition of such complaint.

13.9 If RB reasonably determines that a recall of the Products is required, the recall strategy shall be reasonably developed by RB and followed by MSX with strict regard to timing. RB shall promptly notify MSX in writing in the event that it deems that a recall of the Products is required.

13.10 MSX shall be responsible for its own and RB's reasonable costs and expenses of all recalls of Products or complaints in the event that such recall or complaint is the result of any negligent act or omission or breach of the terms of this Agreement by MSX.

13.11 RB shall be responsible for its own and MSX's reasonable costs and expenses of all recalls of Products or complaints in the event that such recall or complaint is the result of any negligent act or omission or breach of the terms of this Agreement by RB.

13.12 In the event that a recall of Products results from the joint negligence of RB and MSX, each party shall be responsible for the expenses of such recall in direct proportion to each party's percentage of fault as determined jointly by written agreement of the parties or by a court of competent jurisdiction.

13.13 In the event of a recall being initiated by a Regulatory Authority, where the scope of the recall is directed at all Products and where the purpose of such recall is not attributable to the fault of either RB or MSX, RB shall be responsible for MSX's expenses properly and necessarily incurred directly in connection with the recall.

13.14 Provided that MSX has stocks of usable API, MSX shall use commercially reasonable efforts, subject to other MSX contractual commitments, in attempting to supply RB with replacement Products during the handling and disposition of such recall.

14. **AD HOC INSPECTION TESTING AND SAMPLES**

14.1 Notwithstanding the provisions of **Clause 13** above, upon the reasonable written request of RB, MSX shall promptly, at RB's cost, submit samples of the Products for RB's approval before the Products are delivered. Such samples shall be marked by MSX for identification.

14.2 On reasonable request and notice in writing, RB shall be entitled, without interfering with MSX's operations, to inspect and test the Products during manufacture, processing and storage and MSX shall at its own cost provide or shall procure the provision of all such facilities as may reasonably be required by RB including access to MSX's premises.

14.3 The exercise by RB of its rights pursuant to **Clauses 14.1** or **14.2** shall not prejudice RB's right to reject, pursuant to the terms of this Agreement, any Products which do not comply with the Product Specification or the provisions of this Agreement (except the API Specification), or represent RB's assumption of liability in any manner whatsoever with respect to such non-compliant Products.

15. **INTELLECTUAL PROPERTY RIGHTS AND LABELLING**

15.1 Nothing in this Agreement shall affect the ownership of any Existing Intellectual Property Rights which one party agrees to make available to the other during the Term and, save as otherwise set out in this Agreement, neither party shall have the right to use or exploit the Existing Intellectual Property Rights of the other party.

15.2 MSX hereby grants RB and its Affiliates during the Term the exclusive (including to the exclusion of MSX) and only right and license (with the right to grant sub-licenses thereunder) under MSX's Existing Intellectual Property Rights to use and sell any product, including the Products, in the Field throughout the Territory. During the remainder of the Term after payment of Royalties stops under **Clause 7** (or otherwise in accordance with the terms of this Agreement) in the Territory or any portion thereof, as applicable, this license shall thereafter become royalty-free in the Field in that portion of the Territory, as applicable.

15.3 During the Term, MSX shall not assign or license any of MSX Existing Intellectual Property Rights to other parties for the use or sale of products within the Field.

15.4 If, during the Term, either party (or any agent or authorised Sub-Contractor of it) develops or creates (whether with or without others and whether jointly with the other party or not) any Arising Intellectual Property Rights, it will forthwith disclose any such Arising Intellectual Property Rights to the other party. To this extent, MSX warrants to RB that in the event of MSX using any agent (including without limitation and authorised Sub-Contractor) for the performance of any tasks under this Agreement it has in place, or will put in place, agreements with such agents which provide that any Arising Intellectual Property Rights within the Field created in the performance of such tasks shall belong to RB.

15.5 Any Arising Intellectual Property Rights (including without limitation any Arising Intellectual Property Rights created by MSX acting alone or in combination with RB) in the Field will belong to RB. To the extent that MSX would otherwise be the owner in whole or in part of any such rights, MSX shall promptly, upon request by RB, assign the entire right, title and interest to any and all such Arising Intellectual Property Rights to RB for a consideration of one Pound Sterling. In cases where MSX owns Arising Intellectual Property Rights within the Field which cannot be assigned, MSX will grant RB an irrevocable, perpetual, exclusive (including to the exclusion of MSX) royalty-free license (with the right to grant sub-licenses thereunder) under such Arising Intellectual Property Rights solely within the Field throughout the Territory. Other than as set forth in the first three sentences of this **Clause 15.5,** MSX shall own and, unless otherwise agreed in writing by MSX, RB shall not have or be granted under this Agreement any right, title or interest to, in or under, any Arising Intellectual Property Rights.

15.6 Claims of patent applications filed by RB shall be limited to the Field. To the extent that registered patent protection is obtained which is broader than the Field, RB grants MSX a royalty-free worldwide exclusive (including to the exclusion of RB) license, with rights to sublicense, outside the Field under the registered protection or applications therefor, which shall last for the duration of the registered protection or application therefor, to carry out all acts which would otherwise be prohibited due to RB's patent protection outside the Field.

15.7 Any Arising Intellectual Property Rights (including without limitation any Arising Intellectual Property Rights created by RB acting alone or in combination with MSX) other than those covered by **Clause 15.5** above will belong to MSX. To the effect that RB would otherwise be the owner in whole or in part of any such rights, RB shall promptly upon request by MSX assign with full title guarantee the entire right, title and interest to any and all such Arising Intellectual Property Rights to MSX for a consideration of one Pound Sterling. In cases where RB owns Arising Intellectual Property Rights which cannot be assigned, such as a claim which falls outside the Field, RB will grant MSX a royalty-free, worldwide exclusive (including to the exclusion of RB) license, with rights to sublicense, outside the Field.

15.8 Claims of patent applications filed by MSX shall be limited to being outside the Field. To the extent that registered patent protection is obtained which is within the Field, MSX grants RB a royalty-free worldwide exclusive (including to the exclusion of MSX) license, with rights to sublicense, within the Field under the registered protection or applications therefor, which shall last for the duration of the registered protection or application therefor, to 'carry out all acts which would otherwise be prohibited due to MSX's patent protection within the Field.

15.9 By way of illustration of **Clauses 15.5** through and including **Clause 15.8** and **Clause 15.10**, if the parties were to create an improved formulation for certain types of common compounds which would speed the production time for the product, RB would have all Arising Intellectual Property Rights (including the exclusive right to use or to license) within the Field and MSX would have all Arising Intellectual Property Rights (including the exclusive right to use or to license) outside of the Field. For the avoidance of doubt, following termination of this Agreement then, subject to any future written agreement of the parties expressly to the contrary, RB would have rights to the Arising Intellectual Property Rights within the Field but no rights to any Arising Intellectual Property Rights outside the Field or MSX's Existing Intellectual Property Rights, and MSX would have rights to Arising Intellectual Property Rights outside the Field but no rights to the Arising Intellectual Property Rights within the Field or any of RB's Existing Intellectual Property Rights.

15.10 The parties agree that, in order (i) to allow RB to apply for, prosecute or maintain any registered protection for RB's rights in the Arising Intellectual Property as identified in **Clause 15.5** and (ii) to allow MSX to apply for, prosecute or maintain any registered protection for MSX's rights in the Arising Intellectual Property as identified in **Clause 15.7**, each in a manner which does not prejudice the prospects for registered protection of the other party. Each party shall work with and cooperate with the other prior to any disclosure of, or patent application filing for, any Arising Intellectual Property Right and shall act in accordance with **Schedule Nine**.

15.11 During the Term, MSX will not assign or license any of MSX's Existing Intellectual Property Rights to other parties for use in the Field.

15.12 During the Term, except during the last twelve (12) month period thereof if the parties have elected not to extend the Term of this Agreement in accordance with the terms of **Clause 3.9,** and whether in isolation or for or with others, MSX shall not carry out research or research work related to the Field, other than pursuant to this Agreement.

15.13 During the Term, in the event that MSX shall decide that it no longer wishes to apply for, prosecute or maintain any registered protection for any of MSX Existing Intellectual Property Rights for any country, it shall forthwith notify RB. If RB indicates to MSX that it wishes to take an assignment of such Existing Intellectual Property Rights within the Field, it shall so notify MSX who agrees to conduct good faith negotiations in attempting to reach a resolution to assign such Existing Intellectual Property Rights within the Field to RB. For the avoidance of doubt, this includes any registered protection which MSX is entitled to claim priority from an earlier application at the end of the Paris Convention priority period. If such Existing Intellectual Property Rights are assigned to RB, and to the extent that registered patent protection is obtained which is broader than the Field, RB will grant MSX an irrevocable, perpetual, exclusive (including to the exclusion of RB), royalty-free license (with the right to grant sub-licenses thereunder) under such registered protection or applications therefor outside the Field and throughout the Territory. Notwithstanding anything to the contrary, MSX is under no obligation to assign such Existing Intellectual Property Rights to RB.

15.14 During the Term and upon its knowledge of the occurrence of any infringement or suspected or threatened infringement of any of the Patents, the Arising Intellectual Property rights or the Existing Intellectual Property Rights in the Product or in the Field, or of any proceedings or suspected or threatened proceedings for the revocation or involving the validity of any of the Intellectual Property Rights, the party with this knowledge shall notify the other and provide all details within its knowledge with respect to the same and thereafter upon receipt of a written request the parties will assist each other in taking such steps as either party may reasonably consider to be appropriate at the expense of the party that considers such steps to be appropriate.

15.15 For the purpose of protecting the Intellectual Property Rights, each party shall also procure that its Affiliates shall comply with **Clause 3** and this **Clause 15**.

15.16 Each party undertakes that it shall not at any time during the Term or after the termination or expiration of this Agreement knowingly do or suffer to be done any act or thing which may impair the rights of the other party in its Intellectual Property Rights and further undertakes that it shall not represent that it has any title to or right of ownership in the Intellectual Property Rights of the other party.

15.17 MSX shall manufacture the Products incorporating such layout, content, design, trade marks and artwork as may be reasonably directed by RB in writing. RB shall bear the cost of designing the layout, content and appearance of the labelling, inserts and packaging, including costs of Tooling, used solely in connection with the Products.

15.18 Except as may be required by any Regulatory Authority, MSX shall not make any change or modification to the Products' packaging or labelling, including the layout, content, design, trade marks or artwork used in connection with such packaging or labelling without the prior written consent of RB.

15.19 RB may, on reasonable prior written notice, change any part of the packaging or labelling of the Products. In the event that such change results in any write-off of the cost of Raw Materials, RB shall bear the cost of such write-off to the extent that such Raw Materials were reasonably required to meet RB's Forecasts.

15.20 In the event of any packaging or labelling changes, MSX shall, if requested in writing by RB, either destroy (in accordance with all applicable laws) or deliver to RB any Products which are to be written off. RB is to bear the cost of such write off for such Products at: (1) the Cost of Goods Price for such Products if the packaging or labelling change was at RB's choice; or (2) the manufacturing costs for such Products if the packaging or labelling change was done to meet a change in legal requirements. In addition to the foregoing, in either case, RB shall reimburse MSX for the acquisition costs of any unused packaging materials which can no longer be used for the Products to the extent that such Raw Materials were reasonably required to meet RB's Forecasts.

15.21 For the avoidance of doubt, in the event of any packaging or labelling changes pursuant to **Clause 15.18** or **Clause 15.19**, upon receipt of written notice of such changes, MSX shall inform and keep RB informed of the stock levels of the Products and relevant Raw Materials and packaging components in order that RB may decide how it wishes to proceed under **Clauses 15.18** and **15.19**.

15.22 All copyright and other Intellectual Property Rights in any artwork and origination work supplied by RB or its nominee for the labelling, packaging and, where applicable, package inserts for the Products is and shall remain the property of RB or its nominee absolutely. MSX shall not supply or manufacture any such packaging or other components or finished Products or confusingly similar packaging or products other than to RB or as it may direct. Subject to RB being able to incorporate the trademark of MSX as set out in **Schedule Eleven** (or such variation thereto as is reasonably suggested by MSX and approved by RB, such approval not to be unreasonably withheld, conditioned or delayed) on the back of secondary packaging (being packaging containing one or more of the Products and of an appropriate size for such requirements) without impeding the artwork and information required by Regulatory Authorities to be placed on such secondary packaging, RB shall include the MSX trademark on the reverse of such secondary packaging with the size and location approved by RB (such approval not to be unreasonable withheld, conditioned or delayed but shall remain subject to RB's obligations to place information required by Regulatory Authorities on such secondary packaging).

16. **FORCE MAJEURE**

16.1 If either party is prevented or delayed in the performance of any of its obligations under this Agreement as a result of civil commotion, strike (but excluding industrial action or strikes by employees of either party) embargo, governmental legislation or regulation, riot, invasion, war, threat of or preparation for war, fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural physical disaster or other event beyond the reasonable control of a party that has not occurred as a result of its negligence or other act or omission ("**Force Majeure Event**"), it shall notify the other party, in writing, of the same as soon as practicable, fully detailing the background to, and all relevant matters connected with, such Force Majeure Event, together with such evidence thereof that it reasonably can give and specifying the period for which such prevention or delay can reasonably be expected to continue. The affected party shall use commercially reasonable efforts to remove or overcome such Force Majeure Event as quickly as possible and shall also use its commercially reasonable efforts to mitigate the impact of such Force Majeure Event of the other party. Subject to **Clause 16.2,** if a party shall have fully complied with its obligations under this **Clause 16.1**, it shall be excused from performance of its unfulfilled obligations under this Agreement from the start date of the Force Majeure until such Force Majeure Event no longer pertains.

16.2 If a Force Majeure Event prevents performance by a party of any obligations hereunder for a continuous period in excess of [***] weeks, the other party shall be entitled to terminate this Agreement by written notice at any time after such [***] week period provided the relevant Force Majeure Event remains subsisting at the time such notice is given.

17. **TERMINATION**

17.1 This Agreement may be terminated at any time upon either party giving to the other [***] days notice in writing if the other party commits a material breach of the terms of this Agreement and (where such breach is capable of remedy) fails to remedy such breach within [***] days of receiving written notice from the other party specifying the breach and requiring its remedy.

17.2 This Agreement may be terminated by either party, immediately on written notice to the other, if;

17.2.1 the other party shall go into liquidation whether voluntary or compulsory or is dissolved or becomes insolvent or if a petition shall be presented or an order made for the appointment of an administrator or if a receiver, administrative receiver or manager shall be appointed over any part of its assets or undertaking which appointment is not dismissed within thirty (30) days of having been made; or

17.2.2 any distress, execution, sequestration or other process is levied or enforced upon or sued out against the property of the other party which is not discharged within thirty (30) days.

17.3 This Agreement may be terminated by RB, forthwith upon written notice to MSX, in the event that:

17.3.1 any applicable Regulatory Authority, state or local regulatory approvals, laws, ordinances or regulations, present or future, state that the Manufacturing Site is not suitable, or ceases to be suitable, for the manufacture of the Products; or

17.3.2 the Product is not suitable for Manufacture by MSX due to environmental, health or safety reasons; or

17.3.3 any of RB's Health Registrations for the Products is suspended or withdrawn; or

17.3.4 it is determined that the formulation, use or sale of the Products infringes any third party Intellectual Property Rights; or

17.3.5 RB is unable to demonstrate bio-equivalence between the Products and its Suboxone product; or

17.3.6 MSX is unable to provide stability data demonstrating, and obtain appropriate authorisation specifying, a shelf life of the finished Products (i.e. Products packed in accordance with the Packaging Specification) at least equivalent to [***] months; or

17.3.7 RB exercises its right to terminate in accordance with the terms of **Clause 7.9**.

17.4 This Agreement may be terminated by RB, forthwith upon written notice to MSX, in the event that MSX's cumulative on-time Product delivery falls below eighty percent (80%) during any six (6) month period as specified in **Clause 6.5.1**, provided that the reason for such failure is not due to the failure of RB to deliver the API on time or to any other fault or failure attributable to RB or its Affiliates or their respective assigns or sublicensees.

17.5 This Agreement may be terminated by MSX, forthwith upon written notice to RB:

17.5.1 In the event that following RB's filing of a New Drug Application ("**NDA**") for FDA approval of the Product (which shall be filed on the assumption that both parties will act reasonably to obtain such filing) and after the expiry of the six (6) month period commencing with RB's receipt of final response from the FDA regarding RB's NDA filing, RB fails to use its commercially reasonable efforts to obtain and diligently pursue all approvals from the FDA as required by this Agreement. For purposes of this **Clause 17.5.1**, RB shall be deemed to have failed to use commercially reasonable efforts to obtain all approvals from the FDA as required by this Agreement if RB fails or elects not to use such efforts and resources (including, without limitation, the promptness in which such efforts and resources would be applied) consistent with its expression of commitment and intent regarding its regulatory strategy for the commercialization exploitation of the Products, on and before the Commencement Date, as a priority of its and its Affiliates product development program, including expending such additional funds and devoting such additional manpower and other resources as is necessary and appropriate to reasonably assure the timely grant of such approvals to effect the transactions contemplated under this Agreement and, in any circumstances, which are consistent with the general level of effort and resources that would be used in the pharmaceutical industry for a company similar in size and scope and with the intention to commercialize and exploit a product critical to the continued success of the company. The parties understand and agree that RB shall not be construed as failing to use commercially reasonable efforts for delays caused solely by the FDA in its review of the applications for U.S. Regulatory Approvals by RB if RB is diligently and timely responding to requests and demands by the FDA relating to such applications;

17.5.2 In the event that RB fails to make reasonable efforts toward a Product Launch in the U.S. after obtaining all necessary approvals from the relevant Regulatory Authorities within six (6) months after obtaining such approvals; or

17.5.3 In the event that RB fails to reach minimum sales of the Products of at least USD$15,000,000 (fifteen million U.S. dollars) within twenty-four (24) months from the Product Launch set forth in **Clause 17.5.2** above.

17.6 This Agreement may be terminated by MSX, forthwith upon written notice to RB, in the event that MSX notifies RB that supplies of the API do not meet the API Specification in accordance with **Clause 4.4** and have not done so during the previous consecutive three (3) month period, and RB has not implemented an action plan and remedied the failure to supply the API to the API Specification in accordance with **Clause 4.5** within three (3) months after the end of such three (3) month period.

17.7 This Agreement may be terminated by RB if a majority percentage of the issued share capital, or control of the management or voting rights, of MSX is taken over or acquired (collectively, a "**Change in Control**") by any third party or parties operating within the Field or expropriated or nationalised.

18. CONSEQUENCES OF TERMINATION

18.1 Upon termination or expiry of this Agreement for whatever reason, MSX shall:

18.1.1 at the written request of RB, use its best endeavours to novate the contracts for the supply of all Raw Materials, Film, packaging components and other materials used in the production of the Products to RB, or as RB may direct, and to meet any request from RB required to transfer production or any registrations or licences or approvals relating to the Products to RB, its Affiliates or any third party approved in writing by RB;

18.1.2 release and make available for immediate collection by or on behalf of RB, and RB shall forthwith purchase from MSX, (i) all finished Products (including stocks maintained in accordance with **Clause 6.4**) at the Cost of Goods Price and/or (ii) the Raw Materials at the relevant cost of Raw Materials, each as determined in the previous Annual Review;

18.1.3 promptly deliver to RB (or its nominee) a copy of the Master Manufacturing File;

18.1.4 in the case of termination of this Agreement by RB under **Clauses 17.1**, **17.2**, **17.3.1**, **17.3.2**, **17.3.6**, **17.3.7**, **17.4**, and **17.7** promptly provide to RB all relevant Intellectual Property which is necessary or reasonably useful for the manufacture of the Product in the Field by a qualified third party manufacturer including, but not limited to, those specified in **Clause 6.6,** subject to confidentiality and intellectual property agreements in the form reasonably satisfactory to MSX; MSX not to unreasonably withhold or delay the execution of such agreements;

18.1.5 promptly collect, pack and make ready for delivery to RB all Tooling provided by or funded by RB, and follow all reasonable directions of RB with respect to the disposition of such Tooling, such delivery being at RB's cost, and the risk of loss or damage to such Tooling shall pass to RB at the time of removal from MSX's facility; and

18.1.6 promptly procure the delivery to RB of, or at RB's request destroy, all copies in its possession of all Confidential Information which is in documentary or other tangible form (including all copies thereof) and which has been disclosed to MSX together with all material relating to that Confidential Information prepared by, or on behalf of, MSX and, at RB's written request, undertake to RB in writing that it has complied with the provisions of this **Clause 18**.

19. ASSIGNMENT AND THIRD PARTY RIGHTS

19.1 Except as expressly provided herein, neither the benefits nor the obligations of this Agreement (or any agreement hereunder) or of any provision of it may be assigned or transferred (including sub-contracting other than sub-contracting to the Sub-Contractors listed on **Schedule Five**) by either party without the prior written consent of the other.

19.2 Without MSX's consent, this Agreement (including any agreements hereunder) shall be assignable by RB to any Affiliate and to any purchaser of all or a substantial part of the business of RB to which this Agreement relates and in the event of such assignment and written assumption by such purchaser, RB shall with effect from such assignment be released from its obligations hereunder and all references in this Agreement to RB shall be changed to mean its assigns.

19.3 Any Affiliate of RB may place Orders for Products under this Agreement and may accordingly in their own right enforce the provisions of this Agreement, as though it were RB; provided, that (a) each Affiliate of RB that places an Order for Products shall by doing so be deemed to have assumed RB's obligations under this Agreement for purposes of such Order, and (b) RB shall remain obligated for the performance of all of the obligations of RB and the applicable Affiliate of RB arising from this **Clause 19.3**.

19.4 MSX may, without the prior consent of RB, assign this Agreement (and any agreements hereunder): (i) to any purchaser of all or a substantial part of the assets or business of MSX to which this Agreement relates, or (ii) to MonoSol Rx, Inc., and, in each such case, MSX shall with effect from such assignment be released from its obligations hereunder and all references in this Agreement to MSX shall be deemed to include its assigns.

19.5 MSX may, without the prior consent of RB, assign its rights and/or benefits under this Agreement or any provision of it, including, without limitation, any Royalties and/or any other payments due MSX, to any third party, including, without limitation, MonoSol Rx, Inc. or other Affiliate of MSX; provided, that in the event of such assignment under this **Clause 19.5**, MSX shall remain obligated for the performance of all of the obligations of MSX arising under this Agreement.

20. **NOTICES**

20.1 Any notice or other communication to be given under this Agreement shall be delivered personally, sent by first-class, pre-paid post or by fax to the following numbers and addresses:

RECKITT BENCKISER		With a copy to
Addressee	[***]	[***]
	[***]	[***]
Fax	[***]	[***]
Address	10710 Midlothian Turnpike, Suite 430 Richmond, VA 23235	10710 Midlothian Turnpike, Suite 430 Richmond, VA 23235

MONOSOL RX, LLC		With a copy to
Addressee	Senior Vice President – Business Development	
	[***]	[***]
Fax	30 Technology Drive Warren, NJ 07059	[***]
Address		Day Pitney LLP *By Courier:* 200 Campus Drive Florham Park, New Jersey 07932 Or *By Mail:* P.O. Box 1945 Morristown, New Jersey 07962

and shall be deemed to have been served upon delivery to the above addresses (if served by hand), three (3) working days following postage to such addresses (if sewed by first-class pre-paid post), and upon transmission of the fax correctly sent to the above number (provided that the sender has proof of transmission and any notice sent after 16:30 shall be deemed to have been served on the recipient the next working day).

21. **MISCELLANEOUS**

21.1 If there are any inconsistencies between the terms and conditions set forth in this Agreement and the terms and conditions set forth in any quotation, Order, acknowledgement or invoice, the terms and conditions of this Agreement shall prevail.

21.2 This Agreement, the Product Specification, Packaging Specification, API Specification, or any Order may only be amended, modified or varied by the parties by an instrument in writing signed on behalf of each of the parties.

21.3 The waiver by either party of any right under this Agreement or of any failure to perform or breach hereof by the other party shall not constitute or be deemed to be a waiver of any other or future right hereunder or of any other failure to perform or breach hereof by such other party, whether of a similar or dissimilar nature.

21.4 The expiration or earlier termination of this Agreement will not operate to release either party hereto from its obligations which are expressed to or implicitly survive such expiration or termination (including, without limitation, **Clauses 9**, **10**, **11**, **12**, **13**, **15**, **18**, **20**, or **22** and any regulatory obligations imposed by Regulatory Authorities to the extent that these obligations by their terms require the parties to continue to perform such obligations beyond such expiration or termination), or from any liability which has already accrued to the other party as of the date of expiration or termination or which may thereafter accrue in respect of any act, omission or default occurring prior to expiration or termination.

21.5 Nothing in this Agreement shall constitute or be deemed to constitute the creation of a partnership, agency, or employer/employee relationship between the parties.

21.6 This Agreement, together with the Development Agreement for a Pharmaceutical Film between the parties dated 11 December 2006 (and associated amendments, collectively, the "**Development Agreement**"), Product Specification, API Specification, Quality Agreement and the Schedules attached hereto, constitute the entire agreement and understanding of the parties and supersede any previous agreement between RB and MSX and their Affiliates in relation to the subject matter of this Agreement. To the extent of any conflict or inconsistency between the Development Agreement and/or the Quality Agreement and this Agreement, the terms and conditions of this Agreement shall supersede and control such conflict and/or inconsistent term or condition of the Development Agreement and/or the Quality Agreement, as the case may be save that in the event that the Quality Agreement imposes an additional or greater responsibility than that contained in this Agreement, such additional or greater responsibility shall prevail and be binding on the parties.

21.7 If any provision of this Agreement is held by any court or other competent authority to be invalid or unenforceable in whole or in part it shall be deemed severed from this Agreement and the validity of the other provisions and the remainder of the provision in question shall not be affected.

21.8 This Agreement may be executed in one or more counterparts, all of which shall be considered as one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties.

21.9 All royalties, taxes and duties imposed or levied on any Products delivered hereunder shall be for the account of and paid by MSX to the point where the Products have been delivered FCA in accordance with **Clause 5.7**. All royalties, taxes and duties imposed or levied on the Products after such delivery shall be for the account of and paid by RB.

22. LIMITATION OF LIABILITY

22.1 Notwithstanding any provision of this Agreement to the contrary (save in respect of any liability for personal injury or death resulting from a party's negligence), in no event shall either party be liable to the other, or have any obligation to the other, as the case may be, for any consequential or indirect damages or Losses (including any loss of profits suffered by RB or MSX) however caused and on any theory of liability, regardless of any failure of essential purpose of any remedy available under this Agreement. For the avoidance of doubt, notwithstanding the foregoing limitation of liability, MSX shall 'remain liable for performance of its obligations as set out under **Clauses 7.9.3.3** and **7.10** and the foregoing limitation of liability shall not be applicable to consequential or indirect damages or Losses (including, without limitation, lost profits incurred by the indemnified party) suffered or incurred by an indemnified party as a direct result of any failure by the indemnifying party to perform its obligations under this Agreement which the indemnified party can demonstrate is due to wilful misconduct by the indemnifying party or any of its employees or Affiliates; provided, however, that the parties acknowledge and agree that any act or omission of the indemnifying party or any of its employees or Affiliates done in good faith shall not be and shall not be construed to be wilful misconduct of the indemnifying party or any of its employees or Affiliates. The indemnified party shall inform the indemnifying party in writing of its intent to seek damages pursuant to the foregoing sentence and provide the indemnifying party with reasonable opportunity to remediate any such Loss; provided that nothing in this sentence shall relieve the indemnifying party from performing its obligations in accordance with the terms of this Agreement.

23. LAW AND JURISDICTION

23.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

24. **CODE OF CONDUCT**

24.1 MSX and RB shall discuss at each Annual Review RB's Code of Conduct as published as at the time of such Annual Review and ways in which MSX may seek to be consistent with such Code of Conduct to the extent such Code of Conduct does not conflict with the laws of employment practices in the United States and the State of Indiana.

Signed for and on behalf of Reckitt Benckiser Pharmaceuticals Inc.

/s/Shaun Thaxter

Name:	Shaun Thaxter
Title:	President RB Pharma U.S.
Date:	8/18/08

Signed for and on behalf of MonoSol Rx, LLC

/s/Alexander M. Schobel

Name:	Alexander M. Schobel
Title:	President & CEO
Date:	8/18/08

Schedule One

Cost of Goods Price

USD$[***] per pouched single dose Product

Net Sales Value

The Net Sales Value shall mean, in any case where a Product is sold or commercially disposed of for value by RB, its Affiliates or distributors, the gross invoiced sales price for such Product to third parties, on an arm's length basis, less the following discounts: (a) customary trade, quantity and trade discounts, charge backs, Medicare or other governmental rebates and customary rebates actually taken or allowed; (b) credits or allowances given or made for the rejection or return of any previously sold Product; (c) to the extent included and separately invoiced in such gross invoice price, any tax or government charge imposed and paid on sale, delivery or use of such Product including, without limitation, any value added or similar tax or government charge, but not including any tax levied with respect to income; and (d) to the extent included and separately invoiced in such gross invoice price any reasonable or documented transport charges.

Schedule Two

Patents

Filed MSRX IP Covering Reckitt-Benckiser Current Film Formulations and Processes

[***]

Schedule Three

Products

A pouched single dose of the following products:

Buprenorphine Active Ingredient

2 mg

8 mg

12 mg

16 mg

Buprenorphine plus Naloxone Active Ingredient

2 mg Buprenorphine + 0.5 mg Naloxone

8 mg Buprenorphine + 2 mg Naloxone

12 mg Buprenorphine + 3 mg Naloxone

16 mg Buprenorphine + 4 mg Naloxone

Schedule Four

Specifications

PART A

Product and Packaging Specifications

These specifications are as attached in the following pages

[***]

AMENDMENT NO. 1
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 1 (this "**Amendments'**) is made on the 19th day of August, 2009 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benokiser Pharmaceuticals Inc., a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**RB**").

WHEREAS, MSX and RB entered into a Commercial Exploitation Agreement, dated August 15, 2008 (the "**Agreement**"), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the· parties mutually desire to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. Capitalized terms used In this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement.

B. The parties hereby agree that from the Effective Date through and until March 31, 2010 (the "**Expedited Release Approval Period**"), MSX shall manufacture and supply RB's requirements of the Products for the U.S. in accordance with the SUBOXONE® Sublingual Film — Batch Transfer and Batch Release Approval Process (the "**Expedited Release Approval Process**"), a copy of which is annexed hereto as Schedule B and made a part hereof. As between MSX and RB, RB shall be solely responsible for ensuring that the Products are not released for commercial distribution by RB or its secondary packager(s) until the prerequisites for release set forth in the Expedited Release Approval Process have been satisfied. RB shall indemnify, defend and hold harmless MSX Parties pursuant to **Clause 10** of the Agreement from any and all Losses that result from or arise in connection with any Claim against any of the MSX Parties to the extent the Claim arises from a release of Product by RB or its secondary packager(s) during the Expedited Release Approval Period in violation of the Expedited Release Approval Process. RB shall accept all shipments of Product subject to the Expedited Release Approval Process. The parties acknowledge and agree that MSX's release of Product under the Expedited Release Approval Process deviates from the release process set forth in the underlying Agreement and Quality Agreement and that, as such, such deviation by MSX shall not constitute a violation of the underlying Agreement or the Quality Agreement.

C. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the Jurisdiction of the federal courts located in the State of Delaware.

D. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President

Date:

Signed for and on behalf of MonoSol Rx, LLC

/s/ Mark Schobel

Name: Mark Schobel
Title: CEO

Date:

AMENDMENT NO. 2
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 2 (the "**Amendment**") is made effective as of the 13th day of November, 2009 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc., a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**RB**").

WHEREAS, MSX and RB entered into a Commercial Exploitation Agreement, dated August 15, 2008, as amended by Amendment No. 1, dated August 19, 2009 (the "**Agreement**"), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually desire to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. Capitalized terms used in this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement. This Amendment shall apply solely to Products supplied for sale or other uses in the U.S. and shall not be construed to amend, modify or change the Agreement as it relates to any Products supplied for sale or other uses the ROW, except as otherwise specifically set forth in this Amendment.

B. The parties acknowledge and agree that, as of the Effective Date, the Price payable by RB to MSX for purchases of Products for the U.S. shall be fixed at USD$[***] per pouched single dose Product, subject only to price adjustments pursuant to **Clause 7.3** and **Clause 7.23** of the Agreement (a new provision to the Agreement as set forth in Section K below) (the "**Fixed Purchase Price**"), until the earlier of either: (i) RB's acceptance of the delivery of the One Hundred and Thirtieth Million (130,000,000) unit of Product for the U.S., or (ii) January 1, 2011 (the "**Fixed Purchase Price Period**"). The parties further acknowledge and agree that, as of the Effective Date, RB shall not be entitled to receive any Rebate on any Products purchased for the U.S. during the Term pursuant to **Clause 7.22**; however, all of RB's purchases of Products during the Term, including without limitation, RB's purchases of Products for the U.S., shall be included in and counted towards the calculation of RB's aggregate volume purchases of Product in any Year for purposes of determining RB's entitlement to the Rebates on purchases of Products during the Term in the ROW pursuant to **Clause 7.22**. By way of example, if during any one Year, RB purchases [***] units of Product for the U.S. and [***] units of Product for the ROW, for an aggregate purchase of [***] units of Product, RB would be entitled to receive a Rebate of [***] U.S. Dollars (USD$[***]) per unit of Product for the [***] units of Product for the ROW [***] on the units of Product for the U.S, By way of further example, if during any one Year, RB purchases [***] units of Product for the U.S. and [***] units of Product for the ROW, for an aggregate purchase of [***] units of Product, RB would be entitled to receive a Rebate of [***] U.S. Dollars (USD$[***]) per unit of Product for the first [***] units of Product for the ROW and a Rebate of [***] U.S. Dollars (USD$[***]) per unit of Product for the second [***] units of Product for the ROW but no Rebate on the units of Product for the U.S.

C. The parties hereby agree that the definition of "Cost of Goods Price" under **Clause 1.1** of the **DEFINITIONS** section of the Agreement shall be amended and restated as follows:

"**Cost of Goods Price**" shall have the meaning given in **Clause 7.14**.

D. The parties hereby agree to amend the **DEFINITIONS** section of the Agreement to include the definition of "**Quarter Year**" under **Clause 1.1** as set forth below:

"**Quarter Year**" means the three month period ending 31 March, 30 June, 30 September, or 31 December in each calendar year (or such part thereof as the case may be for the initial and final Quarter Year periods under this Agreement).

E. The parties hereby agree that **Clause 2.1** set forth in the **TERM** section of the Agreement shall be amended and restated in its entirety to read as follows:

2.1 This Agreement shall be effective beginning as of the Commencement Date and shall continue, unless earlier terminated by either party in accordance with the provisions of **Clause 17**, for a period of seven (7) years (the "**Initial Term**"). Upon expiration of the Initial Term, this Agreement shall thereafter automatically renew for successive one (1) year periods (each, a "Renewal Term") on a continuous basis, unless and until RB delivers to MSX written notice of RB's intent not to renew the Agreement, which notice must be delivered at least one (1) year prior to the expiration of the Initial Term or of a Renewal Term (the Initial Term, together with any Renewal Terms, are hereinafter collectively referred to as the "**Term**"). In no case shall the Term of this Agreement extend beyond the expiration date of the last to expire of the Patents, without the written consent of both parties.

F. The parties hereby agree that Clause 6.3 set forth in the **CAPACITY, STOCK LEVELS AND TOOLING** section of the Agreement shall be amended and restated in its entirety to read as follows:

6.3.1 MSX represents and warrants that it will have the capacity to fill RB's requirements for the Products set forth in any Order so long as the amount specified in the Order does not exceed [***] percent ([***]) of the forecasted volume for such period as set out in the previous Forecast (or such other figure as RB and MSX may agree in writing from time to time). In addition to the foregoing, MSX covenants, represents and warrants that it shall take commercially reasonable action to promptly validate and obtain cGMP approval of its Melton Road and Ameriplex facilities for the manufacture of the Products at the [***] batch size and that, by no later than [***] months after the date on which the new drug application for the Products is approved by the FDA (the "**Capacity Increase Deadline**"), MSX will have the capacity to manufacture and supply to RB up to [***] units of the Products for the U.S. per Quarter Year [***] units of the Products for the U.S. per Year). At RB's reasonable written request, MSX shall provide RB with capacity information to demonstrate that the available capacity meets RB's requirements of Product. MSX shall promptly take commercially reasonable action to address to RB's reasonable satisfaction any capacity issues identified in accordance with this **Clause 6.3** and **Clause 6.6**.

6.3.2 To ensure RB of Product supply continuity for the U.S. and ROW and in support of an extended shelf-life for the Products, MSX agrees that: (i) upon execution of this Amendment, it shall provide all necessary support to RB in order to expeditiously validate and obtain cGMP approval of an RB-designated third party packaging facility with the capability to package the Products [***]; and (ii) in the event that MSX cannot supply RB's requirements for Products in the U.S. and/or ROW because MSX either does not have the capacity or capability to package sufficient Product [***] or Product [***], as determined by the longest Product shelf-life, to meet RB's requirements, then RB shall have the right to source packaging of the Products from the RB-designated third party packager but only until such time as MSX is able to meet RB's requirements for Products; and (iii) further to subsection (ii) of this **Clause 6.32**, MSX will supply to RB such quantities of unpackaged Product (i.e., the finished substrate) in bulk rolls, as needed by RB (within the capacity limits set forth in the Agreement), to meet RB's requirements for Product in accordance with the terms of this Agreement.

G. The parties hereby agree that **Clause 7.4.1** set forth in the **PRICE AND PAYMENT** section of the Agreement shall be amended and restated in its entirety to read as follows:

7.4.1 [*** [percent ([***]%) of the Net Sales Value of the Products sold during the Term in the U.S. per Year up to a not to exceed amount of Twenty Million U.S. Dollars (USD$20,000,000) per Year. Once the aggregate Royalties paid by RB to MSX with respect to Products sold in the U.S., inclusive of the Royalty prepayment pursuant to **Clause 7.18** and the advance on Royalties pursuant to **Clause 7.24**, equal [***] U.S. Dollars (USD$[***]), RB's obligation to pay any further Royalties to MSX with respect to Products sold in the U.S. shall immediately and permanently cease; and

H. The parties hereby agree that Clause 7.5.2 set forth in the **PRICE AND PAYMENT** section of the Agreement shall be amended and restated in its entirety to read as follows:

7.5.2 The aggregate Royalties paid by RB to MSX with respect to Products sold in the U.S., inclusive of the Royalty prepayment pursuant to **Clause 7.18** and the advance on Royalties pursuant to **Clause 7.24**, reaching the amount of [***] U.S. Dollars (USD$[***]).

I. The parties hereby agree that **Clause 7.7** set forth in the **PRICE AND PAYMENT** section of the Agreement shall be amended to delete: (i) the reference to **Clause 7.4.1** in the first sentence, (ii) **Clause 7.7.1** in its entirety, and (iii) the last two sentences of **Clause 7.7** and replace these sentences with the following provision: "Upon making payment to MSX of the amounts stated in **Clause 7.7.2** the obligations to pay Royalties to MSX in respect of the ROW will immediately cease."

J. The parties hereby agree that Clause 7.16 set forth in the PRICE AND PAYMENT section of the Agreement shall be amended and restated in its entirety to read as follows:

7.16 Invoices shall be paid in accordance with the following payment schedule:

7.16.1 RB shall pay invoices in respect of the Cost of Goods Price for the U.S., together with any other invoices submitted to it pursuant to this Agreement for the U.S. prior to the expiry of the 2010 Year, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any). RB shall thereafter pay invoices in respect of the Cost of Goods Price for the U.S., together with any other invoices submitted to it pursuant to this Agreement for the U.S. for the remainder of the Term, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any); *provided, however*, that, commencing after the Price reduction in respect of the U.S. pursuant to Clause 7.23 below takes effect, RB shall thereafter pay for the remainder of the Term such invoices [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any).

7.16.2 RB shall pay invoices in respect of the Cost of Goods Price for the ROW, together with any other invoices submitted to it pursuant to this Agreement for the ROW, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any).

K. The parties hereby agree that **Clause 7.18** set forth in the **PRICE AND PAYMENT** section of the Agreement shall be amended and restated in its entirety to read as follows:

7.18 RB shall pay the Royalty for Products (if any) pursuant to **Clause 7.4.1** within [***] of the expiry of the Quarter Year period in which the relevant Royalties are chargeable. Once the aggregate Royalties paid by RB to MSX with respect to Products sold in the U.S., inclusive of the advance on Royalties pursuant to **Clause 7.24**, equal [***] U.S. Dollars (USD[***]), RB shall, within [***] days, prepay to MSX [***] U.S. Dollars (USD$[***]) on a non-refundable basis, which prepayment shall be credited by MSX against future Royalties payable by RB for Products sold in the U.S. Upon making the prepayment of [***] U.S. Dollars (USD$[***]) to MSX, RB's obligation to pay any further Royalties to MSX with respect to Products sold in the U.S. shall immediately and permanently cease. RB shall pay the royalty for Products (if any) pursuant to **Clause 7.4.2** within [***] of the expiry of the Half Year period in which the relevant Royalties are chargeable. Each Royalty payment shall be accompanied by a statement detailing the calculation of Royalties due to MSX, including, without limitation, the amount of Products sold and the corresponding Royalty amount.

L. The parties hereby agree that the **PRICE AND PAYMENT** section of the Agreement shall be amended to include a new **Clause 7.23**, which shall be set forth as follows:

7.23 Upon the payment by RB to MSX of [***] U.S. Dollars (USD$[***]) of Royalties for the U.S. (including the prepayment of Royalties pursuant to **Clause 7.18**), the then current Price payable by RB to MSX for purchases of Products in the U.S. shall automatically and immediately be reduced by [***] percent ([***]%) and this reduced Price shall thereafter remain in effect for a period of one (1) year before it is subject to adjustment pursuant to the terms of the Agreement.

M. the parties hereby agree that the **PRICE AND PAYMENT** section of the Agreement shall be amended to include a new **Clause 7.24**, which shall be set forth as follows:

7.24 RB agrees to pay MSX an advance of [***] U.S. Dollars (USD$[***]) on the Royalties payable to MSX pursuant to **Clause 7.4.1** upon receiving approval of its new drug application (NDA) for the Products from the FDA. MSX hereby agrees that RB shall be entitled to receive interest on this advance in the amount of [***] percent ([***]%) per annum and that the total amount of the advance, plus accumulated interest, shall be credited against the Royalties payable by RB to MSX pursuant to **Clause 7.4.1**.

N. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change. This Amendment shall be made a part of, and incorporated by reference into, the Agreement and shall be subject to the terms and provisions thereof, except as expressly set forth herein.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President
Date: November 13, 2009

Signed for and on behalf of MonoSol Rx, LLC

/s/ Mark Schobel

Name: Mark Schobel
Title: CEO
Date: November 13, 2009

AMENDMENT NO. 3
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 3 (this "**Amendment**") is made on the 30th day of March 2010 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc., a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**RS**").

WHEREAS, MSX and RB entered into a Commercial Exploitation Agreement, dated August 15, 2008 (the "**Agreement"**), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually desire to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. Capitalized terms used in this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement.

B. The parties hereby agree that from the Effective Date through and until May 31, 2010 (the "**Expedited Release Approval Period**"), MSX shall manufacture and supply RB's requirements of the Products for the U.S. in accordance with the SUBOXONE® Sublingual Film — Batch Transfer and Batch Release Approval Process (the "**Expedited Release Approval Process**"), a copy of which is annexed hereto as **Schedule B** and made a part hereof. As between MSX and RB, RB shall be solely responsible for ensuring that the Products are not released for commercial distribution by RB or its secondary packager(s) until the prerequisites for release set forth in the Expedited Release Approval Process have been satisfied. . RB shall indemnify, defend and hold harmless MSX Parties pursuant to Clause 10 of the Agreement from any and all Losses that result from or arise in connection with any Claim against any of the MSX Parties to the extent the Claim arises from a release of Product by RB or its secondary packager(s) during the Expedited Release Approval Period in violation of the Expedited Release Approval Process. RB shall accept all shipments of Product subject to the Expedited Release Approval Process. The parties acknowledge and agree that MSX's release of Product under the Expedited Release Approval Process deviates from the release process set forth in the underlying Agreement and Quality Agreement and that, as such, such deviation by MSX shall not constitute a violation of the underlying Agreement or the Quality Agreement.

C. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

D. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President

Date:

Signed for and on behalf of MonoSol Rx, LLC

/s/ Mark Schobel

Name: Mark Schobel
Title: CEO

Date:

SCHEDULE B

SUBOXONE® SUBLINGUAL FILM – BATCH TRANSFER AND BATCH APPROVAL PROCESS

[***]

AMENDMENT NO. 4
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 4 (this "**Amendment**") is made on the 13th day of October 2010 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc., a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**RB**").

WHEREAS, MSX and RB entered into a Commercial Exploitation Agreement, dated August 15, 2008 as amended by Amendment No, 1 thereto on August 19, 2009, Amendment No. 2 thereto on November 13, 2009, and Amendment No. 3 thereto on March 30, 2010 (collectively, the "**Agreement'**), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually desire to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. Capitalized terms used in this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement.

B. The parties hereby agree that from the Effective Date through and until December 31, 2010 (the "**Expedited Release Approval Period**"), MSX shall manufacture and supply RB's requirements of the Products for the U.S. in accordance with the SUBOXONE® Sublingual Film — Batch Transfer and Batch Release Approval Process (the "**Expedited Release Approval Process**"), a copy of which is annexed hereto as **Schedule B** and made a part hereof. As between MSX and RB, RB shall be solely responsible for ensuring that the Products are not released for commercial distribution by RB or its secondary packager(s) until the prerequisites for release set forth in the Expedited Release Approval Process have been satisfied. RB shall indemnify, defend and hold harmless MSX Parties pursuant to Clause 10 of the Agreement from any and all Losses that result from or arise in connection with any Claim against any of the MSX Parties to the extent the Claim arises from a release of Product by RB or its secondary packager(s) during the Expedited Release Approval Period in violation of the Expedited Release Approval Process. RB shall accept all shipments of Product subject to the Expedited Release Approval Process. The parties acknowledge and agree that MSX's release of Product under the Expedited Release Approval Process deviates from the release process set forth in the underlying Agreement and Quality Agreement and that, as such, such deviation by MSX shall not constitute a violation of the underlying Agreement or the Quality Agreement.

C. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

D. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President

Date: 10/18/10

Signed for and on behalf of MonoSol Rx, LLC

/s/ Mark Schobel

Name: Mark Schobel
Title: CEO

Date: 10/19/10

SCHEDULE B

SUBOXONE® SUBLINGUAL FILM – BATCH TRANSFER AND BATCH APPROVAL PROCESS

[***]

AMENDMENT NO. 5
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 5 (this "**Amendment**") is made on the 15th day of December 2010 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc., a company existing under the laws of the USA With office's at 10710 Midlothian Turnpike, Suite 430, ROMEO, Virginia 23235 ("**RB**").

WHEREAS, MSX and RB entered into A Commercial Exploitation Agreement, dated August 15, 2005 as amended by Amendment No. 1 thereto do August 19, 2009, Amendment No, 2 thereto on November 13, 2009, Amendment No, 3 thereto on March 30, 2010, and Amendment No. 4 thereto on October 13, 2010 (collectively the "**Agreement**"), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually desire to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT TS AGREED as follows:

A. Capitalized terms used In. this Amendment without definition Shell have the respective meanings ascribed thereto in the Agreement.

B. The parties hereby agree that **Clause 7.16** set forth in the **PRICE AND PAYMENT** section of the Amendment No. 2 dated November 13, 2009 shall be amended and restated in its entirety to read as follows;

7.16 Invoices shall be paid in accordance with the following payment schedule:

7.16.1 RB shall pay Invoices in reaped of the Cost of Goods Price for the U.S., together with any other invoices submitted to it pursuant to this Agreement for the U.S. prior to the expiry of the 2010 Year, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any). RB shall pay invoices in respect of the Cost of Goods Price for the U.S., together with any other invoices submitted to it pursuant to this Agreement for the U.S. from January 1, 2011 to March 31, 2011, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable safes tax, if any). RB shall thereafter pay invoices. in respect of the Cost of Goods Price for the U.S., together with, any other invoices submitted to pursuant to this Agreement for the U.S. for the remainder-of the Term, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any) provided, however, that, commencing after the Price reduction in respect of the U.S. pursuant to Clause 7:23 of the Amendment No. 2 dated November 13, 2002 takes effect, RB shall thereafter pay for the remainder of the Term such invoices [***] days of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales tax, if any).

7.16.2 RB shall pay invoices in respect of the Cost of Goods Price for the ROW, together with any other invoices submitted to if pursuant to this Agreement for the ROW, within [***] of receipt by RB from MSX of a valid invoice therefore (reflecting applicable sales fax, if any).

C. This Amendment shall be governed by and construed In accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located In the State of Delaware.

D. Except as expressly set forth herein, all other terms and provisions the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President

Date: 12/16/10

Signed for and on behalf of MonoSol Rx, LLC

/s/ Mark Schobel

Name: Mark Schobel
Title: CEO

Date:

AMENDMENT NO. 6
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 6 (this "**Amendment**") is made on the 9th day of December 2011 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc., a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**RB**").

WHEREAS, MSX and RB entered into a Commercial Exploitation Agreement, dated August 15, 2008, as amended (collectively, the "**Agreement**"), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, MSX currently maintains an existing packaging line pursuant to which MSX currently packages the Products at MSX's Melton Road facility (the "**Melton Road Packaging Line**"); and

WHEREAS, MSX has acquired a second packaging line more particularly described in Schedule 1 to this Amendment (the "**Ameriplex Packaging Line**") from [***] for use at MSX's Ameriplex facility for which capital investment is required to upgrade the Ameriplex facility, install the Ameriplex Packaging Line and validate the packaging of the Products on the Ameriplex Packaging Line to cGMP requirements; and

WHEREAS, RB has agreed to contribute towards such further capital investment in the Ameriplex Packaging Line in exchange for, *inter alia*, certain guarantees with respect to MSX's capacity to fill RB's requirements for the Products on the terms herein set forth;

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually desire to supplement, amend and/or modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. Capitalized terms used in this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement.

B. RB shall provide up to [***] US Dollars ($[***]) in funding for the required build-out of the Ameriplex facility and installation of the Ameriplex Packaging Line (the "**Funding**"). The cost estimates for such build-out and installation are set forth on **Schedule 1** to this Amendment and are derived from that certain engineering study dated October 27, 2010 issued by [***]. The Funding shall be made by RB to MSX in immediately available funds to an account designated by MSX as follows:

[***] to be paid on January 10, 2012;

[***] upon the achievement of certain milestones related to the build-out of the Ameriplex facility and installation of the Ameriplex Packaging Line, which milestones shall be agreed to by the parties in writing subsequent to the execution of this Amendment; and

The balance of the project costs incurred by MSX, not to exceed [***] of the total Funding, upon completion of the build-out and installation of the Ameriplex Packaging Line and receipt of all FDA approvals needed for commercial packaging of the Products to cGMP requirements.

C. RB and MSX shall agree upon key suite build-out features of the Ameriplex Packaging Line and RB shall have the right to approve the cGMP suite build-out and the installation plans relating thereto, such approval not to be unreasonably withheld, delayed or conditioned. Selection of and negotiations with engineering and construction providers shall be undertaken jointly by MSX and RB; provided that, MSX shall have final approval rights with respect to the retention of any engineering and construction providers within the scope of the cost estimates referred to in paragraph B. of this Amendment.

D. RB and MSX mutually agree that certain activities related to the build-out of the Ameriplex facility and installation of the Ameriplex Packaging Line, including, but not limited to, engineering support, process work and qualification, may be performed more efficiently by MSX resources and that if such efficiencies can quantified, then the activities should be performed by MSX resources and reimbursed by RB as part of the Funding; provided, however, that the final decision on entitlement for reimbursement shall be at RB's discretion and that the performance of such activities by MSX resources follows certain agreed principles, including, but not limited to, the following:

Said activities, if performed by MSX employees, would not be part of their normal duties or responsibilities, hence not part of MSX fixed costs;

MSX can quantify that said activities would be performed more efficiently if carried out by MSX resources; and Said activities could be done by duly qualified temporary workers hired by MSX.

E. In exchange for RB's contribution of the Funding: (i) MSX will increase its current annual capacity commitment under Clause 6.3 of the Agreement from [***] units of the Products for the U.S. per Quarter Year (i.e., [***] units of the Products for the U.S. per Year) to [***] units of the Products for the U.S. and ROW combined per Quarter Year (i.e., [***units of the Products for the U.S. and ROW combined per Year), with the intent of the parties being to utilize the Ameriplex Packaging Line as the primary line such that the majority of units of the Products shall be packaged on the Ameriplex Packaging Line; and (ii) MSX agrees to undertake commercially reasonable efforts to support peaks in demand of Product of up to [***] units of Products per month.

F. MSX shall have the right to use excess capacity on the Ameriplex Packaging Line for the packaging of other products for its other customers; provided, however, that RB's production requirements and service levels are not impacted. With respect to the Ameriplex Packaging Line only, any capacity utilized by MSX for the packaging of other commercial products shall be subject to the payment by MSX to RB of a fee of $[***] per unit of packaged product, subject to the total fees receivable by RB shall not exceed the amount of Funding provided by RB hereunder. For the sake of clarity, MSX shall not be subject to the per unit fee for non-commercial usage of the Ameriplex Packaging Line.

G. In the event of a business interruption impacting the Ameriplex Packaging Line, MSX hereby agrees to utilize the Melton Road Packaging Line line as a contingency / business continuity solution, subject to MSX's other commercial commitments, for quantities of Product of up to [***] units for U.S. and ROW per Year. In the event of a business interruption impacting the Melton Road Packaging Line, MSX hereby agrees to utilize the Ameriplex Packaging Line as a contingency / business continuity solution, subject to MSX's other commercial commitments, for quantities of Product of up to [***] units for U.S. and ROW per Year.

H. From and after the date of this Amendment, other than as set forth In this paragraph H, RB shall place Orders for Product as: (i) [***] batch sizes; and (ii) a maximum of [***] SKU changeovers per batch or a maximum of [***] SKUs per batch (the "**Ordering Criteria**"). The parties shall create a joint project team to develop and have in 'place the most cost-effective solution of packaging small runs by March 31, 2013.

I. The parties hereby agree that Clause 7.3.2 set forth in the **PRICE AND PAYMENT** section of the Agreement shall be amended and restated in its entirety to read as follows:

7.3.2 In the event that any Order requests more than one packaging for the Products covered by such Order, RB shall pay a lump sum amount for each additional packaging request in an amount of [***] Dollars (USD $[***]), regardless of the number of units of Product covered by such new packaging request (the "**Packaging Fee**"). RB and MSX will review the documented costs for additional packaging ("**Changeover Costs**") on an annual basis and increase or decrease the Packaging Fee based on the annual increase or decrease in Changeover Costs. For Orders containing SKU runs of [***] doses or less RB will pay the actual documented Changeover Costs by run as provided by MSX, which actual documented Changeover Costs are expected to be [***]) or less.

J. Consistent with Section 7.12 of the Agreement, MSX will, together with RB, examine the costs associated with the Ameriplex Packaging Line on annual basis to determine if Product cost reductions are commercially reasonable based upon equipment or environmental improvements; provided, however, that such obligation on the part of MSX shall cease if and when the payments made by MSX to RB equal the full amount of the Funding provide by RB hereunder.

K. MSX may buy out its obligations under paragraph E to utilize the Ameriplex Packaging Line as the primary line at any point within [***] years of the Effective Date of the Amendment in return for payment to RB of an amount equal to the amount of Funding provided by RB hereunder net of any payments made by MSX to RB in respect to paragraph F. On the [***] anniversary of the Effective Date of the Amendment, MSX's obligation to utilize the Ameriplex Packaging Line as the primary line will cease.

L. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

M. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President

Date:

Signed for and on behalf of MonoSol Rx, LLC

/s/ Keith Kendall

Name: Keith Kendall
Title: COO

Date: 12/9/01

SCHEDULE 1

[***]

AMENDMENT NO. 7
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 7 (this "**Amendment**") is made on the ___ day of December 2012 (the "**Amendment Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of the USA, with offices at 30 Technology Drive, Warren, New Jersey 07059, USA ("**MSX**"),

and

(2) Reckitt Benckiser Pharmaceuticals Inc., a company existing under the laws of the USA with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**RB**").

WHEREAS, MSX and RB entered into a Commercial Exploitation Agreement, dated August 15, 2.008, as amended (collectively, the "**Agreement**"), pursuant to which RB engaged MSX to manufacture and supply the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to RB on the terms of the Agreement; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually desire to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. Capitalized terms used in this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement.

B. From and after the Amendment Effective Date, an additional formulation of Product is hereby added to Schedule 3 of the Agreement as follows:

- 4 mg Buprenorphrine + 1 mg Naloxone

C. The Cost of Goods Price for the 2012 and 2013 Years of manufacture per pouched single dose of Product for the following dosage strengths will be as follows:

· 4 mg Buprenorphine + 1 mg Naloxone (US)	$[***]
· 4 mg Buprenorphine + 1 mg Naloxone (ROW)	$[***]
· 12 mg Buprenorphine + 3 mg Naloxone (US)	$[***]
· 12 mg Buprenorphine + 3 mg Naloxone (ROW)	$[***]

D. The Cost of Goods Price per pouched single dose of Product for the 2013 Year of manufacture for the following dosage strengths will be as follows:

- 2 mg Buprenorphine + 0.5 mg Naloxone (US) $[***]
- 2 mg Buprenorphine + 0.5 mg Naloxone (ROW) $[***]
- 8 mg Buprenorphine + 2 mg Naloxone (US) $[***]
- 8 mg Buprenorphine + 2 mg Naloxone (ROW) $[***]

E. As of the Amendment Effective Date, MSX will conduct a representative batch sampling of no less than [***] doses per batch and no more than [***] doses per batch of 8 mg Buprenorphine + 2 mg Naloxone and 12 mg Buprenorphine + 3 mg Naloxone for each such batch commenced on or after the Amendment Effective Date. The batch sampling quantities may be adjusted by written agreement from both parties. [***].

F. For the 12 mg Buprenorphine + 3 mg Naloxone Product, MSX will warehouse Product until RB has provided MSX written instructions either to ship the Product or have the Product destroyed ("**Disposition Instructions**"). RB shall provide the Disposition Instructions to MSX within ten (10) business days after receipt by RB of the Summary Findings from the Visual Sampling unless RB has commercially reasonable questions on a given batch or seeks further clarification on existing data from a particular batch in order to aid RB in making a decision in which case MSX will make available an appropriate level of management to respond to RB. If RB does not provide the required Disposition Instructions within ten (10) business days of MSX having provided responses to commercially reasonable inquiries made by RB, then RB will have the subject batch shipped to a third party of RB's choosing for further warehousing (such Product, "**12 mg Warehoused Product**"). The Order for a batch will be fulfilled per Section 5.1 of the Agreement and legal title shall pass to RB per Section 5.7 of the Agreement upon MSX providing a Certificate of Analysis to RB. MSX will invoice RB upon providing a Certificate of Analysis to RB and RB shall pay the full batch Price plus associated Sampling Charges for all 12 mg Buprenorphine + 3 mg Naloxone Product with a Certificate of Analysis in accordance with the terms of the Agreement regardless of the associated Disposition Instructions. In the event that RB subsequently elects to have the 12 mg Warehoused Product destroyed, RB shall cause the Product to be shipped (at RB's cost) to MSX along with instructions to destroy the Product and MSX shall destroy the Product (at MSX's cost). Notwithstanding the foregoing, each shipment of Product (including 12 mg Warehoused Product) delivered by MSX shall comply with **Clause 5.3** of the Agreement.

G. For the 8 mg Buprenorphine + 2 mg Naloxone Product, MSX will warehouse Product until the summary findings from the Visual Sampling have been provided to RB. For batches with a **Visual Sampling Level** [***] of [***]% or less, MSX will ship Product per **Clause 5.1** of the Agreement and RB shall pay for all Product with a Certificate of Analysis. MSX will warehouse 8 mg Buprenorphine + 2 mg Naloxone Product for an additional ten (10) business days where the Visual Sampling Level for a batch exceeds [***]%. RB shall provide MSX with Disposition Instructions within said ten (10) business day period unless RB submits to MSX commercially reasonable questions on a given batch or seeks further clarification on existing data from a particular batch in order to aid RB in making a decision, in which case MSX will make available an appropriate level of management to answer commercially reasonable questions on a given batch or provide further clarification on existing data from a particular batch in order to aid RB in making a decision. RB shall provide the required Disposition Instructions to MSX within five (5) business days of MSX having provided responses to commercially reasonable inquiries made by RB during the ten (10) business day period referenced in the immediately preceding sentence. If the Disposition Instructions provided to MSX require destruction of the Product, then MSX shall dispose of the subject batch and the parties respective liability for costs associated with the destroyed batch shall be as set forth below:

[***]	**[***]**
[***]	[***]
[***]	[***]
[***]	[***]

Responsibility for costs associated with destroyed batches with Visual Sampling Level above [***]% which are in process as of the Amendment Effective Date shall be as follows: (i) for batch [***] (produced in July) MSX shall be responsible for all MSX costs and all API costs shall be the responsibility of RB; (ii) for batch [***] (presently warehoused at Sharp) RB shall accept the batch; (iii) for batch [***] MSX shall be responsible for all MSX costs and all API costs shall he split equally by MSX and RB; and (iv) all other remaining in process batches will be subject to this Amendment.

If the Disposition Instructions provided to MSX require shipment of the Product, then MSX will ship Product per Clause 5.1 of the Agreement and RB shall pay for all Product with a Certificate of Analysis. Notwithstanding the foregoing, each shipment of Product (including 8 mg Warehoused Product) delivered by MSX shall comply with Clause 5.3 of the Agreement.

H. Both parties acknowledge and agree that nothing in this Amendment relieves either party of its responsibilities to undertake commercially reasonable efforts to continuously improve the Products. Accordingly, the parties agree to establish and convene a joint technical team (the "**JTT**") consisting of members from each party who have the requisite expertise to analyze manufacturing and Product data, customer complaints on an ongoing basis, and utilize the Annual Product Review Process to continuously improve the Products. The parties hereby further agree that the JTT will meet on a quarterly basis and the first meeting of the JTT shall be convened within thirty (30) days of the Amendment Effective Date. MSX agrees to work diligently and in good faith, through the JTT, to improve the manufacturing process and quality of the Product output on [***] of the production line. The JTT shall also work in good faith to evaluate the merits and feasibility of a robust Product reformulation and shall work in good faith to agree upon a commercially viable plan for such Product reformulation. The JTT may also, from time-to-time, with both parties written approval, develop other specific and limited projects to improve the overall quality of the existing Product or manufacturing process.

I. The parties hereby agree that **Clause 3.4.3** set forth in the **MANUFACTURE AND SUPPLY** section of the Agreement shall be amended and restated in its entirety to read as follows:

> monitor, account for and keep RB regularly informed of the usage and waste of API. MSX will act reasonably to ensure maintenance of an overall yield percentage (the "**Yield Target**"), defined as the actual strips produced before samples divided by the theoretical strips available based on the amount of defect free API used in manufacturing. For the avoidance of doubt, this includes any API dispensed and/or used for commercial production regardless of whether film strips were yielded from said use but excluding API associated with batches destroyed based on Visual Sampling data. The parties will work in good faith to identify commercially reasonable Yield Targets for dosage strengths, batch sizes, and SKU configurations within ninety (90) days of the Amendment Effective Date. On an annual basis, MSX and RB will review and reconcile results against the Yield Target and MSX will, within thirty (30) days, remunerate RB for RB's documented API costs on an annual basis to the extent MSX falls below the Yield Target. For the sake of clarity, the formula for calculating API costs owed will be Yield Target minus the actual yield times the API costs. The parties hereby agree that Clause 3.4.3 of the Agreement represents the sole mechanism for MSX reimbursement of API to RB associated with manufacturing usage and waste.

J. The parties hereby agree that **Clause 4.6** set forth in the **FORECASTS, ORDERS AND SUPPLY OF THE API** section of the Agreement shall be amended and restated in its entirety to read as follows:

> Notwithstanding the terms of any DDP delivery (or any other delivery) of the API by RB to MSX, legal title to the API shall remain with RB after delivery to MSX. MSX shall use reasonable efforts to ensure proper storage and handling of the API once delivered to MSX and prior to manufacturing. Risk of damage to, or loss of, the API shall pass from RB to MSX upon delivery as set out in Clause 4.3. MSX shall retain casualty insurance coverage for the expected inventory of the API (amounts expected to be supplied to MSX by RB for manufacture of the Product in the amounts set forth in the Forecasts) to cover damage to or loss of the API during storage for so long as the API remains at MSX's risk. For the sake of clarity, the responsibilities of the parties with respect to usage and waste of API during manufacturing is covered under Clause 3.4.3 and this Clause 4.6 is in no way intended to address API usage and waste during manufacturing.

K. The parties hereby agree that **Clause 4.7** set forth in the **FORECASTS, ORDERS AND SUPPLY OF THE API** section of the Agreement shall be amended to include the following sentence at the end of the paragraph:

> For the sake of clarity, MSX's obligation to remunerate RB under this Clause 4.7 is limited to the amount paid to MSX by RB and shall not include remuneration for RB's API cost.

L. RB agrees to waive any API loss claims to MSX for batches made prior to the Amendment Effective Date.

M. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

N. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Reckitt Benckiser Pharmaceuticals Inc.

/s/ Shaun Thaxter

Name: Shaun Thaxter
Title: President
Date: 12/1/12

Signed for and on behalf MonoSol Rx, LLC

/s/ Keith Kendall

Name: Keith Kendall
Title: COO
Date:

ADDENDUM A TO COMMERCIAL EXPLOITATION AGREEMENT:
SUBOXONE STRIP DEVELOPMENT AGREEMENT

This Addendum A to Commercial Exploitation Agreement: Suboxone Strip Development Agreement (the "Addendum") is entered into as of this 14th day of October, 2013 the ("Addendum Effective Date"), by and between Reckitt Benckiser Pharmaceuticals Inc., with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, VA 23235 ("RB") and MonoSol Rx, LLC, with offices at 30 Technology Drive, Warren, NJ 07059 ("MSX").

BACKGROUND AND PURPOSE OF PROJECT

A. The parties entered into a Commercial Exploitation Agreement dated August 15, 2008, as amended (the "Agreement").

B. Pursuant and subject to the Agreement, the parties now wish to enter into an addendum to the Agreement relating to the development and potential commercialization of improved formulations of the Products;

C. This Addendum relates to a research and development project to develop and potentially commercialize improved formulations of the Products having a higher degree of product stability which MSX would manufacture and supply to RB pursuant to the terms of the Agreement. The parties intend that the Price for these improved formulations be the same as the Price which RB is currently paying for existing Products with the same API and dosage strengths, (subject only to variations in costs with respect to Raw Materials, Direct Labor, Release Testing, or use of manufacturing line time; provided however, that MSX shall validate with competent evidence any increase in costs with respect to Raw Materials, Direct Labor, Release Testing, or use of manufacturing line time).

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Capitalized Terms

Capitalized terms used in this Addendum without definition shall have the same meanings ascribed to those terms in the Agreement.

2. Addendum is Part of Agreement

This Addendum is hereby incorporated into and made a part of the Agreement as if fully set forth therein, and is subject to the terms of the Agreement.

Without limiting the foregoing and for the avoidance of doubt, rights to and ownership of any inventions and other intellectual property developed or created as a result of the work performed hereunder shall be governed by the Intellectual Property Rights provisions of the Agreement.

3. Services and Payment

MSX shall perform the services set forth in the attached Appendix A (the "Services"), which is hereby incorporated by reference and made a part of this Addendum as if fully set forth herein.

MSX represents and warrants that it will perform the Services in accordance with prevailing industry standards. MSX further represents and warrants that all personnel who perform the Services shall have appropriate training, experience and qualifications.

In consideration for performing the Services, MSX shall receive payments as set forth herein and in Appendix A and Appendix B. Appendix B is hereby incorporated by reference and made a part of this Addendum as if fully set forth herein.

The initial payment will be invoiced by MSX upon Signing (as defined below) and will be due upon receipt of said invoice by RB.

Subsequent payments will be invoiced by MSX upon completion of all applicable criteria and will be due [***] after receipt of said invoice by RB. In the event of any good faith disputes with respect to any such invoice, RB shall pay the undisputed portion of any such invoice within this time period.

4. Project Specifics

Project milestones and timelines as well as associated payments are outlined in Appendix A.

4.1. Payment Triggers

RB's obligation to make a payment for services rendered pursuant to each milestone phase is triggered by either the commencement or the completion of a milestone activity, as outlined in Appendix A and further described herein.

In order to receive payments for an applicable milestone activity whereby payment is due on "commencement of the activity" MSX shall first provide RB a project plan outlining critical activities and a definitive time period for the commencement of the milestone phase, which plan must be accepted in writing by RB (such approval not to be unreasonably withheld or delayed).

If payment is due upon completion, MSX shall first provide RB with written confirmation of completion, which confirmation shall be deemed accepted by RB unless RB delivers to MSX a written deficiency notice within twenty-one (21) business days of RB's receipt of written confirmation of completion. Any such deficiency notice delivered by RB hereunder shall contain a level of detail sufficient for MSX to assess the deficiency and propose a plan of corrective action to address the deficiency. In the event a deficiency notice is delivered by RB under this Section 4.1, the parties shall endeavor to agree promptly upon a corrective action plan and payment of the milestone payment in question will not be required and the milestone shall not be deemed completed until such time as the deficiency is remedied in accordance with the corrective action plan; provided that the time periods during which RB is responsible for responding under this Section 4.1 (i.e., the period of up to 21 business days during which RB is reviewing MSX's proposed completion of a milestone) shall not be counted for purposes of MSX's eligibility for any Milestone Bonus Payment or the assessment of any Milestone Reduction Penalty set forth in Appendix A.

As used in Sections 4.2 and 4.3 below (and elsewhere in this Addendum), the completion of a milestone or a project activity is considered to include both the completion of the specified activities by MSX and their acceptance by RB as set forth above.

4.2. Bonus Payments

RB will pay milestone bonus payments described in this Section 4.2 ("Milestone Bonus Payments") to MSX where MSX has completed all project activities as outlined in the project plan pertaining to a particular project milestone a minimum of [***] in advance of the specified target delivery date, with larger bonuses payable if MSX completes all project activities pertaining to a particular milestone a minimum of [***] in advance of the specified target delivery date. The Milestone Bonus Payment column indicates the percentage of the bonus, with the number to the left of the diagonal indicating the percentage bonus (expressed as a percentage of the base milestone payment) if the milestone is completed a minimum of [***] before the target date and the (smaller) percentage to the right of the diagonal line indicating the percentage bonus payment if the milestone is completed a minimum of [***] in advance of target date.

As an example, the Milestone Bonus Payment for the "Analytical Toolkit" phase is written "[***]% / [***]%," and the target delivery date is described as "[***]" and the Milestone Amount is $[***]. ("Signing" is the date on which the later to be executed of the [***] and the [***] is fully executed by both parties).

If MSX completes all of the activities in the Analytical Toolkit milestone a minimum of [***] prior to the target delivery date, i.e., no more than [***] from Signing, MSX would receive a bonus payment of [***]% of the milestone payment. In such case, its bonus payment would be $[***] ([***]% x $[***] = $[***]) in addition to the base milestone payment of $[***], which means that that total amount payable for this milestone to MSX would be $[***].

If MSX completes all of the activities in the Analytical Toolkit milestone a minimum of [***] prior to the target delivery date, i.e., no more than [***] from Signing, MSX would receive a bonus payment of [***]% of the milestone payment. In such case, its bonus payment would be $[***] ([***]% x $[***] = $[***]) in addition to the base milestone payment of $[***], which means that that total amount payable for this milestone to MSX would be $[***].

For the avoidance of doubt, bonus payments for completion of a particular milestone are not cumulative. MSX might receive either a [***] bonus or a [***] bonus, but it could not receive both bonuses for completing a single milestone (although MSX might receive separate bonuses, or penalties, for completing other milestones specified in Appendix A early or late, as applicable.)

4.3. Penalty Payment Reductions

Subject to Section 4.1 of this Addendum, milestone reduction penalties described in this Section 4.3 ("Milestone Reduction Penalties") will be deducted from the amounts payable to RB if MSX exceeds the applicable target delivery date for successfully completing all project activities pertaining to a particular milestone by more than [***], with larger reduction penalties if MSX exceeds the applicable Target Delivery Date for successfully completing all project activities pertaining to a particular milestone by more than [***]. The Milestone Reduction Penalty column indicates the percentage of the penalty, with the number to the left of the diagonal line indicating the percentage penalty if MSX completes the project activities more than [***] after the target date and the (larger) percentage to the right of the diagonal line indicating the percentage penalty if MSX completes the project activities more than [***] after the target date.

As an example, the Milestone Reduction Penalty for the "Analytical Toolkit" phase is written "[***]% / [***]%," and the target delivery date is described as "[***] from Signing" and the Milestone Amount is $[***].

If MSX completes all of the project activities in the Analytical Toolkit milestone at least [***] after the target delivery date, i.e., a minimum of [***] from Signing, MSX would receive a reduction penalty of [***]% of the milestone payment. In such case, its reduction penalty would be $[***] ([***]% x $[***] = $[***]) deducted from the base milestone payment of $[***], which means that that total amount payable for this milestone to MSX would be $[***].

If MSX completes all of the project activities in the Analytical Toolkit milestone at least [***] after the target delivery date, i.e., a minimum of [***] from Signing, MSX would receive a reduction penalty of [***]% of the milestone payment. In such case, its reduction penalty would be $[***] ([***]% x $[***] = $[***]) deducted from the base milestone payment of $[***], which means that that total amount payable for this milestone to MSX would be $[***].

4.4. Termination and Termination Fee

MSX may terminate this Addendum at any time with or without cause during the "Pre-Signing" and "Analytical Toolkit" phases of the project only by giving written notice of termination to RB.

4.4.1 RB may terminate this Addendum or any individual milestone phase at any time with or without cause by giving written notice of termination to MSX. Each individual milestone phase, except the "Pre-Signing" and "Analytical Toolkit" milestones, requires the payment of a termination fee by RB (as specified in Appendix A) in the event that RB terminates the applicable milestone phase of the project, along with the milestone payment associated with any active and ongoing work. Any termination notice by RB shall specify the particular milestone phase or phases being terminated. In the event that RB terminates the entire project or multiple milestone phases at substantially the same time, RB shall pay only a single termination fee, which shall be equal to the largest individual termination fee applicable to any of the terminated milestone phases in addition to the milestone payments associated with any active and ongoing work (i.e., as an illustrative example, in the event that RB elects to pursue the optional "Delivery of [***]" milestone phase (termination fee = $[***]) and then subsequently terminates that phase, and, at substantially the same time, RB terminates the "[***]" milestone phase (termination fee = $[***]), then, in addition to the milestone payments associated with any active and ongoing work, RB would owe MSX a single termination fee of $[***], which is the largest individual termination fee applicable to any of the terminated milestone phases).

4.4.2 In addition to the amounts specified in 4.4.1 above, RB will make the following termination payments to MSX if RB without cause terminates either the entire Addendum or the milestone phases specified below prior to making the applicable milestone payments:

Batch Manufacture milestones

[***] *Manufacture of [***] validation batches:* Payment of $[***] for each batch manufactured in conformance with applicable specifications prior to termination (up to a maximum of $[***]).

[***]: Payment of $[***] for each batch manufactured in conformance with applicable specifications prior to termination (up to a maximum of $[***]).

[***]: Payment of $[***] for each batch manufactured in conformance with applicable specifications prior to termination (up to a maximum of $[***]).

[***]: Provide cGMP hand-cut samples for clinical PK studies: Payment of $[***] for manufacture of cGMP clinical supplies manufactured in conformance with applicable specifications prior to termination.

Stability Test milestones

[***]: Payment of $[***] upon both (i) manufacture of formulation in conformance with applicable specifications prior to termination and (ii) demonstration that such formulation satisfies applicable [***] stability standards (even if this [***] period concludes after termination by RB).

[***]: Payment of $[***] upon (i) manufacture of formulation in conformance with applicable specifications prior to termination and (ii) demonstration that such formulation satisfies applicable [***] stability standards (even if this [***] period concludes after termination by RB).

For the avoidance of doubt, in no case will the total amount payable by RB under this Section 4.4.2 with respect to any particular milestone exceed the total amount which would have been payable if MSX had completed such milestone in the absence of termination by RB,

Termination of this Addendum by either party does not, by itself, affect the remaining portions of the Agreement, nor does it affect any obligations of the parties under this Addendum which survive termination of the Addendum pursuant to the Agreement, including without limitation, the obligation of RB to pay for milestone payments as and when due under this Addendum.

4.5. Inclusions and Exclusions

For all milestones except the "Pre-Signing" and "Analytical Toolkit" milestones, any project activities involving the design of improved formulations prepared by MSX shall include stability analyses performed on sample materials front sample batches and formulations at the following time periods: [***]. The costs of the performance of stability analyses at these intervals are covered and included in the applicable milestone payment, and no additional payments by RB for these stability analyses shall be required. If, however, RB requests stability analyses at time intervals beyond those specified in the previous sentence, additional reasonable charges for the cost of performing the additional requested stability analyses would apply.

Capital purchases required for final solutions (e.g., "[***]") are not included in the milestone payments, and would be an additional charge. If purchased by MSX, the costs of such capital purchases would be passed through (without markup) to RB.

Except as expressly stated in this Section 4.5 (regarding extra stability tests, capital purchases for [***]) or in Section 4.4 (regarding termination fees), the milestone payments specified for each activity shall be all-inclusive for all project activities pertaining to a particular milestone to be completed. Work outside the scope of such project activities, and the additional fees associated therewith, would require a separate written agreement by both parties.

4.6. Optional Activities

The activities classed as "optional" in Appendix A can only be commenced upon prior written approval by RB.

4.7. API

RB shall timely provide MSX with all necessary API free of charge. In the event that RB fails to provide API meeting the API Specification in a timely manner and MSX can demonstrate that such failure caused delays in MSX's ability to perform its obligations under this Addendum and MSX notifies RB of such delays in writing at the time such delays are occurring, then MSX may deduct the amount of time its performance of a particular milestone activity was delayed by such failure from the total amount of time MSX took to complete a particular milestone activity for purposes of determining whether MSX receives a bonus or penalty for its performance of the particular milestone under Appendix A. Failure of RB to timely deliver API or at all shall not be used by RB as grounds to avoid its obligation to make any milestone payment provided for in this Addendum.

5. Project Management

5.1. MSX shall be responsible for the project management and for providing appropriate resources to deliver the project. RB shall be responsible for (1) attending monthly project update meetings either in person or via teleconference, (2) providing timely decisions on items requested by MSX, and (3) providing appropriate RB expertise on the project.

5.2. MSX is to present RB with a written project plan which shall be updated on a monthly basis.

5.3. Additionally, MSX shall give verbal updates on a monthly basis. This is to take place in the form of a monthly teleconference or alternatively face-to-face meeting with participation and attendance by the joint technical team ("JTT") and the supply team.

5.4. The JTT shall consist of an equal number of members front MSX and RB, shall guide the project team and provide technical support when needed.

6. Pricing of Commercial Products

Any products, designs or formulations which are developed pursuant to this Addendum or the performance of the Services herein and which are approved for commercial sale by at least one Regulatory Authority in at least one country or jurisdiction, or which have been supplied by RB or its agents to at least one customer (collectively, "Addendum Products") shall be considered "Products" as defined in Clause 1.1 of the Agreement and treated as Products for purposes of the Agreement and this Addendum except as expressly stated in the last two paragraphs of this Section 6.

Without limiting the foregoing, the parties agree that the Price payable by RB to MSX for any Addendum Product shall be the same as the then-current Cost of Goods Price for the "analogous Products" as set forth in Clauses 7.2 and 7.14 of the Agreement. An "analogous Product" refers to a Product containing the same amount of Buprenorphine API and dosage strength as an Addendum Product. As an illustrative example, if at a given time the then-current U.S. Cost of Goods Price per pouched single dose of pre-existing Product containing 2 mg Buprenorphine were $[***] and the then-current ROW Cost of Goods Price per pouched single dose of pm-existing Product containing 2 mg Buprenorphine were $[***], then the U.S. price of an Addendum Product containing an API of 2 mg Buprenorphine would also be $[***] per pouched single dose and the ROW price of an Addendum Product containing an API of 2 mg Buprenorphine would also be $[***] per pouched single dose). For the avoidance of doubt, the titles on pricing set forth in this paragraph apply both at the time of Product Launch of an Addendum Product and at all other times.

As the sole exception to the foregoing, in the event that the cost with respect to Raw Materials, Direct Labor, and/or manufacturing line time required to produce an Addendum Product is more or less expensive than that required to produce the analogous Product, then at the request of either party, the price of such Addendum Product shall be increased or decreased (as applicable) on a purely pass-through basis (without any markup by MSX) to account solely for the variations in costs with respect to Raw Materials, Direct Labor, Release Testing, or use of manufacturing line time; provided however, that MSX shall validate with competent evidence any increase in costs with respect to Raw Materials, Direct Labor, Release Testing, or use of manufacturing line time.

The parties acknowledge and agree that RB has completely fulfilled and satisfied its obligations under the Agreement to pay Royalties on Products sold in the U.S. Accordingly, RB shall have no obligation to make any royalty payments for any Products, including any Addendum Products, sold in the U.S. The parties acknowledge and agree that RB has continuing obligations to pay Royalties on the Net Sales Value of Products, including Addendum Products, sold in the ROW, pursuant to Section 7.4.2 of the Agreement.

7. CONFLICTING TERMS

In the event of a conflict between this Addendum and the Agreement, the Agreement shall govern. In the event of a conflict between this Addendum and an Appendix to this Addendum, this Addendum shall govern.

8. EFFECTIVE DATE

This Addendum shall be effective as of the Addendum Effective Date.

9. GOVERNING LAW; JURISDICTION

This Addendum shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed as of the Addendum Effective Date.

MonoSol Rx, LLC

/s/ Keith Kendall

Keith Kendall
Print Name

President - COO
Print Title

Reckitt Benckiser Pharmaceuticals, Inc.

/s/ Shaun Thaxter

Shaun Thaxter
Print Name

CEO
Print Title

APPENDIX A				
Milestone	**Milestone Amount**	**Target Delivery Date**	**Milestone Bonus Payment[1]**	**Milestone Reduction Penalty[2]**
[***]	[***]	[***]		
[***]	[***]	[***]		
Analytical Toolkit				
[***]	[***]	[***]	[***]	[***]
[***]				
[***]				
[***]	[***]	[***]	[***]	[***]
[***]	[***]			
[***]	[***]			
[***]	[***]			
[***]				
	[***]			
[***]				
[***]	[***]	[***]	[***]	[***]
[***]				
[***]				
[***]	[***]	[***]	[***]	[***]
[***]				
[***]	[***]	[***]	[***]	[***]
[***]				
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]			
[***]	[***]			
[***]	[***]			

APPENDIX A				
Milestone	**Milestone Amount**	**Target Delivery Date**	**Milestone Bonus Payment[1]**	**Milestone Reduction Penalty[2]**
[***]				
	[***]			
[***]				
[***]	[***]	[***]	[***]	[***]
[***]		[***]		
[***]				
[***]	[***]	[***]	[***]	[***]

[***]

APPENDIX B

[***]

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
[***]	[***]																							
[***]							[***]																	
[***]	[***]	[***]																						
[***]	[***]									[***]				[***]							[***]			
[***]	[***]				[***]					[***]				[***]							[***]			
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]

ADDENDUM B TO COMMERCIAL EXPLOITATION AGREEMENT:
SUBOXONE STRIP DEVELOPMENT AGREEMENT

This Addendum B to Commercial Exploitation Agreement: Suboxone Strip Development Agreement (this "Addendum B") is entered into as of this 30th day of July, 2014 the "("Addendum Effective Date"), by and between Reckitt Benckiser Pharmaceuticals Inc., with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, VA 23235 ("RB") and MonoSol Rx, LLC, with offices at 30 Technology Drive, Warren, NJ 07059 ("MSX").

BACKGROUND AND PURPOSE OF PROJECT

A. The parties entered into a Commercial Exploitation Agreement dated August 15, 2008, as amended (the "Agreement").

B. The parties entered into Addendum A to the Agreement as of October 15, 2013 relating to the development and potential commercialization of improved formulations of the Products ("Appendix A").

C. Pursuant and subject to the Agreement, the parties now wish to amend Addendum A by entering into a further addendum to the Agreement relating to: (i) the accelerated completion of scale-up work and manufacture of the [***] registration batches of the current development formulation of [***] Suboxone Sublingual Film containing [***] and the new development formulation, to be mutually agreed, of [***] Suboxone Sublingual Film containing [***] (the "[***]") without [***] as outlined under Addendum A in order to facilitate an accelerated launch of Suboxone Sublingual Film in [***]; and (ii) a reformulation program for Suboxone Sublingual Film ([***] or [***] as determined by RB).

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Capitalized Terms

Capitalized terms used in this Addendum without definition shall have the same meanings ascribed to those terms in the Agreement.

2. Addendum is Part of Agreement

This Addendum B is hereby incorporated into and made a part of the Agreement as if fully set forth therein, and is subject to the terms of the Agreement.

Without limiting the foregoing and for the avoidance of doubt rights to and ownership of any inventions and other intellectual property developed or created as a result of the work performed hereunder shall be governed by the Intellectual Property Rights provisions of the Agreement.

3. Project Specifics

3.1. Scope of Work

Within the scope of work set forth in this Addendum B, the following shall apply;

MSX will undertake the scale-up and manufacture of [***] registration batches each for the [***] and [***] dosage strengths required by Addendum A at MSX's [***] facility ("[***]").

As part of the scale-up work for each dosage strength, MSX will use commercially reasonable efforts to identify critical process parameters and in-process controls with limits where a control is deemed necessary. Parameters and control limits will be mutually agreed upon in writing between MSX and RB.

As part of the scale-up work for each dosage strength, MSX will use commercially reasonable efforts to conduct an appropriate [***] experiment to establish the working range for [***]. RB and MSX will agree upon the experiment design in writing prior to the start of the experiment.

All methods utilized in the mutually agreed finished product specification (the "Finished Product Specification") will be validated prior to the delivery of the [***] data for Suboxone [***] Film registration batches.

MSX represents and warrants that it will perform the work under this Addendum B in accordance with prevailing industry standards. MSX further represents and warrants that all personnel who perform work under this Addendum B shall have appropriate training, experience and qualifications.

3.2. Timeline and Payments

Assuming this Addendum B is executed and delivered by the parties on or before August 1, 2014, the [***] registration batches will be placed on stability by October 22, 2014 and the [***] registration batches will be placed on stability by December 31, 2014. (If this Addendum B is not executed and delivered by August 1, then for each day after August 1 before this Addendum B is executed and delivered, the timelines of the previous sentence for placing the registration batches on stability will be pushed back by an equivalent number of days). RB acknowledges that the timeline represents an accelerated approach and that any additional batches (above and beyond the batches described in Section 3.1 or in Addendum A) required to obtain scale-up manufacturing at [***] may impact the timeline. MSX will use commercially reasonable efforts to ensure that the registration batches meet the Finished Product Specifications; however, RB acknowledges and agrees that the accelerated approach outlined in this Addendum B increases the risk of the registration batches failing to meet the Finished Product Specifications. RB will make prompt payment to MSX upon the completion of the registration batches as outlined under Addendum A regardless of the final performance of the batches unless the registration batch failure(s) are due to MSX's gross negligence, intentional misconduct or breach of this Addendum B, Addendum A or the Agreement.

The parties recognize that the accelerated scope of work and timeline requested by RB related to the [***] product under this Addendum B has a significant impact on MSX's business. In order to appropriately compensate MSX for this impact, RB will pay MSX [***]. MSX shall invoice RB and RB shall make payment [***] upon the execution and delivery of this Addendum B.

With the exception of the [***] milestone, all other milestones and payments contemplated under Addendum A and any existing statements of work between the parties shall continue to apply. (The [***] milestone, and any associated payment obligations to the extent not already paid on the part of RB, are hereby cancelled). MSX will credit RB [***] against the [***] for the [***] milestone payment already received by MSX under Addendum A.

RB and MSX will undertake a [***] for Suboxone Sublingual Film ([***] or [***] as determined by RB; the "[***]"). RB and MSX will build a project plan for the [***] and begin work by the earlier of (i) the reported outcome of the planned clinical PK study for Suboxone [***] Film or (ii) [***]. MSX will complete the Reformulation Program at a cost to RB of no more than [***] Thousand Dollars ($[***]).

Payments will be invoiced by MSX upon completion of all applicable criteria and will be due [***] after receipt of said invoice by RB.

For all purposes of this Addendum B, the term "completion" as applied to the fulfillment by MSX of any obligation of any obligations under either Addendum A or this Addendum B shall have the same meaning as defined in Section 4.1 of Addendum A.

In the event of any good faith disputes with respect to any such invoice, RB shall pay the undisputed portion of any such invoice within this time period.

3.3. Termination and Termination Fee

MSX may terminate this Addendum B by giving [***] written notice of termination to RB if RB shall fail to make any undisputed payment to MSX as and when due under this Addendum B and such failure remains uncured at the end of such [***] notice period.

RB may terminate this Addendum B at any time with or without cause by giving written notice of termination to MSX. In the event that RB terminates this Addendum B, or otherwise fails to start the Reformulation Program (defined in Appendix A) by October 1, 2015, RB shall pay MSX a termination fee of One Million Dollars ($1,000,000) upon the effective date of the applicable triggering event (such fee is in lieu of, and not in addition to, any otherwise applicable termination fee under Addendum A).

Termination of this Addendum B by either party does not, by itself, affect the remaining portions of the Agreement, including without limitation Addendum A, nor does it affect any obligations of the parties under this Addendum B which survive termination of this Addendum B pursuant to the Agreement, including without limitation, the obligation of RB to make payments as and when due under this Addendum B.

3.4. Inclusions and Exclusions

Work outside the scope of this Addendum B or the unmodified portions of Addendum A, and the additional fees associated therewith, would require a separate written agreement by both parties.

3.5. Quality

RB will identify and introduce to MSX the Qualified Person (the "QP") that RB has assigned to the launch of Suboxone Sublingual Film [***] as soon as is practicable. The QP will engage with MSX on a plan of action for preparing for the necessary [***] regulatory filings.

3.6. Product Risk

RB will be responsible for the product defect risks either associated intrinsically with the [***] or the associated manufacturing process, in each case provided it is carried out in compliance with the mutually agreed upon written process parameters and in-process controls as defined in MSX's manufacturing batch record.

Any recalls or regulatory actions taken as a result of such [***] product defects will be at RB's expense except to the extent such product defects result from MSX's failure to follow GMP or the mutually agreed upon written process parameters and in-process controls as defined in MSX's manufacturing batch record, or from MSX's gross negligence, willful misconduct or breach of the Agreement or any Addendum thereof.

Product defect risk for the [***] will revert to the terms set forth in the Agreement upon the earlier of (1) the commercial launch of [***] developed by MSX using an appropriate [***] (although this is not part of the immediate RB strategy) and (2) the usage of [***] doses in the marketplace.

4. CONFLICTING TERMS

In the event of a conflict between this Addendum B and the Agreement, the Agreement shall govern. In the event of a conflict between this Addendum B and Addendum A, this Addendum B shall govern.

5. EFFECTIVE DATE

This Addendum B shall be effective as of the Addendum Effective Date.

6. GOVERNING LAW; JURISDICTION

This Addendum B shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

IN WITNESS WHEREOF, the parties have caused this Addendum B to be executed as of the Addendum Effective Date.

MonoSol Rx, LLC

/s/ Keith Kendall

Keith Kendall
Print Name

COO
Print Title

Reckitt Benckiser Pharmaceuticals, Inc.

/s/ Mark W. Crossley

Mark Crossley
Print Name

Global Finance Director
Print Title

AMENDMENT NO. 8
COMMERCIAL EXPLOITATION AGREEMENT

THIS AMENDMENT NO. 8 (this "**Amendment**") is made as of the 12th day of January 2017 (the "**Effective Date**") between:

PARTIES

(1) MonoSol Rx, LLC, a company organized and existing under the laws of Delaware with offices at 30 Technology Drive, Warren, New Jersey 07059 ("**MSX**"),

and

(2) Indivior Inc. (formerly, Reckitt Benckiser Pharmaceuticals Inc.), a company organized and existing under the laws of Delaware with offices at 10710 Midlothian Turnpike, Suite 430, Richmond, Virginia 23235 ("**Indivior**").

MSX and Indivior are each referred to herein sometimes as a "**Party**" and, collectively, as the "**Parties**".

WHEREAS, MSX and Indivior entered into a Commercial Exploitation Agreement, dated August 15, 2008, as amended from time to time (collectively referred to herein as the "**Agreement**"), pursuant to which, among other things, Indivior engaged MSX to be the exclusive manufacturer and supplier of the Products on the terms of the Agreement and MSX agreed to manufacture and supply the Products to Indivior on the terms of the Agreement; and

WHEREAS, Indivior is interested in commercializing and marketing [***] Products through an identified authorized third party distributor; and

WHEREAS, Indivior desires to engage MSX to manufacture and supply the [***] Products, and MSX desires to manufacture and supply the [***] Products, on the terms and conditions of the Agreement and this Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants, and conditions set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound hereby, agree to amend and modify certain terms and conditions of the Agreement as set forth in this Amendment.

IT IS AGREED as follows:

A. **Definitions**. Capitalized terms used in this Amendment without definition shall have the respective meanings ascribed thereto in the Agreement. For purposes of the Agreement, the defined term "Products" shall be deemed to include the [***] Products and Schedule Three of the Agreement shall be deemed to be revised to list the [***] Products and, as such, whenever the term Product or Products is used in the Agreement, said terms shall be construed to mean and include the [***] Products and be subject to all of the terms and conditions of the Agreement.

B. **Project Fee**. In consideration for the manufacture and supply of the [***] Products, Indivior shall pay MSX, in addition to the Price for the [***] Products in accordance with Section E below, the sum of six million dollars ($6,000,000) payable as follows:

1. Four million dollars ($4,000,000) previously paid by Indivior to MSX on May 25, 2016 upon [***]; and

2. Two million dollars ($2,000,000) upon (i) execution of this Amendment and (ii) execution of the agreement referred to in Section D below.

C. **Restrictive Covenant**. Notwithstanding anything to the contrary contained in this Agreement, the parties agree that, in addition to, and not in limitation of, any other restrictive covenants contained in the Agreement, during the last [***] months of the Term, and for a period of [***] after the expiration or termination of the Term, neither party shall, directly or indirectly, enter into any agreement or arrangement with [***] or any of the Affiliates of [***], or its or their respective successors and/or assigns, for the development, manufacture, marketing, promotion, distribution, offering for sale, sale, offering for license, license or similar activity of the Products in the Field. For the avoidance of doubt, the Parties agree that nothing contained in this Restrictive Covenant is intended to prohibit or prevent the continued manufacture and supply of [***] Product by MSX in accordance with the Agreement and this Amendment during the last [***] of the Term.

D. **Delivery of the Products**.

1. The following shall be added to **Clause 5.1**:

   For the avoidance of doubt, MSX agrees to deliver [***] Products directly to Indivior in accordance with the terms of **Clause 5** of the Agreement. Indivior shall ensure that any designated [***] third party distributor shall enter into a non-disclosure agreement with MSX and Indivior, in form and substance acceptable to MSX, which obligates such designated [***] third party distributor, among other things, to maintain the confidentiality of any MSX Confidential Information that may be disclosed by or on behalf of MSX pursuant to this **Clause 5**.

E. **Pricing**. For the avoidance of doubt, pricing for the supply of [***] Products equals the current U.S. Cost of Goods Price set forth below:

	Cost/strip
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

The Price payable by Indivior to MSX for the [***] Products shall be adjusted according to Section 7.3 of the Agreement.

F. **Batch Tracking System**. The Parties acknowledge that MSX shall not be obligated to establish and maintain a batch-tracking system that identifies the [***] Products for any purpose except as required by the FDA.

G. **No Third Party Beneficiaries**. This Amendment is for the sole benefit of the Parties and their respective successors and assigns permitted under the Agreement, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity (including, without limitation, any authorized third party distributor of [***] Products) any legal or equitable right, benefit or remedy of any nature whatsoever under the Agreement or this Amendment by reason of or with respect to this Amendment.

H. **Governing Law**. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, United States of America, save as to conflict of law provisions, and the parties hereby agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

I. **Survival**. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect without modification or change.

Signed for and on behalf Indivior Inc.

/s/ Cary Claiborne

Name: Cary Claiborne
Title: CFO
Date: 1/20/17

Signed for and on behalf of MonoSol Rx, LLC

/s/ Keith Kendall

Name: Keith Kendall
Title: CEO
Date: 1/16/17

Exhibit 10.10

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [***] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

AGREEMENT

This Agreement (this "Agreement"), dated as of September 24, 2017, is by and between MonoSol Rx, LLC, a Delaware limited liability company ("MonoSol"); and Indivior Inc., a Delaware corporation, and Indivior UK Limited, a corporation organized under the laws of England and Wales, as successors in interest to Reckitt Benckiser Pharmaceuticals Inc. and RB Pharmaceuticals Limited, respectively (collectively, "Indivior").

MonoSol and Indivior are each sometimes referred to herein individually as a "Party" and are referred to collectively as the "Parties."

WITNESSETH:

WHEREAS, MonoSol and Indivior Inc. are parties to the Commercial Exploitation Agreement, dated August 15, 2008, as amended (the "Commercial Exploitation Agreement"); and

WHEREAS, MonoSol, in the Commercial Exploitation Agreement, has granted certain exclusive rights to Indivior Inc. and its Affiliates, including an exclusive license under MonoSol patents to use and sell Suboxone® (buprenorphine and naloxone) film, a pharmaceutical product containing the active ingredients buprenorphine hydrochloride and naloxone hydrochloride; and

WHEREAS, Indivior Inc., in the Commercial Exploitation Agreement, has granted certain exclusive rights to MonoSol including an exclusive right to manufacture Suboxone® (buprenorphine and naloxone) film, a pharmaceutical product containing the active ingredients buprenorphine hydrochloride and naloxone hydrochloride; and

WHEREAS, the Parties seek to clarify the scope of their relationship, including certain rights and obligations that may be impacted by [***], as defined below, [***], as defined below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties intending to be legally bound do hereby agree as follows:

ARTICLE 1: DEFINITIONS

1.1. The capitalized terms used in this Agreement shall have the meanings defined in this Article or elsewhere in this Agreement.

1.2. Unless the context requires otherwise, words referred to in the singular include the plural and vice versa, the words "include," "includes" and "including" will be deemed to be followed by the phrase "without limitation" (unless already present), the words "herein," "hereof' and "hereunder," and words of similar import, will be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and the word "or" is used in the inclusive sense (and/or).

1.3. The term “Affiliate” shall mean, with respect to a Party, any entity or person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Party at any time for so long as such entity or person controls, is controlled by or is under common control with such Party. For purposes of this definition, “control” means (a) ownership, directly or through one or more intermediaries, of (i) more than fifty percent (50%) of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or (ii) more than fifty percent (50%) of the equity interests in the case of any other type of legal entity or status as a general partner in any partnership, or (b) any other arrangement whereby an entity or person has the right to elect a majority of the board of directors or equivalent governing body of a corporation or other entity or the right to direct the management and policies of a corporation or other entity.

1.4. The term “Approved Suboxone Product” shall mean any product sold, offered for sale or distributed pursuant to New Drug Application (“NDA”) No. 22-410.

1.5. The term “[***]” shall mean [***].

1.6. The term “Third Party” shall mean any entity or person that is not a Party or an Affiliate of a Party.

ARTICLE 2: PAYMENTS FROM INDIVIOR TO MONOSOL

2.1. Five (5) business days following the date the Parties fully execute this Agreement, Indivior agrees to make a non-refundable payment of USD$17,000,000 (seventeen million U.S. dollars) to MonoSol.

2.2. On February 1, 2018, Indivior will make a non-refundable payment of USD$8,000,000 (eight million U.S. dollars) to MonoSol.

2.3. Starting on January 1, 2018, Indivior shall make [***] payments to MonoSol of USD$[***] ([***] U.S. dollars) [***]; *provided, however*, that the payment obligation on Indivior pursuant to this Section shall immediately cease, and be null and void, on the first date a [***].

2.4. Starting on [***], and through and including [***], Indivior shall make [***] payments equal to [***] of the net revenue earned by Indivior on sales of Suboxone sublingual film in the United States for the previous [***] with payment made within [***] after the start of the current [***], where:

(A) the total amount Indivior pays to MonoSol in a calendar year shall be not less than USD$[***] U.S. dollars) (“Minimum Annual Payment”), and

(B) Notwithstanding the foregoing, Indivior’s obligation to make the Minimum Annual Payment shall immediately cease, and be null and void, once the total amount of the payments made from Indivior to MonoSol under this Article 2.4 is equal to USD$[***] U.S. dollars).

(C) MonoSol shall have annual audit rights for royalty payments as outlined in the Commercial Exploitation Agreement.

2.5. On the date [***], Indivior shall make a one-time, non-refundable payment of USD$[***] U.S. dollars) to MonoSol in [***] installments; provided, that the applicable conditions to payment are satisfied. The [***] installment of USD$[***] ([***] U.S. dollars) shall be paid within [***] days of the [***], and the [***] installment of USD$[***] ([***] U.S. dollars) shall be paid within [***] days after [***]. Within [***] days of [***], Indivior shall make a [***] payment of USD$[***] U.S. dollars) to MonoSol in [***] installments; provided, that the applicable conditions to payment are satisfied. The [***] installment of USD$[***] U.S. dollars) shall be paid within [***] days of [***], and the [***] installment of USD$[***] ([***] U.S. dollars) shall be paid within [***] days after [***]. [***].

2.6. In the event [***], then Indivior will make a [***] payment equal to USD$[***] U.S. dollars), [***] total cumulative payments paid by Indivior to MonoSol under this Agreement as of [***], paid in [***] installments by [***], beginning [***] days following [***]. Notwithstanding the foregoing, the payment obligation on Indivior pursuant to this Section shall cease, and be null and void, if [***].

2.7. On [***], Indivior will make a non-refundable payment of USD$[***] ([***] U.S. dollars) to MonoSol; provided, however, that [***], then the payment obligation of Indivior pursuant to this Section shall immediately cease, and be null and void.

2.8. Notwithstanding the foregoing payment provisions, the Parties agree and acknowledge that the total cumulative amounts payable under the terms of this Agreement by Indivior to MonoSol shall be capped at USD$75,000,000 (seventy five million U.S. dollars), provided [***].

2.9. Notwithstanding the payment obligations set forth herein, if, at any time during the term of this Agreement, [***], then any payments that would otherwise have become due under this Agreement by Indivior from the date of [***] shall immediately cease, and be null and void, such that no further payments under this Agreement from Indivior to MonoSol shall be required to be made [***]. If [***], any payments cancelled under this Agreement during [***], shall be paid to MonoSol by Indivior [***] within [***] days of [***]. For clarity, Indivior's obligation to pay MonoSol for any payments cancelled during [***] shall not exceed [***]. For further clarity, once [***], all payments owed by Indivior to MonoSol under this Agreement shall be reinstated.

2.10. Notwithstanding the payment obligations set forth herein, if, at any time during the term of this Agreement, [***], then Indivior's payment obligations under this Agreement shall immediately cease, and be null and void, such that no further payments under this Agreement from Indivior to MonoSol shall be required. For the sake of clarity, the Commercial Exploitation Agreement shall remain in effect for the term thereof.

2.11. Indivior agrees to use reasonable efforts, with the objective of prevailing, to exercise its rights to enforce and protect intellectual property [***]. If [***], all payments owed to MonoSol under this Article 2 shall be retroactively reinstated.

ARTICLE 3: LICENSE AND ENFORCEMENT

3.1. Subject to the limitations of Article 3.2 below, if and to the extent that Indivior does not already hold the sole, exclusive and irrevocable right and entitlement to pursue, assert, enforce, litigate, settle and resolve all causes of action (whether known or unknown or whether currently pending, filed or otherwise) and all other enforcement rights involving [***] ("the Enforcement Rights"), MonoSol, for itself and its Affiliates, hereby confirms that Indivior and its Affiliates hold and may exercise all such Enforcement Rights, and in connection with any settlement or other resolution of any such causes of action may sublicense rights to make, have made, use, sell or import a [***] under any of the MonoSol patents, present and future, licensed to Indivior under the Commercial Exploitation Agreement. At the request of Indivior, MonoSol will execute and deliver such other instruments and do and perform such other acts as may be necessary or desirable for effectuating or confirming the provisions of this Article. For clarity, this foregoing Article 3.1 does not alter or affect the supply and/or manufacturing arrangements between Indivior and MonoSol, as provided for under the Commercial Exploitation Agreement, with respect to the Approved Suboxone Product, and this foregoing Article 3.1 does not change the rights and obligations of Indivior and MonoSol under the Commercial Exploitation Agreement with respect to MonoSol's supply and/or manufacturing of the Approved Suboxone Product. If Indivior terminates this Agreement, and Indivior seeks to engage another party to manufacture the Approved Suboxone Product, nothing in this Agreement prevents MonoSol from seeking to enforce its intellectual property rights in suing either Indivior or that third party manufacturer, or both, consistent with the Commercial Exploitation Agreement, nor does anything in this Agreement prevent Indivior from contesting any such suit brought by MonoSol. For further clarity, nothing in this Agreement prohibits MonoSol, upon termination of the Commercial Exploitation Agreement, from manufacturing any product in the Field, as defined in the Commercial Exploitation Agreement, for anyone anywhere in the world, nor does anything in this Agreement prevent Indivior from contesting MonoSol's entitlement to engage in such manufacturing.

3.2. MonoSol agrees not to assert its rights regarding [***] on or after [***]. For the sake of clarity, MonoSol does not waive any such rights regarding [***].

ARTICLE 4: BREACH AND INDEMNIFICATION

4.1. Indivior hereby agrees to indemnify MonoSol and to hold it harmless with respect to all costs, including attorneys' fees and expert fees, and any penalties or monetary damages arising out of or relating to any investigation, enforcement action, and administrative or court proceeding regarding or relating to this Agreement under the Clayton Act § 7A, 15 U.S.C. § 18a and its implementing rules and regulations. For clarity, this Article 4.1 does not apply to any pre-existing investigations, enforcement actions, and administrative or court proceedings and applies only to the terms of this Agreement.

ARTICLE 5: MISCELLANEOUS

5.1. Confidentiality: Except as (a) required by statute, ordinance or regulation, (b) required pursuant to compulsory legal process, or (c) necessary for the exercise of the rights granted to the Parties under this Agreement, neither the Parties nor their Affiliates shall publicly announce or otherwise disclose to Third Parties any of the terms of this Agreement without the prior written approval of the other Party, not to be unreasonably withheld, conditioned or delayed. If a Party intends to disclose information relating to this Agreement because it is required to do so in order to comply with a statute, ordinance or regulation or compulsory legal process, including, without limitation, its reporting requirements under the Securities Exchange Act of 1934, as amended, such Party shall give the other Party at least three (3) business days' prior notice in writing of the text of the intended disclosure, unless such statute, ordinance, regulation or compulsory legal process would require earlier disclosure, in which event the notice shall be provided as early as practicable. A Party that determines that it is required to file this Agreement with the Securities and Exchange Commission or any other governmental authority, including any court proceeding, shall request confidential treatment with respect to the terms of this Agreement, shall consult in good faith with the other Party regarding such confidential treatment and shall use commercially reasonable efforts to have redacted from any publicly available version such provisions as the Parties may agree. Notwithstanding anything to the contrary above, each Party may disclose the terms of this Agreement to its respective Affiliates, and its and their respective insurers, lenders, attorneys, accountants, and prospective and actual acquirers, subject to such Affiliates, insurers, lenders, attorneys, accountants and prospective and actual acquirers undertaking to keep the terms of this Agreement strictly confidential in accordance with confidentiality terms at least as restrictive as the terms hereof.

5.2. Notice: Any notice or other communication to be given under this Agreement shall be given in the same manner identified in Article 2.1 of the Commercial Exploitation Agreement.

5.3. Modification: This Agreement may only be amended, modified, or varied by the Parties by an instrument in writing signed on behalf of each of the Parties.

5.4. Waiver: No waiver of a breach, failure of any condition, or any right or remedy, contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right or remedy. No waiver of any breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

5.5. No Agency: Nothing in this Agreement shall constitute or be deemed to constitute the creation of a partnership, agency, or employer/employee relationship between the parties.

5.6. Entire Agreement: This Agreement represents the entire understanding and agreement between the Parties with regard to the matters addressed herein.

5.7. Enforceability: If any provision of this Agreement is held by any court or other competent authority to be invalid or unenforceable in whole or in part for any reason, the Parties agree to use commercially reasonable efforts to negotiate a provision, in replacement of the provision held illegal, unenforceable, or invalid, that is consistent with applicable law and accomplishes, as nearly as possible, the original intention of the Parties with respect thereto. In any event, the provision held illegal, unenforceable, or invalid shall be deemed severed from this Agreement and the validity of the other provisions and the remainder of the provision in question shall not be affected.

5.8. Counterparts. This Agreement may be executed in any number of counterparts, and through pdf, facsimile or photocopy signatures. Each counterpart shall be deemed an original instrument, but all counterparts together shall be considered as one and the same agreement.

5.9. Governing Law: This Agreement and the rights and obligations of the Parties under this Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without regard to its choice-of-law or conflicts-of-law principles that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction, and the Parties agree to submit to the jurisdiction of the federal courts located in the State of Delaware.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties, through their authorized officers, have executed this Agreement as of the Signing Date.

Signed for and on behalf of Indivior Inc.:

By:	/s/ Shaun Thaxter
Name:	Shaun Thaxter
Title:	CEO
Date:	9/23/17

Signed for and on behalf of Indivior UK Limited:

By:	/s/ Richard Simkin
Name:	Richard Simkin
Title:	CCO
Date:	9/23/17

Signed for an on behalf of MonoSol Rx, LLC:

By:	/s/ Keith Kendall
Name:	Keith Kendall
Title:	CEO
Date:	9/24/17

Exhibit 10.11

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [***] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

AGREEMENT TO TERMINATE CLA

BETWEEN

MONOSOL RX, LLC

AND

KEMPHARM, INC.

DATED AS OF MARCH 20, 2012

AGREEMENT TO TERMINATE CLA
BETWEEN
MONOSOL, RX AND KEMPHARM, INC.

This Agreement to Terminate CLA ("Agreement"), dated as of March 20, 2012 (the "Effective Date"), is between KemPharm, Inc., an lowa corporation with its principal offices at 7 Hawkeye Drive, Suite 103, North Liberty, Iowa 52317 ("KemPharm"), and MonoSol Rx, LLC, a Delaware limited liability company with its principal offices at 30 Technology Drive, Warren, New Jersey 07059 ("MSRx").

RECITALS:

WHEREAS, KemPharm and MSRx entered into that certain Collaboration and License Agreement dated April 20, 2011 (the "CLA");

WHEREAS, Shire LLC, a Kentucky limited liability company ("Shire"), has prosecuted, and KemPharm and Travis C. Mickle ("Mickle") have defended, an action in the United States District Court for the Western District of Virginia Roanoke Division (the "Court") captioned *Shire LLC v. Travis* C. *Mickle Ph.D. et. al.*, No. 7:IO-cv-00434 (SGW) (PMS) (W.D. Va.) (the "Shire Litigation");

WHEREAS, KemPharm, Mickle and Shire have entered into a binding letter of intent dated as of February 9, 2010 (the "Shire LOI"), wherein Shire and KemPharm agree, among other things, that (a) Shire and KemPharm shall enter into a joint stipulation of dismissal, dismissing with prejudice all claims and counterclaims relating to the Shire Litigation, and (b) Shire shall acquire for the monetary and nonmonetary consideration set forth in the Shire LOI the assets specifically identified in section 1 of Exhibit A of the Shire LOI, including, without limitation, KP106 and KemPharm's other amphetamine amino acid conjugate products, all inventory of such conjugate products, and all of KemPharm's intellectual property related to such conjugate products; and

WHEREAS, the obligations of Shire and KemPharm to consummate the transactions set forth in the Shire LOI are subject to the condition that, within sixty (60) days following the date of the Shire LOI, MSRx executes the Release and Consent in the form attached hereto as Exhibit A (the "Shire Release");

WHEREAS, MSRx is willing to execute the Shire Release in accordance with and subject to the terms and conditions set forth in this Agreement; and

WHEREAS, KemPharm and MSRx desire to terminate the CLA in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the covenants, terms and conditions set forth in this Agreement, the receipt and sufficiency of which the Parties hereby acknowledge, MSRx and KemPharm agree as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following terms shall have the following meanings:

1.1 "Affiliate" of a Party hereto means any entity which controls, is controlled by or is under common control with, such Party. For purposes of this definition, a Party shall be deemed to control another entity if it owns or controls, directly or indirectly, at least fifty percent (50%) of the voting equity of another entity (or other comparable ownership interest for an entity other than a corporation) or if it has management control of the other entity. Any reference in this Agreement to a Party shall include the Affiliates of that Party (unless the context requires otherwise).

1.2 "Agent" has the meaning provided in Section 5.1.

1.3 "Agreement" means this Agreement to Terminate CLA.

1.4 "Arising Product" means one or more pharmaceutical products in any dosage form for any indication relating to KP415 including products based upon, incorporating or manufactured from any IP or technology included in or stemming from KP415.

1.5 "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

1.6 "Change of Control" means the occurrence after the Effective Date, in one or a series of transactions, of any of the following: (i) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act")), acting alone or in conceit with others, assumes or otherwise gains, directly or indirectly, beneficial ownership (as defined in Rule l 3d-3 of the Exchange Act) of securities representing 50% or more of the combined voting power of the then outstanding securities of KemPharm and/or its Affiliates or its or their successors; (ii) any merger, consolidation, security exchange, division, or sale or other disposition of all or substantially all of the assets of KemPharm and/or its Affiliates or its or their successors or any other transaction in which KemPharm and/or its Affiliates or its or their successors become the subsidiary of another company which is consummated or approved by the equity holders of KemPharm and/or its Affiliates or its or their successors; and (iii) any approval by the equity holders of KemPharm and/or its Affiliates or its or their successors of a plan of liquidation. Notwithstanding the forgoing, a Change of Control shall not include a spin-off by KemPharm of assets including, without limitation, its rights and interests in KP415, to a wholly-owned subsidiary of KemPharm or the distribution of securities of such subsidiary to KemPharm's securities holders in accordance with section 355 of the Internal Revenue Code of 1986, as amended, so long as each of the following conditions are met: (i) such subsidiary agrees in a writing in a form reasonably acceptable to MSRx to assume all of the obligations, representations, warranties and covenants of KemPharm under this Agreement upon the consummation of such transaction and (ii) no value (including, without limitation, any cash, securities or other property) is received by any of KemPharm, such subsidiary being spun-off or other Affiliate or any of its or their security holders other than the securities of such subsidiary in such spin-off which are being issued in such spin-off (a "355 Spin-Off Transaction").

1.7 "CLA" has the meaning set forth in the Recitals to this Agreement;

1.8 "Claims" means any and all causes of action, charges, complaints, actions, suits, proceedings, hearings, investigations, allegations, demands and claims of any kind.

1.9 "Commercialize" or "Commercialization" means the marketing, promoting, distributing, offering for sale and selling, licensing, or otherwise realizing Value from or in connection with an Arising Product(s), and conducting clinical studies after Approval, if necessary and required. When used as a verb, Commercialize means to engage in Commercialization.

1.10 "Confidential Information" means or includes any and all Proprietary Information exchanged between the Parties or their representatives prior to the Effective Date under the provisions of the CLA or in contemplation of the transactions contemplated thereby or on or subsequent to the Effective Date under the provisions of this Agreement or in contemplation of the transactions contemplated hereby.

1.11 "Direct Claim" has the meaning provided in Section 8.3(F).

1.12 "Disclosing Party" has the meaning provided in Section 5.1.

1.13 "Effective Date" has the meaning set forth in the Preamble to this Agreement.

1.14 "Indemnitee" has the meaning provided in Section 8.2.

1.15 "lndemnitor" has the meaning provided in Section 8.2.

1.16 "Intellectual Property" or simply "IP" means or includes Patent Rights, Know-How, copyrights, trademarks, mask works, data, other forms of intellectual property, Confidential Information and Proprietary Information.

1.17 "KemPharm" has the meaning set forth in the preamble to this Agreement.

1.18 "KemPharm Sale Price" means the aggregate consideration and/or other Value actually received at any time in a KemPharm Sale Transaction from the acquiring Third Party(ies) by KemPharm and its Affiliates, and/or their respective equity holders (including, without limitation, the aggregate of any and all amounts received for any options, warrants or convertible securities, dividends, distributions, deferred, contingent, earn-outs, restrictive covenants, license (including under sublicenses), milestone, and Royalties payments, engagement fees and all other payments similar to any of the foregoing).

1.19 "KemPharm Sale Transaction" means a bona fide transaction (or a series of related bona fide transactions) between one or more Third Parties and KemPharm and/or its Affiliates, and/or their respective equity holders, pursuant to which there occurs a Change of Control, which transaction(s) includes KemPharm's rights and interests in KP415. Notwithstanding the forgoing, a KemPharm Sale Transaction shall not include a 355 Spin-off Transaction by KemPharm.

1.20 "Know-How" means any unpatented technical information, know-how, show how and materials including, without limitation, all biological, chemical, pharmacological, toxicological, clinical, assay and other information, data, discoveries, inventions, improvements, processes, formula and trade secrets, patentable or otherwise.

1.21 "KP415" means (i) the molecule(s) involved in the covalent conjugation of methylphenidate (or methylpheny(piperidin-2-yl) acetate) currently referred to as KP415, and any and all [***] thereof, and (ii) any and all other [***], and any and all [***] thereof. KP415 is not restricted to indication, dosage, use or territory, all of which are covered under this definition.

1.22 "Losses" means any and all damages (including all incidental, consequential, statutory and treble damages), awards, deficiencies, settlement amounts, defaults, assessments, fines, dues, penalties, costs, fees, liabilities, obligations, taxes, liens, losses, lost profits and expenses (including, without limitation, court costs, interest and reasonable fees of attorneys, accountants and other experts) incurred by or awarded to Third Parties and required to be paid to Third Parties with respect to a Claim by reason of any judgment, order, decree, stipulation or injunction, or any settlement entered into in accordance with the provisions of this Agreement, together with all documented out-of-pocket costs and expenses incurred in complying with any judgments, orders, decrees, stipulations and injunctions that arise from or relate to a Claim of a Third Party.

1.23 "Material Changes to the Shire LOI" means, with respect to any of the Shire Definitive Settlement Documents, any term or condition which either (a) modifies, limits or affects, in any manner, the monetary benefits required to be provided by Shire under the Shire LOI or any other rights of MSRx under the Shire LOI and/or this Agreement, (b) creates a risk of a potential Claim by Shire or any of its Affiliates against MSRx or any of its Affiliates or successors or assigns, or any of its or their respective officers, directors, managers, members, shareholders, employees, agents and representatives (collectively, the "MSRx Parties") or increases a material risk of such a potential Claim against any of the MSRx Parties in a manner that is not contemplated in the Shire LOI, or (c) in any way conveys, grants, or otherwise effects any of MSRx's rights or interests in or to MSRx's Intellectual Property.

1.24 "Mickle" has the meaning set forth in the Recitals to this Agreement.

1.25 "MSRx" has the meaning set forth in the preamble to this Agreement.

1.26 "Net Revenues" means the amount of money, net of any sums paid to MSRx pursuant to any supply or manufacturing agreement or otherwise for the manufacture of KP415, which either Party or both Parties earn or receive at any time from the Commercialization of KP415 or otherwise from the exploitation of any licenses granted for the development and/or commercialization of KP415 (including, without limitation, monies which continue to be earned under such licenses after the expiration or termination of this Agreement and whether or not fully developed or Commercialized and all payments for upfront license payments, milestone events, Royalties, engagement fees and similar payments under sublicenses), less any applicable value added tax, sales tax or withholding tax or other deduction required by applicable law.

1.27 "Party" means either KemPharm or MSRx, and "Parties" means both KemPharm and MSRx.

1.28 "Patent Rights" means all existing patents and patent applications and all patent applications hereafter filed, including any continuations, continuations-in-part, divisions, or any substitute applications, any patent issued with respect to any such patent applications, any reissue, re-examination, renewal or extension (including any supplementary protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all foreign counterparts of any of the foregoing, or as applicable portions thereof or individual claims therein.

1.29 "Program Sale Transaction" means a transaction (or a series of transactions), other than a Third Party License or KemPharm Sale Transaction, pursuant to which one or more Third Parties purchases and/or acquires (alone or with other assets, rights or interests) KemPharm's and MSRx's respective rights and interests in and to KP415 or other transaction (or a series of transactions) at any time involving the monetization (including, without limitation, the issuance of any securities) of KP415 whether or not at the time of any such transaction or monetization event KP415 is fully developed or Commercialized. A KemPharm Sale Transaction does not constitute a "Program Sale Transaction." Notwithstanding the forgoing, a Program Sale Transaction shall not include a 355 Spin-off Transaction by KemPharm.

1.30 "Proprietary Information" means or includes information or data owned or licensed by a Party that such Party treats as proprietary and confidential including, but not limited to, data, documents, trade secrets, methods, processes, techniques, and scientific and business information.

1.31 "Receiving Party" has the meaning provided in Section 5.1.

1.32 "Royalty" means monies or other consideration paid by either Party to the other Party or to either or both of the Parties by a Third Party Licensee on sales of KP415 and/or Arising Products in any country of the world.

1.33 "Shire" has the meaning set forth in the Recitals to this Agreement.

1.34 "Shire Closing" means the closing of the transactions contemplated under the Shire LOI in accordance with the terms of the Shire LOI or, if elected by KemPharm in accordance with Section 2.2, in accordance with the Shire Definitive Settlement Documents.

1.35 "Shire Definitive Settlement Documents" means any settlement agreement and/or asset purchase agreement or other documents entered into by and between KemPharm and Shire which contain the terms and conditions set forth in the Shire LOI and such other and additional terms and conditions of the transaction contemplated in the Shire LOI.

1.36 "Shire Litigation" has the meaning set forth in the Recitals to this Agreement.

1.37 "Shire LOI" has the meaning set forth in the Recitals to this Agreement.

1.38 "Shire Release" has the meaning set forth in the Recitals to this Agreement.

1.39 "Shire Payment" has the meaning set forth in Section 2.3 below.

1.40 "Third Party" means any person or entity other than either Party or its Affiliates.

1.41 "Third Party Claim" has the meaning provided in Section 8.2.

1.42 "Third Party License" means a license by either or both of the Parties to a Third Party granting development, Commercialization and/or other exploitation rights with respect to KP415 or any Arising Product.

1.43 "Third Party Licensee" means a Third Party which is granted development, Commercialization and/or other exploitation rights under a Third Party License, including the Third Party's sublicensees, if any.

1.44 "Value" means value which is associated with KP415 and/or any Arising Product received by either or both Parties (excluding sums paid to MSRx pursuant to any supply or manufacturing agreement or otherwise for the manufacture of KP415 and/or any Arising Product), including, by way of illustration, without limitation: the purchase price and other net consideration actually received at any time under a Program Sale Transaction; Net Revenues received by either Party; payments received from a Third Party License (such as, without limitation, upfront license payments, milestone payments, Royalties, engagement fees, discontinuance or standstill payments and similar payments under sublicenses); that portion of the KemPharm Sale Price attributable to KP415 in accordance with Section 4.2 below; and other transactions involving the monetization (including, without limitation, the issuance of securities (other than a 355 Spin-Off Transaction), options, warrants or convertible securities, dividends, distributions, and deferred, contingent, earn-outs, and restrictive covenants payments); whether or not KP415 is fully developed or Commercialized at the time of calculation of such value and covering KP415 in any dosage form for any application or indication anywhere in the world.

ARTICLE 2
EXECUTION OF SHIRE RELEASE; CONSUMMATION OF THE SHIRE LOI

2.1 Execution of Shire Release. Simultaneous with the Shire Closing, and the receipt of payment by MSRx of the amount payable to MSRx in accordance with Section 2.3 below, MSRx shall execute and deliver to KemPharm the Shire Release in the form attached hereto as Exhibit A.

2.2 Consummation of the Shire LOI. Following the execution of this Agreement, KemPharm shall close upon the transactions provided in the Shire LOI; provided, however, that KemPharm, in its discretion, may negotiate, execute and close upon Shire Definitive Settlement Documents. In the event KemPharm and Shire agree upon final drafts of Shire Definitive Settlement Documents, KemPharm shall provide to MSRx a copy of such final drafts at least three (3) Business Days prior to the Shire Closing. In furtherance of the Shire Closing, MSRx shall deliver to KemPharm or directly to Shire within three (3) Business Days after the date of the Shire Closing the complete inventory in MSRx's possession of any KP106 active pharmaceutical ingredient as of such date and a certificate signed by MSRx acknowledging that any KP106 manufactured in any dosage form in MSRx's possession as of such date has been destroyed.

2.3 Shire Payment. Upon the Shire Closing, out of the single one-time payment of $22,000,000 (the "Shire Payment") to be paid by Shire thereunder, KemPharm shall arrange for $11,000,000 of the $22,000,000 to be paid directly by Shire via bank transfer to MSRx consistent with wiring instructions given by MSRx to KemPharm. Such payment of $11,000,000 to MSRx shall be inclusive of any portion of the $22,000,000 Shire Payment which MSRx is due under the CLA for a "Program Sale Transaction" (as defined under the CLA). MSRx shall have no right or Claim under this Agreement or the CLA to any portion of the aforementioned $22,000,000 Shire Payment except for the aforementioned $11,000,000 sum.

2.4 MSRx's Revocation Rights. In the event that KemPharm negotiates final drafts of Shire Settlement Documents, then KemPharm shall provide a copy of such final drafts in accordance with Section 2.2 hereof. If the Shire Settlement Documents include any Material Changes to the Shire LOI, then MSRx shall have the following right to revoke this Agreement: by no later than 5:00 P.M. E.S.T. on the third (3rd) Business Day following the date on which MSRx receives a copy of such final signed or unsigned drafts of the Shire Settlement Documents, MSRx may deliver written notice to KemPharm which states that the Shire Definitive Settlement Documents includes Material Changes to the Shire LOI, describes in reasonable detail the Material Changes to the Shire LOI and declares that MSRx is revoking this Agreement. Such revocation shall be effective immediately upon KemPharm's receipt of the notice required herein. In addition to the foregoing, MSRx shall have the right to revoke this Agreement by written notice to KemPharm under either of the following events: (i) KemPharm shall have failed to deliver to MSRx a written notice that the Shire Closing has occurred within thirty (30) days after the Effective Date, or (ii) MSRx shall not have received its share of the Shire Payment in accordance with Section 2.3 above or the Shire Release executed by Shire. In the event that MSRx revokes this Agreement in accordance with this Section 2.4, then each of the following shall terminate effective simultaneous with such revocation: (i) MSRx's right to receive the payment provided under Section 2.3, (ii) the termination of the CLA pursuant to Article 3 (and the CLA shall be reinstated automatically thereon in full force and effect and all of the rights and obligations of the Parties under the CLA shall continue and survive); and (iii) MSRx's rights and interest in KP415 under Article 4.

ARTICLE 3
TERMINATION OF THE CLA

3.1 Termination of the CLA. Subject to the terms and conditions of this Agreement, including, without limitation, the revocation rights of MSRx under Section 2.4, the CLA shall terminate upon the Shire Closing and payment to MSRx of the amount due under Section 2.3 above. Upon termination of the CLA pursuant to this Section 3.1, no rights or obligations of either Party under the CLA shall survive the termination. The Parties acknowledge and agree that, following the assignment to Shire of the "Acquired Assets" (as defined under the Shire LOI), there are no remaining "Arising Technology," "Arising Patents" or "Arising IP" as those terms are defined in the CLA. Except as otherwise provided in Section 2.2 with respect to inventory and manufactured KP106, following the termination of the CLA, each Party shall promptly transfer to the other Party, at the other Party's cost, or destroy at the other Party's written request, all relevant records and materials in its possession or control containing Confidential Information of the other Party; provided, however, that each Party may keep one archival copy of the Confidential Information of the other Party in the legal department files of such Party or its legal representative in accordance with the provisions of Article 5 below. Subject to the terms and conditions of this Agreement, including, without limitation, the revocation rights of MSRx under Section 2.4, each Party hereby forever releases and discharges the other Party and each of the other Party's officers, directors, shareholders, members, managers, employees and agents from any and all Claims, known or suspected by the releasing Party as of the date of Shire Closing, at law or in equity, arising from or related to the CLA. Nothing in this Section 3.1 shall limit, impair or affect any of the rights of the Parties under this Agreement and no Party shall be deemed to release, waive or discharge any of its rights or remedies under this Agreement or at law or in equity with respect to the transactions contemplated under this Agreement.

ARTICLE 4
GRANT OF INTEREST IN KP415

4.1 Division of Value Generally. Subject to the terms and conditions set forth in this Agreement, the Parties acknowledge and agree that MSRx shall have the right to receive an amount equal to [***] of any and all Value. Upon the occurrence of a Program Sale Transaction or KemPharm Sale Transaction, the Value to be paid to MSRx (or the amount to be deposited in escrow in accordance with Section 4.2, as the case may be) shall be paid to MSRx (or the escrow agent, as the case may be) directly out of the closing proceeds and any other consideration (and post-closing proceeds and/or other consideration, if any) of such Program Sale Transaction or KemPharm Sale Transaction simultaneously with and when each payment by such Third Party is made to KemPharm or any of its Affiliates, and/or any of their respective equity holders, of any and all such proceeds or the delivery of other consideration therefore whenever made. KemPharm shall arrange in the agreement for a Program Sale Transaction or KemPharm Sale Transaction that payment of such Value to MSRx (or the amount to be deposited in escrow pursuant to Section 4.2, as the case may be) shall be made by wire transfer of immediately available funds to an account designated by MSRx (or to the escrow agent, as the case may be), and the delivery of such other consideration representing any such Value (or the amount to be deposited in escrow pursuant to Section 4.2, as the case may be) shall be made to the address of MSRx set forth in this Agreement or as otherwise designated by MSRx (or to the escrow agent, as the case may be). In the event that MSRx is properly paid in full all of its share under this Agreement of the Value of a Program Sale Transaction or KemPharm Sale Price directly by the Third Party purchaser in such Program Sale Transaction or KemPharm Sale Transaction out of the proceeds thereof in accordance with this Article 4, MSRx shall have no right to make a Claim against KemPharm for KemPharm's share of the Value received from such Third Party purchaser out of the proceeds of such Program Sale Transaction or KemPharm Sale Transaction, as the case may be.

4.2 KemPharm Sale Transaction. If KemPharm or an Affiliate holding rights, title or interests in or to KP415 enters into a KemPharm Sale Transaction, then such transaction shall include MSRx's rights and interests in and to KP415; provided that MSRx shall be paid its share of the Value of the KemPharm Sale Price. The KemPharm Sale Price shall constitute Value to the extent that the KemPharm Sale Price is attributable, in whole or in part, to any of KemPharm's or an Affiliate's rights, title or interests in or to KP415. Upon proper payment of such Value to MSRx in connection with a KemPharm Sale Transaction, MSRx's rights and interests in and to KP415 shall be terminated unless after the consummation of such KemPharm Sale Transaction KemPharm or any of its Affiliates, and/or any of their respective equity holders, retains directly or indirectly any rights, title or interests in and to KP415, in which event such rights and interests of MSRx shall continue and survive the consummation of such KemPharm Sale Transaction and MSRx shall be paid its share of the Value of the KemPharm Sale Price with respect to such KemPharm Sale Transaction. The interests of MSRx which shall survive pursuant to the foregoing sentence shall be limited to the extent of the remaining interest in KemPharm and its Affiliates held by their respective equity holders, including future Value payments made to such equity holders and Value received by such equity holders in any subsequent transactions including, without limitation, any Program Sale Transactions and any KemPharm Sale Transactions. KemPharm or the Affiliate who is a party to the KemPharm Sale Transaction shall provide to MSRx written notice of its intent to enter into a KemPharm Sale Transaction, which notice shall specify the consideration and purchase price to be paid to KemPharm, its Affiliates and/or their respective equity holders in such KemPharm Sale Transaction. Such notice shall be delivered to MSRx as soon as reasonably practicable, but in no event later than five (5) Business Days after the execution of any agreement contemplating such KemPharm Sale Transaction and no later than ninety (90) days prior to the consummation of such KemPharm Sale Transaction. If the Parties cannot agree on the determination of the Value contained within a KemPharm Sale Price within ten (10) days of such notice by KemPharm to MSRx, then such Value shall be determined by an independent valuation expert selected by mutual written agreement of the Parties. In the event that the Parties are unable to mutually agree upon the selection of an independent valuation expert within five (5) Business Days of the expiration of such ten-day period, then such Value shall be determined in accordance with the following procedures: Each of the Parties shall select its own independent valuation expert and pay all costs associated with its own valuation expert. The two independent valuation experts shall prepare a written determination of such Value within three (3) months of selection. If the determination of the two valuation experts vary by [***] or less, the Parties shall accept as final and binding the average of the determination by the two independent valuation experts as the Value attributed in such KemPharm Sale Transaction. If the results of the foregoing two determinations vary by more than [***], then the two valuation experts shall select a third independent valuation expert to prepare its own valuation of the Value attributed to such KemPharm Sale Transaction. The third valuation expert will, at a minimum, evaluate the valuations of the first two valuation experts and conduct its own analyses as necessary to support its own valuation. The three independent valuation experts shall agree to comply with this schedule of performance before accepting appointment. The Parties shall accept as final and binding the average of the determinations by the three independent valuation experts as the Value attributed in such KemPharm Sale Transaction. The Parties agree that each independent valuation expert engaged for the purposes of determining Value pursuant to this Section 4.2 shall be at least a partner or director of a nationally recognized appraisal firm, which may be an investment banking firm, a certified public accounting firm, or any other firm that performs appraisal and valuation services in the pharmaceutical industry. The Parties agree that any and all costs associated with the first (and, if applicable, the third) valuation expert and its valuation determination shall be paid equally by MSRx and KemPharm. The Parties also agree that the Value shall be equal to a percentage of the KemPharm Sale Price, which percentage shall be proportionate to the value of KemPharm's and/or its Affiliate's rights, title or interests in KP415 expressed as a percentage of the aggregate value of the overall portfolio of tangible and intangible assets as a going concern that are included within the KemPharm Sale Transaction. For the sake of clarity, each individual asset of KemPharm or its Affiliates included within the KemPharm Sale Transaction, including KP415, shall be assigned a percentage that represents each individual asset's relative contribution to the KemPharm Sale Price, such that the Value in question to be shared by the Parties shall be clearly defined and distinct from all other assets solely owned by KemPharm and/or its Affiliates. The Parties also agree that any valuation shall be conducted in accordance with the terms set forth generally in Exhibit B. The Parties agree that, in the event that such valuation determination is not made prior to the scheduled closing of the KemPharm Sale Transaction despite the Parties acting in good faith and with reasonable diligence to obtain such valuation determination in accordance with this Section 4.2, KemPharm shall have the right to close the KemPharm Sale Transaction on or after the schedule closing date; provided, however, that [***] of the KemPharm Sale Price shall be deposited into an escrow account out of the proceeds or other consideration paid under the KemPharm Sale Transaction and released upon completion of the determination of Value in accordance with this Section 4.2. The agent of the aforementioned escrow account shall be mutually agreed upon in writing by the Parties, who shall be instructed to distribute the escrowed proceeds and consideration upon completion of the Value determination in such proportions as shall correctly pay MSRx its share of the Value of the KemPharm Sale Price, and the remaining balance shall be paid to KemPharm (or to its Affiliates as instructed by KemPharm). In the event that the share of the Value upon completion of the Value determination exceeds the amount held in such escrow, KemPharm or its Affiliates shall pay to MSRx within five (5) days of such determination the difference between the share of the Value determined in accordance with this Section 4.2 and the amount in escrow.

4.3 Limitation on MSRx's Rights to KP415. Except as otherwise expressly provided in this Article 4, MSRx shall have no rights or interest in or to KP415. Further, KemPharm shall have no obligations to MSRx to take any actions to develop or Commercialize KP415. Moreover, MSRx acknowledges the option to purchase KP415 which is granted to Shire under the Shire LOI, which, if such option is exercised by Shire under the Shire LOI, shall be deemed to be a Program Sale Transaction and MSRx shall be entitled to its share of Value with respect thereto under Section 4.1.

ARTICLE 5
CONFIDENTIAL INFORMATION

5.1 Confidential Information. Each of the Parties ("Receiving Party") shall keep all Confidential Information received from the other Party ("Disclosing Party") with the same degree of care it maintains the confidentiality of its own Confidential Information, which in no event shall be less than a reasonable degree of care. The Receiving Party shall not use such Confidential Information for any purpose other than in performance of this Agreement or disclose the same to any other Third Party other than to such of its employees, directors, officers, representatives, consultants, and agents (collectively, an "Agent") who have a need to know such Confidential Information to implement the terms of this Agreement or enforce its rights under this Agreement, or to a Third Party Licensee. A Receiving Party shall advise any Agent or Third Party Licensee who receives such Confidential Information of the confidential nature thereof and of the obligations contained in this Agreement relating thereto. Upon termination of this Agreement, the Receiving Party shall use Commercially Reasonable Efforts to return or destroy all documents, tapes or other media containing Confidential Information of the Disclosing Party that remain in the Receiving Party's or its Agents' possession, except that the Receiving Party may keep one (1) archival copy of the Confidential Information in the legal department files of the Receiving Party or its outside counsel. Such archival copy shall be deemed to be the property of the Disclosing Party, and shall continue to be subject to the provisions of this Section 5.1. The above restrictions set forth in this Section 5.1 on the use and disclosure of Confidential Information shall not apply to any information which (a) is already known to the Receiving Party at the time of disclosure by the Disclosing Party, as demonstrated by competent proof (other than as a result of prior disclosure under any agreement between the Parties with respect to confidentiality), (b) is or becomes generally available to the public other than through any act or omission of the Receiving Party in breach of this Agreement, (c) is acquired by the Receiving Party from a Third Party who is not directly or indirectly under an obligation of confidentiality to the Disclosing Party with respect to same, or (d) is developed independently by the Receiving Party without use, direct or indirect, of Confidential Information. In addition, nothing in this Article 5 shall be interpreted to limit the ability of either Party to disclose its own Confidential Information to any other Person on such terms and subject to such conditions as it deems advisable or appropriate.

A specific item of Confidential Information shall not be covered or deemed to be covered by the foregoing exclusions merely because a general category of information containing such specific item is within the scope of such exclusions. Notwithstanding anything in this Agreement to the contrary, in the event the Receiving Party becomes, or anticipates that it may become, legally compelled to disclose any of the Confidential Information, the Receiving Party will provide the Disclosing Party with prompt notice so that the Disclosing Party may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. If a full protective order or other appropriate remedy is not obtained, the Receiving Party will disclose only that portion of the Confidential Information which it remains legally compelled to disclose, and will exercise its reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

If any portion of the Confidential Information falls into one of the above exceptions, the remainder of the information shall continue to be subject to the requirements of the Agreement. Further, Confidential Information shall not be deemed within the foregoing exceptions if such Confidential Information: (i) is specific and merely embraced by more general information in the public domain or in the receiving party's possession; or (ii) is a combination which might be pieced together so as to reconstruct such Confidential Information from multiple sources, none of which show the whole combination, the principles of operation and/or method of use.

5.2 Permitted Disclosure and Use. Notwithstanding Section 5.1, a Party may use and disclose Confidential Information belonging to the other Party only to the extent such use and/or disclosure is reasonably necessary to perform its obligations under this Agreement or comply with applicable laws or the regulations of any government authority or any security exchange on which its shares or those of any group company are, or in the process of being, listed. If a Party deems it necessary to disclose Confidential Information of the other Party pursuant to this Section 5.2, such Party shall where lawful to do so give such reasonable advance notice of such disclosure, to the other Party as it is able to do to permit such other Party to object to such disclosure or to take measures to ensure confidential treatment of Confidential Information that is being disclosed.

5.3 Public Announcements; Press Release. Except as may be expressly permitted under this Section 5.3, or required by applicable laws or the regulations of any security exchange on which its shares or those of any group company are listed or in the process of being listed, neither Party will make any public announcement of any information regarding the existence, terms or conditions of this Agreement without the prior written approval of the Parties. Once any writtei1 statement is approved for disclosure by the other Party or information is otherwise made public in accordance with this Section 5.3, either Party may make a subsequent public disclosure of the contents of such statement without further approval of the other Party. Nothing in the foregoing, however, shall prohibit a Party from making such disclosures as may be necessary or reasonably appropriate in order to comply with applicable law or any rule or regulation of any nationally recognized securities exchange; in such event, however, the Party making the disclosure shall use good faith efforts to consult with the other Party prior to such disclosure and consider in good faith such other Party's proposed modifications and, where applicable, shall request confidential treatment to the extent available.

5.4 Confidentiality of this Agreement. The terms of this Agreement shall be Confidential Information of each Party and, as such, shall be subject to the provisions of this Article 5.

5.5 Confidentiality of Shire LOI. The existence and terms of the Shire LOI and any Shire Definitive Settlement Documents shall be Confidential Information subject to the provisions of this Article 5. MSRx shall not make any disclosure to the public or any Third Party (other than to its employees, officers, directors, members, managers, legal counsel and financial advisors) regarding the transactions contemplated by the Shire LOI or any Shire Definitive Settlement Documents or the terms and conditions thereof except to the limited extent that KemPharm is permitted to do so under the Shire LOI and/or the Shire Definitive Settlement Documents.

5.6 Intellectual Property of MSRx. KemPharm acknowledges and agrees, for itself and its Affiliates, that neither it nor any of its Affiliates shall have any rights, title or interests in, and shall not, and shall not permit others to, misappropriate, use, disclose or otherwise exploit, any Intellectual Property of MSRx in its or their possession or control, notwithstanding anything to the contrary contained in this Agreement or the Shire LOI (or the Shire Definitive Settlement Documents, if applicable) or the transactions contemplated hereunder or thereunder, or as a result of the disclosure or delivery to Shire or any of its Affiliates of any data, materials, reports or documents containing any Intellectual Property of MSRx required pursuant to the Shire LOI (or the Shire Definitive Settlement Documents, if applicable). KemPharm acknowledges and agrees that nothing contained in this Agreement, the Shire LOI (or the Shire Definitive Settlement Documents, if applicable) or the transactions contemplated hereunder or thereunder shall constitute or be construed as creating an express or implied grant of any rights, title, interests or licenses to KemPharm or Shire or their respective Affiliates of the Intellectual Property of MSRx and KemPharm hereby agrees to irrevocably waive, and agrees not to assert, any claim that KemPharm or any of its Affiliates has any rights, title or interests in or license to any of MSRx's Intellectual Property.

5.7 Equitable Remedies. Each Party specifically recognizes that any breach by it of this Article 5 may cause irreparable injury to the other Party and that actual damages may be difficult to ascertain and, in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), each Party agrees that in the event of any such breach, the other Party shall be entitled to seek injunctive relief and such other legal and equitable remedies as may be available.

5.8 Survival. The obligations and prohibitions contained in this Article 5 shall survive the expiration or termination of this Agreement for a period of [***] years thereafter; provided, however, that Confidential Information which is a trade secret of the Disclosing Party if disclosed in writing or, if disclosed orally and confirmed within thirty (30) days in writing as being a trade secret of the Disclosing Party, shall be maintained in secret until such time as it no longer qualifies as a trade secret or until such time as Disclosing Party advises Receiving Party in writing that such information is no longer a trade secret.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES; CERTAIN COVENANTS OF KEMPHARM

KemPharm represents, warrants and covenants to MSRx as of the Effective Date that:

6.1 Existence. KemPharm (a) is a company duly organized, validly existing, and in good standing under the laws of the State of Iowa; (b) is duly qualified as an entity and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, where the failure to be so qualified would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement; and (c) has the requisite power and authority to execute, deliver, grant and perform the covenants and transactions contemplated in this Agreement.

6.2 Authority. The execution, delivery and performance of this Agreement by KemPharm and all instruments and documents to be delivered by KemPharm hereunder (a) have been duly authorized by all necessary or proper action; (b) do not conflict with any provision of the charter documents of KemPharm; (c) will not violate any applicable law or regulation or any order or decree of any court or governmental authority having jurisdiction over KemPharm where such violation would have a material adverse effect on its ability to perform its obligations under this Agreement; and (d) will not violate or conflict with any terms of any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which KemPharm is a party, or by which KemPharm or any of its property is bound, which violation or conflict would have a material adverse effect on its financial condition or on its ability to perform its obligations under this Agreement.

6.3 Binding Effect. This Agreement has been duly executed and delivered by KemPharm and constitutes a legal, valid and binding obligation of KemPharm, enforceable against it in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws generally applicable to creditors' rights; and (b) judicial discretion in the availability of equitable relief.

6.4 Existence of Claims. As of the time of the Agreement, KemPharm has not received notice, whether written or oral, from any Third Party of any, and knows of no facts or circumstances which would lead to any, Claim asserting the invalidity, misuse, unregisterability or unenforceability of any of its patents, or challenging its right to use or ownership of any of its patent rights or Know-How, or making any adverse Claim of ownership thereof, or asserting that any trade secrets or other intellectual property rights of such Third Party would be misappropriated by KP415, or that any issued patent of such Third Party in the Territory would be infringed by KP415 or the manufacture, distribution, marketing or sale of the Arising Product(s) in the Territory.

6.5 IP Rights. To the best of its knowledge, KemPharm owns or has licenses to all of its patent rights, Know-How and all other Intellectual Property, Confidential Information, Proprietary Information of any nature whatsoever provided by it to MSRx under this Agreement or otherwise relating to the development and/or Commercialization of KP415, and it owns or has licenses to such Intellectual Property free and clear of all liens, Claims and encumbrances and free of all royalty or similar payment obligations to any Third Party, except such liens, Claims, encumbrances and obligations as will not have a material adverse effect on the other Party's rights under this Agreement.

6.6 Shire LOI. As of the Effective Date, none of KemPharm or any of KemPharm's Affiliates, Mickle or any equity holders, employees, officers, or directors of KemPharm or any of KemPharm's Affiliates (i) are party to any agreements with Shire or any of Shire's Affiliates other than the Shire LOI; (ii) are negotiating any agreements with Shire or any of Shire's Affiliates other than the Shire Definitive Settlement Documents; or (iii) shall receive at any time for the transfer of the "Acquired Assets" (as defined in the Shire LOI) or the settlement of any Claim between Shire and any of them any consideration or Value other than KemPharm's share of the Shire Payment in accordance with Section 2.3 above and the express non-monetary consideration covered under the covenants, terms and conditions set forth in the Shire LOI (except for reasonable consulting fees payable to Mickle, not in excess of industry standards, for consulting services described in Section 12 of the Shire LOI). If KemPharm or any of KemPharm 's Affiliates, Mickle or any equity holders, employees, officers, or directors of KemPharm or any of KemPharm's Affiliates enters into any agreement or similar transaction, directly or indirectly, with Shire or any of Shire's Affiliates after the Effective Date (other than the Shire LOI or the Shire Definitive Settlement Documents, if applicable) involving the exchange or issuance of consideration to KemPharm or any of KemPharm's Affiliates, Mickle or any equity holders, employees, officers, or directors of KemPharm or any of KemPharm's Affiliates for any securities, assets, property or rights in any IP of KemPharm or its Affiliates which includes Value which should have been paid to MSRx under the CLA (with the defined term "Value" having such meaning under the CLA as it relates to KP106) or under this Agreement, MSRx shall be entitled to receive its share of such Value directly from Shire and/or its Affiliates which are a party to such agreement or transaction, and MSRx shall have such additional rights and remedies under this Agreement and available to MSRx at law or in equity. For the sake of clarity and not in limitation of the generality of the foregoing, if such agreement or transaction relates in any way to KP106, MSRx shall receive [***] of the aggregate of such Value and, if such agreement or transaction relates in any way to KP415, MSRx shall receive [***] of the aggregate of such Value. The manner of payment of such Value to MSRx under this Section 6.6 shall be as set faith in Article 4 of this Agreement. In furtherance of the foregoing rights of MSRx, during the [***] period after the Effective Date, KemPharm shall provide to MSRx written notice of its or any of its Affiliates' intent to enter into any agreement or transaction, directly or indirectly, with Shire or any of its Affiliates after the Effective Date (other than the Shire LOI and the Shire Definitive Settlement Documents, if applicable) as soon as practicable but in no event later than five (5) Business Days after the execution of any agreement or letter of intent or similar document and no later than ninety (90) days prior to the consummation of the transactions contemplated thereunder. Such notice shall contain the purchase price and other consideration being paid and the other written terms and conditions of the agreement or transaction. The agreement contemplating such transaction shall expressly acknowledge the rights of MSRx under this Agreement including, without limitation, the right to receive its share of the Value as set faith above out of the proceeds or other amounts due to KemPharm under such agreement.

6.7 Disclaimer of Warranty. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A WARRANTY OR REPRESENTATION BY KEMPHARM (I) REGARDING THE EFFECTIVENESS, VALUE, SAFETY, NON TOXICITY, OR PATENTABILITY OF KP415 AND/OR U.S. PROVISION PATENT APPLICATION NO. [***] OR (II) THAT KP415 WILL BE APPROVED OR OTHERWISE DEVELOPED OR COMMERCIALIZED. KEMPHARM MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO KP415.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF MSRX

MSRx represents, warrants and covenants to MSRx as of the Effective Date that:

7.1 Existence. MSRx (a) is a company duly organized, validly existing, and in good standing under the laws of the State of Delaware; (b) is duly qualified as an entity and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, where the failure to be so qualified would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement; (c) has the requisite power and authority to execute, deliver, grant and perform the covenants and transactions contemplated in this Agreement.

7.2 Authority. The execution, delivery and performance of this Agreement by MSRx and all instruments and documents to be delivered by MSRx hereunder (a) have been duly authorized by all necessary or proper action; (b) do not conflict with any provision of the chatter documents of MSRx; (c) will not violate any applicable law or regulation or any order or decree of any court or governmental authority having jurisdiction over MSRx where such violation would have a material adverse effect on its ability to perform its obligations under this Agreement; and (d) will not violate or conflict with any terms of any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which MSRx is a Party, or by which MSRx or any of its property is bound, which violation or conflict would have a material adverse effect on its financial condition or on its ability to perform its obligations under this Agreement.

7.3 Binding Effect. This Agreement has been duly executed and delivered by MSRx and constitutes a legal, valid and binding obligation of MSRx, enforceable against it in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws generally applicable to creditors' rights; and (b) judicial discretion in the availability of equitable relief.

ARTICLE 8
INDEMNIFICATION

8.1 Mutual Indemnification. Each Party shall defend indemnify and hold harmless the other Party, including Affiliates and each of their respective officers, directors, shareholders, employees, representatives, agents, successors and assigns from and against all Claims of Third Parties, and all associated Losses, to the extent arising out of (a) a Party's gross negligence or willful misconduct in performing any of its obligations under this Agreement, or (b) a material breach by a Party of any of its representations, warranties, covenants or agreements under this Agreement.

8.2 KemPharm Indemnification of Shire Complaint. In the event that Shire brings any Claim against MSRx in connection with the Acquired Assets other than solely as a result of a breach by MSRx of any obligation under this Agreement or in breach of the Shire Release, KemPharm shall indemnify, defend, and hold harmless, at KemPharm's cost and expense, MSRx and MSRx's Affiliates, and each of their respective officers, directors, shareholders, employees, representatives, agents, successors and assigns who are named therein (collectively, the "MSRx Parties"), in such Claim by Shire (a "Shire Claim").

8.3 Procedure for Indemnification.

(A) Notice. In the case of a Claim made by a Third Party (a "Third Party Claim") as to which a Party (the "Indemnitor") may be obligated to provide indemnification pursuant to this Agreement (including a Shire Claim), such Party seeking indemnification hereunder ("lndemnitee") shall notify the Indemnitor in writing of the Third Party Claim (and specifying in reasonable detail the factual basis for the Third Party Claim and to the extent known, the amount of the Third Party Claim) reasonably promptly after becoming aware of such Third Party Claim; provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnitor shall have been actually materially prejudiced as a result of such failure.

(B) Defense of Claim. If the Indemnitor acknowledges in writing its obligation to indemnify the Indemnitee for a Third Party Claim, then the Indemnitor may elect to assume the defense of any such Third Party Claim and any litigation resulting from such Claim. Both Parties agree to cooperate with the Party providing the defense in all material respects including the timing of requests for information and access to material necessary to the defense.

(C) Assumption of Defense in the event of Default of Indemnitee. In the event the Indemnitor is not able to provide a defense, or elects not to provide a defense against any Third Party Claim, under this Section 8.3, notwithstanding anything to the contrary contained in this Agreement, an lndemnitee shall be entitled to assume the defense of any Third Party Claim and at its sole option provide the defense against the Third Party Claim. In such case of the Indemnitee providing the defense, the lndemnitor will be required, within thirty (30) days after receipt of written notice from the Indemnitee of the commencement or assertion of any such Third Party Claim, to provide to the Indemnitee all materials, correspondence, documents and information which may be useful in mounting a defense.

(D) Settlement of Claims. If the Indemnitor acknowledges in writing its obligation to indemnify the Indemnitee for a Third Party Claim, the Indemnitee will agree to a reasonable settlement, compromise or discharge of such Third Party Claim that the Indemnitor may recommend that by its terms obligates the Indemnitor to pay the full amount of Losses (whether through settlement or otherwise) in connection with such Third Party Claim and unconditionally and irrevocably releases the Indemnitee completely from all Losses in connection with such Third Party Claim; provided, however, that, without the Indemnitee's prior written consent, the Indemnitor shall not consent to any settlement, compromise or discharge (including, without limitation, the consent to entry of any judgment), and the Indemnitee may refuse to agree to any such settlement, compromise or discharge, that provides for injunctive or other non-monetary relief materially and adversely affecting the Indemnitee. If the lndemnitor acknowledges in writing its obligation to indemnify the Indemnitee against a Third Party Claim, the Indemnitee shall not (unless required by applicable law) admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnitor's prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned).

(E) Other Assumption of Defense. Notwithstanding anything to the contrary contained in this Agreement, an Indemnitee shall be entitled to assume the defense of any Third Party Claim with respect to the lndemnitee upon written notice to the lndemnitor in which case, the Indemnitor shall be relieved of liability under Section 8.l solely for such Third Party Claim and related Losses.

(F) Direct Claims. Any Claim on account of any and all damages, deficiencies, defaults, assessments, fines, dues, penalties, costs, fees, liabilities, obligations, taxes, liens, losses, and expenses (including, without limitation, court costs, interest and reasonable fees of attorneys, accountants and other experts) incurred by or suffered by a Party which does not involve a Third Party Claim (a "Direct Claim") shall be asserted by reasonably prompt written notice (stating in reasonable detail, the basis of such Claim and a reasonable estimate of the amount thereof) given by the Indemnitee to the Indemnitor. Except as otherwise stated in this Agreement, for a period of sixty (60) days from and after the receipt of the written notice (or such shorter period of time as otherwise set forth in this Agreement with respect to a specific Claim) the Parties shall attempt in good faith to resolve such Direct Claim. If the Parties are unable to resolve such Direct Claim, the Party seeking recourse may thereafter pursue any and all legal and equitable remedies at its disposal to enforce said Direct Claim.

ARTICLE 9
TERM AND TERMINATION

9.1 Term. This Agreement shall be deemed to commence on the Effective Date and, unless terminated earlier in accordance with the terms of this Agreement, shall continue until the completion or termination of all payments to MSRx of Value pursuant to Article 4 and Section 6.6 (the "Term").

9.2 Accrued Rights; Surviving Obligations. Termination, relinquishment or expiration of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination, relinquishment or expiration. Such termination, relinquishment or expiration shall not relieve any Party from obligations which are expressly or by implication intended to survive termination, relinquishment or expiration of this Agreement and shall not affect or prejudice any provision of this Agreement which is expressly or by implication provided to come into effect on, or continue in effect after, such termination, relinquishment or expiration.

9.3 Survival. The following provisions shall survive the termination of this Agreement: Article 5, Section 6.6, Article 8, Article 9 and Article 10, as well as any applicable definitions and general provisions. Remedies for breaches will also survive termination of this Agreement.

ARTICLE 10
MISCELLANEOUS

10.1 Relationship of the Parties. Unless as otherwise agreed in writing, each Party shall bear its own costs incurred in the performance of its obligations under this Agreement without charge or expense to the other except as expressly provided in this Agreement. No employee or representative of a Party shall have any authority to bind or obligate the other Party to this Agreement for any sum or in any manner whatsoever, or to create or impose any contractual or other liability on the other Party without said Party's approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, each of the Parties' legal relationship under this Agreement to the other Party shall be that of independent contractor.

10.2 Registration and Filing of this Agreement. To the extent, if any, that either Party concludes in good faith that it or the other Party is required to file or register this Agreement or a notification thereof with any Governmental Authority including, without limitation, the U.S. Securities and Exchange Commission or the U.S. Federal Trade Commission, in accordance with law, such Party shall inform the other Party thereof. Should both Parties jointly agree that either of them is required to submit or obtain any such filing, registration or notification, they shall cooperate, each at its own expense, in such filing, registration or notification and shall execute all documents reasonably required in connection therewith. In such filing, registration or notification, the Parties shall request confidential treatment of sensitive provisions of this Agreement, to the extent permitted by applicable law. The Parties shall promptly inform each other as to the activities or inquiries of any such Governmental Authority relating to this Agreement, and shall reasonably cooperate to respond to any request for further information therefrom on a timely basis.

10.3 Governing Law/Disputes. This Agreement and all other disputes, difference and Claims arising out of or in connection with this Agreement or the respective rights of the Parties under this Agreement shall be construed and governed in all respects, and the respective rights of the Parties determined, according to the prevailing substantive laws of the State of Delaware, without regard to its conflict of laws principles. The Parties agree that, differences and Claims of any kind whatsoever arising out of or in connection with this Agreement or the respective rights of the Parties under this Agreement (other than disputes under Section 4.2, which shall be resolved in accordance with the procedures set forth under Section 4.2), either Party shall have the right to seek recourse and to pursue any and all legal and equitable remedies at its disposal with respect to such disputes, differences or claims. In the event any such action shall be brought to enforce or interpret the terms of this Agreement in accordance with this Section 10.3, the Parties agree that such action will be brought in the State or Federal courts located in Delaware. Each of MSRx and KemPharm hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each of MSRx and KemPharm hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by applicable law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper, and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

10.4 Assignment. Except as provided in this Section 10.4, this Agreement may not be assigned to any Third Party by either Party, whether by operation of law or otherwise, without the prior written consent of the other Party; provided, however, that either Party may assign its rights under this Agreement, in whole or in part, without the prior written consent of the other Party to any of its Affiliates, KemPharm may assign its obligations under this Agreement to a wholly-owned subsidiary pursuant to a 355 Spin-off Transaction, and either Party may assign its rights and obligations under this Agreement, in whole, to any purchaser of all or a substantial part of its assets or business, whether by merger, consolidation, reorganization, or sale of stock, subject to the provisions of Sections 4.2. The assignment of a Party's rights under this Agreement in accordance with this Section l 0.4 shall be contingent on the delivery of the assigning Party and its Affiliate or Third Party to the other Party of a guarantee of the performance of this Agreement in a form reasonably satisfactory to the other Party. Any purported assignment or transfer in violation of this Section 10.4 shall be void *ab initio* and of no force or effect. This Agreement shall be binding upon, and subject to the terms of the foregoing sentence, inure to the benefit of the Parties hereto, their permitted successors, legal representatives and assigns.

10.5 Notices. All demands, notices, consents, approvals, reports, requests and other communications hereunder must be in writing and shall be deemed to have been duly given only if delivered personally, by facsimile or email transmission with confirmation of receipt, by mail (first class, postage prepaid), or by overnight delivery using a globally-recognized carrier, to the Parties at the following addresses:

MSRx: MonoSol RX, LLC 30 Technology Drive
Warren, New Jersey 07059
Attn: President
Telephone: 908-941-1900
Facsimile: 908-561-1209
Email: mschobel@monosohx.com

KemPharm: KemPharm, Inc.
7 Hawkeye Drive
Suite 103
North Liberty, Iowa 52317
Attn: President
Telephone: 319-665-2575
Facsimile: 3 l 9-665-2577
Email: tcmickle@kempharm.com

or to such other address as the addressee shall have last furnished in writing in accord with this provision to the addressor. If a demand, notice, consent, approval, report, request and other communication has been properly sent or delivered in accordance with this clause, it will be deemed to have been received as follows: if delivered personally, at the time of delivery; or if sent by fax, at the time of transmission; or if sent by e-mail, at the time of transmission; if sent by mail, 9:00 am on the fourth Business Day after posting; or if delivered by commercial courier, on the date and at the time of signature of the courier's receipt; or if delivered by overnight delivery using a globally-recognized carrier, 9:00 am on the second working day after posting.

For the purposes of this clause all times are to be read as local time in the place of deemed receipt; and if deemed receipt under this clause is not within business hours (meaning 9:00 am to 5:30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), the demand, notice, consent, approval, repot, request and other communication is deemed to have been received when business next starts in the place of receipt.

10.6 Severability. In the event of the invalidity of any provisions of this Agreement or if this Agreement contains any inconsistencies, the Parties agree that such invalidity or inconsistency shall not affect the validity of the remaining provisions of this Agreement. The Parties will replace an invalid provision or correct any inconsistency with valid provisions which most closely approximate the purpose and economic effect of the invalid provision or, in case of an inconsistency, the Parties' presumed intentions. In the event that the terms and conditions of this Agreement are materially altered as a result of the preceding sentences, the Parties shall renegotiate the terms and conditions of this Agreement in order to resolve any inequities. Nothing in this Agreement shall be interpreted so as to require either Party to violate any laws.

10.7 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

10.8 Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. Except as expressly set forth in this Agreement, all rights and remedies available to a Party, whether under this Agreement or afforded by law or otherwise, will be cumulative and not in the alternative to any other rights or remedies that may be available to such Party.

10.9 Entire Agreement. This Agreement (including the exhibits hereto, which by this reference are incorporated herein and made a part hereof as if set forth verbatim) constitutes the entire agreement between the Parties hereto with respect to the within subject matter and supersedes all previous agreements and understandings between the Parties, whether written or oral, including, without limitation but subject to the rights of MSRx under Section 2.4 above, the CLA. Any and all confidential or proprietary information exchanged between the Parties pursuant to the CLA, the Confidentiality Agreement executed and delivered as of [***], and that certain agreement between the Parties dated [***] and amended on [***], shall be deemed Confidential Information for purposes of and covered by the terms of this Agreement. This Agreement may be altered, amended or changed only by a writing making specific reference to this Agreement and signed by duly authorized representatives of the Parties.

10.10 Third Party Beneficiaries. With the exception of either Party's Affiliates, and with the additional exception of Shire's rights with respect to the Shire Release, none of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including without limitation any creditor of either Party hereto. No such Third Party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any Claim in respect of any debt, liability or obligation against either Party hereto. The rights of the Parties to terminate, rescind or agree any variation, waiver or settlement under this Agreement is not subject to the consent of any Third Party that is not a party to this Agreement.

10.11 Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, all of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document. Signatures provided by facsimile transmission shall be deemed to be original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

MONOSOL RX, LLC	KEMPHARM, INC.
By: /s/Alexander M. Schobel	By: /s/Travis Mickle
	Travis Mickle, President and CEO

EXHIBIT A

Shire Release

EXECUTION COPY

March 21, 2012

A. Mark Schobel, President and Chief Executive Officer
MonoSol Rx, LLC
30 Technology Drive
Warren, New Jersey 07059

Re: Collaboration and License Agreement with KemPharm, Inc.

Dear Mr. Schobel:

We refer to the Collaboration and License Agreement between MonoSol Rx, LLC ("MonoSol") and KemPharm, Inc. ("KemPharm") dated April 20, 2011, as it has and may be amended from time to time (the "Collaboration Agreement"). Pursuant to the Collaboration Agreement, MonoSol, among other things, has been granted a right of first refusal with regard to certain KemPharm amino acid conjugate products, including KP106 ("MonoSol's ROFR").

As you are aware KemPharm has entered into a Settlement Agreement ("Settlement Agreement") and an Asset Purchase Agreement (the "APA"), a copy of each of which has been provided to MonoSol, pursuant to which KemPharm intends to sell to Shire LLC ("Shire") certain KemPharm amphetamine amino acid conjugate products, including KP106, together with related intellectual property, documents, and other assets (as further defined in the APA, the "Acquired Assets"). In recognition of, and in accordance with, MonoSol's ROFR and any other rights MonoSol may have under the Collaboration Agreement or any other agreement, arrangement or understanding with KemPharm relating to the Acquired Assets, the closing and transfer of the Acquired Assets to Shire is conditioned upon the non-exercise of MonoSol's ROFR and the delivery to Shire of a copy of this letter agreement counter-signed by MonoSol.

Pursuant to this letter agreement in consideration to the payment MonoSol is to receive under the terms of the APA and the Manufacturing ROFN (defined below), Shire desires MonoSol to confirm its non-exercise of MonoSol's ROFR and relinquish any other rights MonoSol has or may have with respect to the Acquired Assets, including, but not limited to, under the terms of the Collaboration Agreement or any other agreement, arrangement, or understanding with KemPharm.

By counter-signing below, MonoSol hereby: (i) consents to the immediate (notwithstanding the ninety (90) day closing period required under Section 6.2 of the Collaboration Agreement) transfer, sale and assignment of the Acquired Assets by KemPharm to Shire; (ii) acknowledges its non-exercise of MonoSol's ROFR; (iii) terminates any present or future right to the Acquired Assets, including, but not limited to, any right to manufacture the Acquired Assets under Article 8 of the Collaboration Agreement; (iv) confirms that upon transfer to Shire, Shire will have no obligation to MonoSol to develop, commercialize, or otherwise exploit the Acquired Assets; and (v) waives its right to make any claim, argument or allegation contrary to, or inconsistent with, the foregoing (i), (ii), (iii); and (iv), and waives its right to make any claim, argument or allegation that the APA or the transaction contemplated therein, including, but not limited to, the transfer, sale and assignment of the Acquired Assets by KemPharm to Shire, is void, invalid, ineffective or otherwise unenforceable. MonoSol acknowledges that Shire is consummating the transactions contemplated by the APA in reliance upon the agreements, consents, and waivers set forth in this letter agreement.

Notwithstanding the foregoing, nothing contained in this letter agreement or in the Settlement Agreement or APA shall limit, waive or affect the rights of MonoSol under the Termination Agreement dated as of March 20, 2012 between MonoSol and KemPharm providing for the termination of the Collaboration Agreement subject to the terms and conditions set forth therein, a copy of which has been provided to Shire (the "Termination Agreement") or to bring any claim or action against Shire with respect to any failure of Shire or its Affiliates (as defined in the APA) to perform or observe any covenant or agreement to be performed or observed by Shire pursuant to this letter agreement.

Shire agrees, for itself and its Affiliates, that neither it nor any of its Affiliates shall have any rights, title or interests in, and shall not, misappropriate, use, disclose or otherwise exploit, any of MonoSol's Confidential Information, notwithstanding anything to the contrary contained in the Settlement Agreement or APA or in the transactions contemplated thereunder or the disclosure or delivery to Shire or any of its Affiliates of any data, materials, reports or documents containing any of MonoSol's Confidential Information. Shire acknowledges and agrees that nothing contained in this letter agreement, the Settlement Agreement or the APA or the transactions contemplated herein or therein shall constitute or be construed as creating an express or implied grant of any rights, title, interests or licenses to Shire of MonoSol's Confidential Information and Shire hereby agrees to irrevocably waive, and agrees not to assert, any claim that Shire or any of its Affiliates has any rights, title or interests in or license to any of MonoSol's Confidential Information or MonoSol's Intellectual Property (as defined in the APA). In the event that Shire or its Affiliates become, or anticipates that it or its Affiliates may become, legally compelled to disclose any of MonoSol's Confidential Information, Shire will provide MonoSol with prompt notice so that MonoSol may seek a protective order or other appropriate remedy. If a full protective order or other appropriate remedy is not obtained, Shire will disclose only that portion of MonoSol's Confidential Information which it remains legally compelled to disclose, and will exercise its reasonable efforts to obtain reliable assurance that confidential treatment will be accorded MonoSol's Confidential Information.

For the purposes of this letter agreement, "MonoSol's Confidential Information" shall mean any Confidential Information (as defined by APA), including Know-How (as defined by APA), of MonoSol disclosed to Shire pursuant to the Settlement Agreement or APA directly related to the manufacture, formulation, or composition of the Acquired Product solely in a oral film dosage form.

Shire specifically recognizes that any breach by it or any of its Affiliates of its obligations under this letter agreement regarding the Confidential Information of MonoSol may cause irreparable injury to MonoSol and that actual damages may be difficult to ascertain and, in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies available to MonoSol), Shire agrees that, in the event of any such breach, MonoSol shall be entitled to seek injunctive relief and such other legal and equitable remedies as may be available.

Shire, on behalf of itself and its Affiliates and their respective predecessors, successors, administrators, assigns, agents, officers, employees, shareholders, directors, representatives and all other persons claiming by, through and under them (collectively, the "Shire Parties"), hereby releases and discharges MonoSol and each of its Affiliates, predecessors, successors, assigns, and each of its and their respective officers, directors, members, managers, administrators, agents, shareholders, employees, consultants, technical advisors, representatives, attorneys, business partners or collaborators (collectively, the "MonoSol Parties"), from any and all manner of debts, claims, causes of action (including, without limitation, those asserted in the complaints in the pending litigation between Shire and KemPharm as referenced in the Settlement Agreement), agreements, actions, suits, sums of money, demands, damages, liabilities, obligations, rights, or suits regarding such pending litigation or any acts, transactions, activities, facts, matters or omissions whatsoever, whether known or unknown, suspected or unsuspected, at law or in equity, whether based on actions or inactions, which any of the Shire Parties now owns or holds, or any at any time heretofore were owned or held by, that are or could have been the subject matter of such Pending Litigation (as defined in the Settlement Agreement), by reason of any act, matter, cause or thing whatsoever.

From and after the date of this letter agreement, Shire shall reimburse and indemnify each of the MonoSol Parties in respect of, and hold each of them harmless from and against, any and all Losses (as defined in the APA) suffered, incurred, or sustained by any of the MonoSol Parties or to which any of them becomes subject, resulting from, arising out of, or relating to:

(i) any failure of Shire or its Affiliates to materially perform or observe any covenant or agreement to be performed or observed by Shire pursuant to this letter agreement; and

(ii) any action or inaction of Shire or its Affiliates with respect to the Acquired Assets after the date of this letter agreement.

From and after the date of this letter agreement, MonoSol shall reimburse and indemnify each of the Shire Parties in respect of, and hold each of them harmless from and against, any and all Losses (as defined in the APA) suffered, incurred, or sustained by any of the Shire Parties or to which any of them becomes subject, resulting from, arising out of, or relating to any failure of MonoSol or its Affiliates to materially perform or observe any covenant or agreement to be performed or observed by MonoSol pursuant to this letter agreement.

In addition to the foregoing, Shire agrees that in the event Shire decided, at its sole discretion, to develop and/or commercialize a KP106 product in an oral film dosage form (a "KP106 Film"), that prior to entering into an agreement with a third party for the manufacture of such KP106 Film, Shire will first approach MonoSol (the "Manufacturing ROFN"). If MonoSol desires to manufacture the KP106 Film for Shire, Shire and MonoSol shall negotiate in good faith for a period of sixty (60) days such an agreement; provided that, if Shire and MonoSol are unable to enter into such an agreement Shire shall be free to have the KP106 Film manufactured by any third party, but shall have no right to use or permit any use of any of MonoSol's Confidential Information in the manufacture of KP106 by any third party. The forging shall not in any way be deemed to create any obligation upon Shire to (i) develop, commercialize, or otherwise exploit the KP106 Film or any of the Acquired Assets, or (ii) negotiate with MonoSol regarding the manufacture of any product other than the KP106 Film.

The obligations and prohibitions of Shire and MonoSol set forth in the foregoing paragraphs shall survive the execution and delivery of this letter agreement and any expiration or termination of the Settlement Agreement or APA. Shire and MonoSol acknowledge that they are each agreeing to the terms and conditions set forth in this letter agreement, and the transactions contemplated hereunder and under the Settlement Agreement and APA, in reliance upon the agreements and covenants of the other set forth in this letter agreement.

We are providing this letter agreement to you on a confidential basis pursuant to Article 9 of the Collaboration Agreement, and this letter agreement shall be deemed "Confidential Information" under the Collaboration Agreement. This letter agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

This letter agreement shall be governed by the laws of the State of Delaware, excluding its conflict of law rules, and both Shire and MonoSol hereby consent to the personal and exclusive jurisdiction of the United States District Court for the Southern District of New York to resolve any disputes arising under this Agreement. Notwithstanding the foregoing, if there is any dispute for which the United States District Court for the Southern District of New York does not have subject matter jurisdiction, the state courts in the State of New York and the City New York shall have jurisdiction.

Please have your authorized representative sign in the space provided below to confirm MonoSol's acknowledgement and agreement to the terms and conditions of this letter agreement.

Very truly yours,
Shire LLC

By: /s/ Mike Chapman
Name: Mike Chapman, President
Title: President
Date: 21 Mar 2012

EXHIBIT B

VALUATION TERMS

Any valuation conducted pursuant to Section 4.2 shall be in accordance with the following:

1. Any valuation expert utilized for the purposes of assessing and/or determining Value associated with KP415 pursuant to Section 4.2 shall be at least a credentialed partner or director from a certified public accounting firm or investment bank with which neither Party (nor their Affiliates) has had any past, material relationship. The Parties agree that any determination of the Value reasonably attributable to the KemPharm Sale Price by such independent valuation experts shall be conducted as a valuation engagement as defined by the Statement on Standards for Valuation Services (SSVS) of the American Institute of Certified Public Accountants and in accordance with SSVS. The determination of Value resulting from the valuation engagement shall be expressed as a conclusion of value as defined by SSVS and, as it relates to the all of the valuation experts performing such valuation, communicated in a detailed report as defined by SSVS.

2. Notwithstanding the requirements of SSVS, the valuation expert, at a minimum, shall consider the following with respect to KP415:

[***]

3. Notwithstanding the requirements of SSVS, the valuation expert, at a minimum, shall consider criteria substantially similar to the above paragraphs 2.A-1, with respect to each of the other assets included in the KemPharm Sale Transaction.

4. The valuation expert shall assign a valuation of the overall portfolio of tangible and intangible assets that are included the KemPharm Sale Transaction as a going concern, taking into consideration the individual value of each of such tangible and intangible assets.

5. Each of the Parties agree that it shall provide to the valuation expert a copy of this provision for instruction in connection with such independent valuation expert's determination of the Value.

Exhibit 10.12

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [***] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

CONFIDENTIAL

LICENSE AGREEMENT

by and between

MONOSOL RX, LLC

and

CYNAPSUS THERAPEUTICS INC.

Dated as of April 1, 2016

LICENSE AGREEMENT

This LICENSE AGREEMENT (together with any Schedules hereto, this "Agreement") is entered into as of April 1, 2016 (the "Effective Date") by and between MonoSol Rx, LLC, a Delaware limited liability company ("Licensor"), and Cynapsus Therapeutics Inc., a Canadian corporation ("Licensee"). Licensor and Licensee are sometimes referred to hereinafter individually as a "Party" and collectively as the "Parties."

RECITALS

A. Licensor owns patented and trade secret proprietary technology related to film-based drug delivery systems which includes orally soluble film strips containing active pharmaceutical ingredients.

B. Licensee owns patented technology related to the film based drug delivery of the active pharmaceutical ingredient, Apomorphine, and desires to develop and commercialize a sublingual film product in the Territory (as defined below) containing Apomorphine.

C. Licensee wishes to obtain an exclusive right and license under the Licensed Patents (as defined below) in connection with the development and commercialization of the Product (as defined below) in the Field (as defined below) in the Territory and Licensor desires to grant such an exclusive right to Licensee, pursuant to the terms and subject to the conditions set forth in this Agreement.

D. In consideration of the mutual representations, warranties and covenants contained herein, the Parties agree as follows:

SECTION 1. INTERPRETATION AND CONSTRUCTION; DEFINITIONS

1.1. **Certain Definitions**. As used herein, the following terms shall have the following meanings:

1.1.1. "505(b)(2) NDA" means a new drug application submitted pursuant to the requirements of the FDA under 21 U.S.C. § 355(b)(2) of the Act, and any equivalent application submitted in any country in the Territory pursuant to any similar abbreviated route of approval together, in each case, with all additions, deletion or supplements thereto.

1.1.2. "Act" means, as applicable, the United States Federal Food, Drug, and Cosmetic Act of 1938, as amended (21 U.S.C. §§ 301 *et seq*.).

1.1.3. "Affiliate" of a Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. As used in this definition of Affiliate, "control" and, with correlative meanings, the terms "controlled by" and "under common control with," shall mean to possess the power to direct the management or policies of a Person, whether through: (a) direct or indirect beneficial ownership of fifty percent (50%) or more of the voting interest in such entity; (b) the right to appoint fifty percent (50%) or more of the directors of such entity; or (c) by contract or otherwise. The Parties acknowledge and agree that under no circumstances shall the term "Affiliate" as defined herein mean as to either Party, for any purpose, any (i) Venture Entity having, directly or indirectly, an interest in or controlling, alone or with others, such Party, or (ii) other Persons in which such Venture Entity have an interest or are controlled by, controlling or are under common control with such Person, unless such Party directly possesses the power to control and direct management of such other Persons.

1.1.4. "Agreement" has the meaning set forth in the Preamble of this Agreement.

1.1.5. "ANDA" means an abbreviated new drug application submitted pursuant to the requirements of the FDA under 21 U.S.C. § 3550) of the Act, and any equivalent application submitted in any country in the Territory pursuant to any similar abbreviated route of approval together, in each case, with all additions, deletions or supplements thereto.

1.1.6. "API" means the active pharmaceutical ingredient Apomorphine and any salts, prodrugs, derivatives and analogues thereof alone or in combination with any antiemetic.

1.1.7. "Applicable Law" means all laws, rules and regulations, including any rules, regulations, guidelines, or other requirements of Regulatory Authorities, applicable to the Development, Commercialization or Supply of the Product, as the case may be, that may be in effect from time to time in any country in the Territory.

1.1.8. "Bankruptcy Event" means the occurrence of any of the following with respect to a Party: (a) such Party files in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization (except for the purposes of a bona fide amalgamation or other reorganization); (b) such Party files for an arrangement or for the appointment of a receiver or trustee of such Party or of its assets; (c) such Party is served with an involuntary petition against it, filed in any insolvency proceeding, and such petition is not be dismissed within sixty (60) days after the filing thereof; or (d) such Party is dissolved or liquidated, or (e) such Party shall make an assignment for the benefit of its creditors.

1.1.9. "Business Combination" means, with respect to a Party: (a) a transaction or series of related transactions that results in the sale or other disposition of all or substantially all of such Party's assets which relate to this Agreement; or (b) a merger or consolidation in which such Party is not the surviving corporation or in which, if such Party is the surviving corporation, the shareholders of such Party immediately prior to the consummation of such merger or consolidation do not, immediately after consummation of such merger or consolidation, possess, directly or indirectly through one or more intermediaries, a majority of the voting power of all of the surviving entity's outstanding stock and other securities and the power to elect a majority of the members of such Part's board of directors; or (c) a transaction or series of related transactions if the shareholders of such Party immediately prior to the initial such transaction do not, immediately after consummation of such transaction or any of such related transactions, own, directly or indirectly through one or more intermediaries, stock or other securities of the entity that possess a majority of the voting power of all of such Party's outstanding stock and other securities and the power to elect a majority of the members of such Party's board of directors.

1.1.10. "Business Day" means any day other than a Saturday or Sunday on which banking institutions in New York, New York, United States are open for business.

1.1.11. "Calendar Quarter" means the three (3) month period in any given calendar year ending on March 31, June 30, September 30 and December 31.

1.1.12. "Commercialization" means any and all activities directed to the making, marketing, promoting, distributing offering for sale, selling, importation and exportation of the Product. When used as a verb, "Commercialize" means to engage in Commercialization.

1.1.13. "Competitive Infringement" has the meaning set forth in Section 8.2.1.

1.1.14. "Confidential Information" has the meaning set forth in Section 5.1.

1.1.15. "Confidentiality Agreement" means that certain Confidentiality Agreement between Licensee and Licensor dated as of February 24, 2015.

1.1.16. "Control" or "Controlled" means, with respect to any Intellectual Property, the possession (whether by ownership, license or sublicense, other than by a license, sublicense or other right granted (but not assignment) pursuant to this Agreement) by a Party (or its Affiliate) of the ability to assign or grant to the other Party the licenses, sublicenses or rights to access and use such Intellectual Property as provided for in this Agreement, without violating the terms of any agreement or other arrangement with any third Party in existence as of the time such Party would be required hereunder to grant such license, sublicense, or rights of access or use.

1.1.17. "CPA Firm" has the meaning set forth in Section 3.10.

1.1.18. "CTA" means a clinical trial authorization application submitted pursuant to the requirements of the EMA under Applicable Law, and any equivalent application submitted in any country in the Territory, in each case, with all additions, deletion or supplements thereto.

1.1.19. "Development" means pre-clinical and clinical drug development activities conducted by or on behalf of Licensee which occur prior to or as a condition of Regulatory Approval including, among other things: test method development and stability testing, toxicology, formulation, process development, manufacturing scale-up, development-stage manufacturing, cGMP audits, cGCP audits, cGLP audits, analytical method validation, manufacturing process validation, cleaning validation, scale-up, quality assurance/quality control development, statistical analysis and report writing, pre-clinical and clinical studies, regulatory filing submissions and pre-approvals, and regulatory affairs related to the foregoing. When used as a verb, "Develop" means to engage in Development.

1.1.20. "Disclosing Party" has the meaning set forth in Section 5.1.

1.1.21. "Drug Product" means a drug product as defined in 21 C.F.R. § 314.3 for administration to human subjects.

1.1.22. "Effective Date" has the meaning set forth in the Preamble of this Agreement.

1.1.23. "EMA" means the European Medicines Agency, and any of its successor agencies or departments.

1.1.24. "FDA" means the United States Food and Drug Administration, and any of its successor agencies or departments.

1.1.25. "Field" means the indications in humans of (a) the acute, intermittent treatment of hypomobility, "off' episodes associated with Parkinson's disease in patients that have motor fluctuations; (b) restless leg syndrome; and (c) erectile dysfunction.

1.1.26. "GAAP" means United States generally accepted accounting principles, consistently applied.

1.1.27. "Governmental Authority" means any national, international, federal, state, provincial or local government, or political subdivision thereof, or any multinational organization or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof, or any governmental arbitrator or arbitral body).

1.1.28. "IFRS" means accounting standards issued by the International Accounting Standards Board.

1.1.29. "Indemnitee" has the meaning set forth in Section 6.3.1.

1.1.30. "Indemnitor" has the meaning set forth in Section 6.3.1.

1.1.31. "Intellectual Property" means all: (a) all patents, patent applications including provisional applications and statutory invention registrations, including reissues, divisions, continuations, continuations-in-part, and reexaminations and all inventions disclosed therein; (b) copyrightable works, copyrights in works of authorship of any type, including computer software and industrial designs, registrations and applications for registration thereof; (c) trade secrets, know-how, processes, specifications, product designs, descriptions of the manufacturing process and equipment and all other manufacturing information, engineering and other manuals and drawings, standard operating procedures, flow diagrams, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, safety, quality assurance, quality control and clinical data, technical information, data, research records, supplier lists and similar data and information and other material confidential or proprietary technical, business and other information; (d) any and all rights of application regarding any of the foregoing; and (e) rights to sue and recover damages or obtain injunctive relief for infringement, or misappropriation thereof.

1.1.32. "Licensed Patents" means all patents and patent applications in the Territory, in each case owned or Controlled by Licensor or its Affiliates as of the Effective Date or at any time during the Term, including any continuations, continuations-in-part, divisions, or any substitute applications, any patent issued with respect to any such patent applications, any reissue, reexamination, renewal or extension (including any supplementary protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all foreign counterparts of any of the foregoing, or as applicable portions thereof or individual claims therein, which would be infringed, absent a license or other right to practice granted under such patents and patent applications, by the Development or Commercialization of the Product in the Territory. Except for inadvertent inaccuracies and/or omissions, the Licensed Patents existing as of the Effective Date are set forth in Schedule 1.1B attached hereto.

1.1.33. "Licensee" has the meaning set forth in the Preamble to this Agreement.

1.1.34. "Licensee Indemnitees" has the meaning set forth in Section 6.2.

1.1.35. "Licensor" has the meaning set forth in the Preamble to this Agreement.

1.1.36. "Licensor Indemnitees" has the meaning set forth in Section 6.1.

1.1.37. "Losses" means any and all damages, awards, deficiencies, settlement amounts, defaults, assessments, fines, dues, penalties, costs, fees, liabilities, obligations, taxes, liens, losses, lost profits and expenses (including, without limitation, court costs, interest and reasonable fees of attorneys, accountants and other experts), together with all documented out-of-pocket costs and expenses incurred in complying with any judgments, orders, decrees, stipulations, investigations and injunctions that arise from or relate to a Third Party Claim.

1.1.38. "Major Market" means the United States, the European Union or Japan.

1.1.39. "Material Decline" has the meaning set forth in Section 3.3.3.

1.1.40. "NDA" means a new drug application submitted pursuant to the requirements of the FDA under 21 U.S.C. § 355(b)(1) of the Act, and any equivalent application submitted in any country in the Territory, in each case, with all additions, deletion or supplements thereto.

1.1.41. "Net Sales" means, for any period of determination, with respect to the Product sold by Licensee (or any Affiliate, successor, sublicensee, subcontractor or agent of Licensee or sublicensee), the aggregate gross sales for such Product by Licensee (or any Affiliate, successor, sublicensee, subcontractor or agent of Licensee or Sublicensee) on an arms-length basis from Third Parties in the Territory during such period, less the following deductions applied on a per Unit basis:

(a) trade discounts, including cash and quantity discounts or rebates, credits or refunds;

(b) allowances or credits granted upon claims or returns;

(c) charges included in the gross sales price for freight, insurance, transportation, postage, and handling of the Product;

(d) customs duties, sales, excise and use taxes and any other governmental charges (including value added tax) paid in connection with the transportation, distribution, use or sale of the Product (but excluding what is commonly known as income taxes);

(e) rebates and chargebacks or retroactive price reductions made to federal, state or local governments (or their agencies), or any Third Party payor, administrator or contractor, including managed health organizations; and

(f) commissions related to import, distribution or promotion of the Product paid to Third Parties (specifically excluding any amounts paid to sales personnel, sales representatives and sales agents who are employees or consultants of, or members of a contract sales force engaged by or on behalf of, Licensee or its Affiliates or sublicensees).

For the avoidance of doubt, any sale of the Product by Licensee (or any Affiliate, successor, sublicensee, subcontractor or agent of Licensee or sublicensee) to another of these entities for resale by such entity to a Third Party shall not be deemed a sale for purposes of this definition of Net Sales.

Further, transfers or dispositions of the Product: (i) in connection with patient assistance programs; (ii) for charitable or promotional purposes; (iii) for preclinical, clinical, regulatory or governmental purposes or under so-called "named patient" or other limited access programs; or (iv) for use in any tests or studies reasonably necessary to comply with any Applicable Law or request by a Regulatory Authority shall not, in each case of (i) through (iv), be deemed sales of the Product for purposes of this definition of Net Sales.

The amounts of any deductions accrued pursuant to this Section shall be determined from books and records maintained in accordance with GAAP or IFRS, as the case may be, as required by the accounting standards organization in the jurisdiction of the Licensee, and shall only be deducted once and only to the extent not otherwise deducted from the aggregate amount invoiced.

1.1.42. "Party" or "Parties" has the meaning set forth in the Preamble to this Agreement.

1.1.43. "Patent Infringement Claims" has the meaning set forth in Section 8.3.

1.1.44. "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other legal entity or organization, including a government or political subdivision, department or agency of a government.

1.1.45. "Phase III Studies" means Phase III clinical studies conducted by or on behalf of Licensee showing additional therapeutic benefits of the Product as indicated with data on the labels and/or required for a Regulatory Approval Application.

1.1.46. "Product" means any Drug Product in a dosage form for oral administration, which Drug Product contains API as an active pharmaceutical ingredient.

1.1.47. "Product Patent" has the meaning set forth in Section 8.1.2.

1.1.48. "Quarterly Royalty Reports" has the meaning set forth in Section 3.5.

1.1.49. "Receiving Party" has the meaning set forth in Section 5.1.

1.1.50. "Reference Listed Drug" means a listed Drug Product identified by FDA, or similar Regulatory Authority outside of the United States, as a Drug Product upon which an applicant may rely in seeking approval of any Regulatory Approval Application.

1.1.51. "Regulatory Approval" means any approvals (including applications therefore, supplements and amendments thereto and pricing and reimbursement approvals), licenses, registrations or authorizations of any Regulatory Authority, necessary for the Development, Commercialization, Supply, manufacture, testing, labeling, packaging, or shipping of the Product in the Territory, including the 505(b)(2) NDA, NDA, any sNDA and CTA for the Products.

1.1.52. "Regulatory Approval Application" means any filings submitted to the FDA, EMA or similar Regulatory Authority outside of the United States or Europe, including any 505(b)(2) NDA, NDA, sNDA, CTA and any equivalent application submitted in any country pursuant to any similar route of approval together, in each case, with all additions, deletion or supplements thereto, for Regulatory Approval of the Products in the Territory.

1.1.53. "Regulatory Authority" means any national, regional, state, provincial or local regulatory agency, department, bureau, commission, council or other governmental authority in the Territory involved in the granting of approvals (including pricing and reimbursement approvals), licenses, registrations or authorizations for the marketing, sale, manufacturing, testing, labeling, storage, handling, packaging, shipping or supply of Drug Products, including the FDA and EMA.

1.1.54. "sNDA" means a Supplemental NDA, which is an application for an already approved NDA for the Product for any changes in packaging, labeling, dosages, formulations, new indications, or additional therapeutic benefit which has been filed with the FDA under the Act to obtain Regulatory Approval in the United States or with a similar Regulatory Authority outside of the United States, including all amendments and supplements thereto and all data and documentation submitted to the applicable Regulatory Authority in connection therewith.

1.1.55. "Term" has the meaning set forth in Section 7.1.

1.1.56. "Territory" means worldwide.

1.1.57. "Third Party" means any Person other than Licensor and Licensee and their respective Affiliates or successors.

1.1.58. "Third Party Claims" has the meaning set forth in Section 6.1.

1.1.59. "Unit" shall mean a single dosage strip of the Product, in an individual foil pouch, for sample or sale.

1.1.60. "Upfront Milestone Payments" has the meaning set forth in Section 3.1.1.

1.1.61. "Venture Entity" shall mean a Person for which its primary business is the investment of capital in other Persons, and shall explicitly exclude any Person which markets, sells, promotes, develops or manufactures Drug Products and any Person for which its primary business is owning or Controlling Intellectual Property.

SECTION 2. LICENSE

2.1. **License Granted to Licensee**. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee and its Affiliates, and Licensee and its Affiliates accept:

2.1.1. an exclusive, limited, royalty-bearing license, with the right to grant sublicenses (subject to Section 2.1.3) under the Licensed Patents to Develop and Commercialize the Product in the Field in the Territory; and

2.1.2. Licensor covenants and agrees with Licensee that during the Term Licensor will not Develop or Commercialize, and will not grant any license or similar right with respect to the Product to any Affiliate or Third Party to Develop or Commercialize, the Product in the Field. For greater certainty, during the Term Licensor will not Develop or Commercialize, or license to a Third Party, any Licensed Patents to Develop or Commercialize the API, alone or in combination with another active agent, for any human use within the Field.

2.1.3. Licensee shall have the right to sublicense the license rights set forth in this Section 2.1 to any Affiliate and to a Third Party subject to Licensor's prior written consent, which will not be unreasonably withheld. Notwithstanding the foregoing, the Licensee shall have the right to subcontract (and grant related sublicenses) for the manufacture of the Products with up to two (2) Third Parties (at any one time) without Licensor's prior written consent. Upon request, Licensee shall provide the names of the subcontract manufacturers to Licensor.

2.2. **No Implied Licenses; Negative Covenant**. Except as expressly set forth in this Agreement, Licensee shall not acquire any license or other Intellectual Property interest, by implication or otherwise, under any Intellectual Property Controlled by Licensor or its Affiliates. Licensee shall, not, nor shall it permit any of its Affiliates or permitted sublicensees to, practice the Licensed Patents licensed to it by Licensor outside the scope of the license granted to it under this Agreement.

2.3. **Licensor Retained Rights**. Any rights of Licensor not expressly granted to Licensee under the provisions of this Agreement shall be retained by Licensor. Licensor, except as set forth in Section 2.1.2, shall retain the right to exploit the Licensed Patents for purposes outside of scope of the license granted in Section 2.1 anywhere in the world, without any duty to account to Licensee or obtain Licensee's consent for such exploitation.

2.4. **Clarification of Rights**. The Parties acknowledge that the Licensed Patents are "intellectual property" for purposes of Section 365(n) of the U S Bankruptcy Code and that Licensee will have the right to exercise all rights provided by Section 365(n) with respect to the Licensed Patents.

SECTION 3. PAYMENTS AND REPORTS

3.1. **Milestone Payments**.

3.1.1. Upfront Milestone Payments. In consideration for the license granted herein by Licensor, Licensee shall pay to Licensor the following one-time non-refundable payments (the "Upfront Milestone Payments"):

Milestone Payment (U.S. Dollars)	Date Payment Due
$5,000,000.00	Upon execution of this Agreement.
$4,000,000.00	On December 1, 2016.
$5,000,000.00	On the earlier to occur of: (a) the filing of a NDA for the Product by Licensee; or (b) June 30, 2017.

3.1.2. Ongoing Milestone Payments. In addition to the Upfront Milestone Payments, Licensee shall pay to Licensor the following one-time non-refundable payments:

Milestone Payment (U.S. Dollars)	Date Payment Due
$4,000,000.00	On the earlier to occur of: (a) submission of a Regulatory Approval Application to any Regulatory Authority within the European Union; or (b) December 1, 2018.

Milestone Payment (U.S. Dollars)	Date Payment Due
$[***]	On the earlier to occur of: (a) the first day of Product availability at a pharmacy in the United States; or (b) six (6) months after the approval of the NDA by the FDA.
$[***]	On the earlier to occur of: (a) the first day of Product availability at a pharmacy in the European Union; or (b) six (6) months after the approval of the CTA by the EMA or a European Union member county.

3.1.3. Sales Milestone Payments. Licensee shall pay to Licensor the following one-time non-refundable sales milestone payments; *provided, however,* that in no event shall two (2) sales milestone payments be due and payable by Licensee in the same calendar year:

Milestone Payment (U.S. Dollars)	Date Payment Due
$[***]	Upon the achievement of $[***] in Net Sales of the Product within a calendar year within the Territory.
$[***]	Upon the achievement of $[***] in Net Sales within a calendar year within the Territory.
$[***]	Upon the achievement of $[***] in Net Sales within a calendar year within the Territory.

3.1.4. In the event any Business Combination or Product licensing event involving Licensee occurs within ninety (90) calendar days of the Effective Date, then, upon the consummation of such Business Combination or Product licensing event, Licensee shall immediately pay to Licensor any remaining Upfront Milestone Payments and Licensee shall continue to be obligated to pay all other milestone payments as set forth in this Section 3.1 and all royalty payments as set forth in Section 3.3 as and when due.

3.1.5. In the event any Business Combination involving Licensee occurs prior to March 31, 2017 but more than ninety (90) calendar days after the Effective Date, then, upon the consummation of such Business Combination, Licensee shall pay to Licensor the final Upfront Milestone Payment upon the earlier to occur of (1) the filing of an NDA for the Product and (2) March 31, 2017 and Licensee shall continue to be obligated to pay all other milestone payments as set forth in this Section 3.1 and all royalty payments as set forth in Section 3.3 as and when due.

3.2. Notice; Payment. Licensee shall deliver written notice to Licensor of the achievement of any other milestone event set forth in Section 3.1.1, or 3.1.2 upon achievement of the applicable milestone event by Licensee or its Affiliates together with the payment of the associated milestone payment. Licensee shall deliver written notice to Licensor of the achievement of any milestone event set forth in Section 3.1.3 within thirty (30) days after the achievement of the applicable milestone event by Licensee or its Affiliates together with the payment of the associated milestone payment.

3.3. **Royalties**.

3.3.1. Subject to Section 3.4, from the Effective Date through December 31, 2024, and in addition to any payments set forth in Section 3.1, Licensee or its Affiliates during such time shall pay to Licensor an amount equal to [***] percent ([***]%) of the quarterly Net Sales of the Product in the Territory.

3.3.2. Subject to Section 3.4, from January 1, 2025 until the termination of this Agreement, Licensee or its Affiliates, in consideration of the rights granted to Licensee under Section 2.1.1 and/or 2.1.2, as applicable, shall pay to Licensor an amount equal to [***] percent ([***]%) of the quarterly Net Sales of the Product in the Territory, provided that in respect of any jurisdiction or jurisdictions in the Territory, Licensee may terminate its rights with respect to the Licensed Patents upon one hundred and eighty (180) days prior written notice to Licensor. In such event Licensee or its Affiliates shall cease to be obligated to pay to Licensor an amount equal to [***] percent ([***]%) of the quarterly Net Sales of the Product in such jurisdiction or jurisdictions. Licensor will have no further obligations under this Agreement in jurisdictions where Licensee is not paying and/or ceases to pay a royalty after January 1, 2025.

3.3.3. Notwithstanding Section 3.3.2, from January 1, 2025 until the termination of this Agreement, in the event that Net Sales of the Product in any jurisdiction or jurisdictions in the Territory suffer a Material Decline as the result of either (i) the entry of a non-authorized generic of the Product in film into such jurisdiction or jurisdictions or (ii) off-label prescribing of the Product in film impacting sales of branded Rx scripts for the Product in film outside the Field, the Licensor shall agree to the reduction of the royalty rate specified in Section 3.3.2 with respect to such jurisdiction or jurisdictions from [***] percent ([***]%) to [***] percent ([***]%). In order to access the rights provided under this Section 3.3.3 and/or Section 7.2.3, the Licensee shall provide to the Licensor a written report detailing the Material Decline in Net Sales and the reasons therefor, which report shall be subject to verification by Licensor. For the purpose of this Section 3.3.3 and Section 7.2.3, Material Decline shall mean a reduction in Net Sales of the Product in any jurisdiction of more than twenty percent (20%) in the current twelve month period compared to the preceding twelve month period (the "Material Decline"). The revised royalty rate contemplated by this Section 3.3.3 shall take effect for the Calendar Quarter immediately following the delivery of the written report and Licensor's verification thereof, specified above.

3.3.4. Notwithstanding anything contained herein to the contrary, any payment due and payable by Licensee in accordance with this Section 3.3 shall be paid to Licensor on a quarterly basis within thirty (30) days after the end of the applicable Calendar Quarter.

3.4. **Minimum Royalty**. Notwithstanding anything set forth in this Agreement to the contrary, as of January 1, 2020, the minimum annual royalty payment due and payable by Licensee to Licensor shall be [***] Dollars ($[***]).

3.5. **Royalty Reports and Payments**. During the Term, Licensee shall submit quarterly royalty reports ("Quarterly Royalty Reports") to Licensor within thirty (30) days following the end of each Calendar Quarter, provided that in respect of the final quarter of the year, Licensee shall have sixty (60) days in which to submit the required Quarterly Royalty Report. Each Quarterly Royalty Report shall cover the most recently completed Calendar Quarter and shall show: (a) the aggregate gross and Net Sales of the Product during the most recently completed Calendar Quarter including reasonable detail with respect to the calculation of Net Sales such as, Units sold, discounts, credits and other components in the calculation of Net Sales; (b) the royalties, in U.S. dollars, payable with respect to such Net Sales; and (c) with respect to the Quarterly Royalty Report for the fourth Calendar Quarter of each year, any true-up required. Each Quarterly Royalty Report shall be accompanied by the payment shown as due on such Quarterly Royalty Report.

3.6. **Manner of Payment**. All sums due under this Agreement shall be payable in U.S. dollars by bank wire in immediately available funds to such bank account(s) as Licensor shall designate in writing. All overdue amounts due to Licensor hereunder shall bear interest at the rate equal to one and one half percent (1.5%) per month or at the highest rate permitted by Applicable Law, whichever is less.

3.7. **Bartering Prohibited**. Licensee and its Affiliates and subcontractors shall not solicit or accept any bartered goods or services in exchange for the sale or transfer of the Product.

3.8. **Taxes and Withholding**. Except with respect to the calculation of Net Sales, all payments under this Agreement will be made without any deduction or withholding for or on account of any tax, duties, levies, or other charges unless such deduction or withholding is required by Applicable Law. If Licensee is so required to deduct or withhold, Licensee will: (a) notify Licensor of such requirement in writing; (b) pay to the relevant authorities the full amount required to be deducted or withheld promptly upon the earlier of determining that such deduction or withholding is required; and (c) forward to Licensor an official receipt (or certified copy) or other documentation reasonably acceptable to Licensor evidencing such payment to such authorities.

3.9. **Accounting**. All financial terms and standards defined or used in this Agreement for sales or activities occurring in the Territory shall be governed by and determined in accordance with GAAP or IFRS, as the case may be, as required by the accounting standards organization in the jurisdiction of the Licensee, including the calculation of Net Sales and royalties due Licensor hereunder; provided that when the actual results become known relative to any accrued amount, any difference between the actual results and the accrual is reported and accounted for in the next payment due hereunder (subject to customary processing periods). To the extent that the difference between such accruals and the actual results has led to an underpayment, Licensee shall pay Licensor the amount of such underpayment on the next date payment is due to Licensor hereunder. To the extent that the difference between such accruals and the actual results has led to an overpayment to Licensor, Licensee may set-off such overpayments against subsequent payments to be made to Licensor; additionally, if any overpayments remain upon the expiration or termination of this Agreement, Licensor shall refund such overpayments to Licensee within thirty (30) days of receiving an invoice for such overpayment together with applicable supporting documentation.

3.10. **Record Keeping; Audits**. Licensee and its Affiliates shall keep books and accounts of record in connection with Net Sales of the Product in sufficient detail to permit accurate determination of all figures necessary for verification of royalties to be paid hereunder. Licensee and its Affiliates shall maintain such records for a period of at least three (3) years after the end of the Calendar Quarter in which they were generated; *provided, however,* that if any records are in dispute and Licensee has received written notice from Licensor of the records which are in dispute, Licensee and its Affiliates shall keep such records until the later of three (3) years or until such dispute is resolved. No more than once every calendar year, upon reasonable advance written notice to Licensee, Licensor will have the right to engage a nationally recognized public accounting firm chosen by Licensor and reasonably acceptable to Licensee (which accounting firm will not be the external auditor of Licensor, will not have been hired or paid on a contingency basis and will have experience auditing pharmaceutical companies) (a "CPA Firm") to conduct an audit of such books and records of Licensee to determine the correctness of the amount of royalties paid to Licensor under the terms of this Agreement. The CPA Firm will be given access to and will be permitted to examine such books and records of Licensee as it will reasonably request, upon thirty (30) days' prior written notice having been given by Licensor, during regular business hours, for the sole purpose of determining compliance with the Net Sales royalty provisions of this Agreement. Prior to any such examination taking place, the CPA Firm will enter into a confidentiality agreement reasonably acceptable to Licensee and Licensor with respect to the Confidential Information to which they are given access and will not contain in its report or otherwise disclose to Licensor or any Third Party any information labeled by Licensee as being confidential customer information regarding pricing or other competitively sensitive proprietary information. Licensor and Licensee will be entitled to receive a full written report of the CPA Firm with respect to its findings and Licensor will provide, without condition or qualification, Licensee with a copy of the report, or other summary of findings, prepared by such. CPA Firm promptly following Licensor's receipt of same. In the event of any dispute between Licensor and Licensee regarding the findings of any such inspection or audit, the Parties will initially attempt in good faith to resolve the dispute amicably between themselves, and if the Parties are unable to resolve such dispute within thirty (30) days after delivery to both Parties of the CPA Firm's report, each Party will select an internationally recognized independent certified public accounting firm (other than the CPA Firm), and the two firms chosen by the Parties will choose a third internationally recognized independent certified public accounting firm which will resolve the dispute, and such accounting firm's determination will be binding on both Parties absent manifest error by such accounting firm. All costs and expenses of such auditor incurred in connection with performing any such audit shall be paid by Licensor unless such audit discloses an underpayment of at least five percent (5%), in which case Licensee shall bear such costs and expenses.

3.11. **Underpayments and Overpayments**. If an audit conducted pursuant to 3.10 reveals that any additional royalty payments were due to Licensor under this Agreement, then Licensee shall pay to Licensor such additional royalty payments within thirty (30) days, of the date Licensee receives written notice of such underpayment from Licensor. If an audit conducted pursuant to Section 3.10 reveals that Licensor was paid royalties in excess of those royalties due to Licensor under this Agreement, then Licensee shall, at its election, be entitled to: (a) a refund of such amount within thirty (30) days of the date Licensor receives written notice of such overpayment from Licensee; or (b) deduct such amount from the next royalty payment due Licensor under this Agreement.

SECTION 4. REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1. **Representations, Warranties and Covenants of Each Party**. Each Party hereby represents and warrants as of the Effective Date to the other Party as follows:

4.1.1. Corporate Existence, Power, and Authority. Such Party: (a) is duly formed and in good standing under the laws of the jurisdiction of its formation; (b) has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; and (c) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

4.1.2. Binding Agreement. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with its terms subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

4.1.3. Compliance with Applicable Law. All necessary consents, approvals and authorizations of all Regulatory Authorities and other Persons required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations as of the Effective Date hereunder have been obtained.

4.1.4. No Conflict with Applicable Law. The execution and delivery of this Agreement, the performance of such Party's obligations hereunder, and any actions or omissions of such Party related to the activities contemplated hereunder and the circumstances surrounding this Agreement: (a) do not and will not conflict with or violate any Applicable Law or any provision of the articles of incorporation, bylaws or other governing charter documents of such Party; and (b) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

4.1.5. No Conflict with Agreement. Each Party agrees not to engage in any action that is in violation or inconsistent with the terms and conditions of this Agreement or that interferes with the consummation of the transactions contemplated under this Agreement.

4.1.6. Bankruptcy Insolvency. Neither Party is aware of any action or petition, pending or otherwise, for bankruptcy or insolvency of such Party or its Affiliates or subsidiaries in any state, country or other jurisdiction, and it is not aware of any facts or circumstances that could result in such Party becoming or being declared insolvent, bankrupt or otherwise incapable of meeting its obligations under this Agreement as they become due in the ordinary course of business.

4.2. **Additional Licensor Representations, Warranties and Covenants**. Licensor represents, warrants and covenants to Licensee as follows:

4.2.1. Right to Grant License. Licensor and its Affiliates have the right to grant the licenses granted to Licensee herein, and except in connection with commercial lending arrangements, Licensor owns all right, title and interest in and to, or has a license, sublicense or otherwise permission to use and license, the Licensed Patents, as of the Effective Date, free and clear of any liens, charges and encumbrances.

4.2.2. Third Party Agreements. Except in connection with commercial lending arrangements, neither Licensor nor any of its Affiliates is a party to or otherwise bound by any oral or written contract or agreement that will result in any Third Party obtaining any interest in, or that would give to any Third Party any right to assert any claim in or with respect to, any of Licensee's rights under this Agreement.

4.2.3. No Legal Action against Licensor. Licensor is not a party to, nor to Licensor's knowledge is Licensor threatened with, any legal or equitable action, recall or withdrawal, or under active investigation by or before any Governmental Authority, arbitrator, Regulatory Authority, which is reasonably likely to adversely affect its ability to execute and deliver this Agreement or fully and timely perform its covenants, duties and obligations set forth herein.

4.2.4. Patent Rights. To Licensor's knowledge, the Licensed Patents listed in Schedule 1.1B are valid and subsisting, in full force and effect, and have not been canceled, expired, or abandoned. Schedule 1.1B may be amended to correct inadvertent inaccuracies and/or omissions subsequent to execution of this Agreement. The accuracy and completeness of Schedule 1.1B is based on records of Licensor's patent attorney's docket system or as publically available at certain databases on the internet. No review of actual files has been conducted.

4.2.5. Licensed Patents. Following the Effective Date, upon notice from Licensee, Licensor shall provide annually to Licensee an update on any patents and published patent applications constituting Licensed Patents.

4.2.6. Compliance with Applicable Law. During the Term, Licensor shall comply with and maintain in force all licenses, consents, permits and authorizations necessary to perform its obligations under this Agreement.

4.3. **Additional Licensee Representations, Warranties and Covenants**. Licensee further represents, warrants and covenants to Licensor that:

4.3.1. Third Party Agreements. As of the Effective Date, neither Licensee nor any of its Affiliates is a party to or otherwise bound by any oral or written contract or agreement that will result in any Third Party obtaining any interest in, or that would give to any Third Party any right to assert any claim in or with respect to, any of Licensor's rights under this Agreement.

4.3.2. No Legal Action Against Licensee. As of the Effective Date, Licensee is not a party to, nor to Licensee's knowledge is Licensee threatened with, any legal or equitable action or under active investigation by or before any court, arbitrator, administrative agency or other tribunal which is reasonably likely to adversely affect its ability to execute and deliver this Agreement or fully and timely perform its covenants, duties and obligations set forth herein.

4.3.3. Compliance with Applicable Law. During the Term, Licensee shall comply with and maintain in force all licenses, consents, permits and authorizations necessary to perform its obligations under this Agreement.

4.3.4. Responsibilities. Licensee shall have sole responsibility for the Development and Commercialization of the Product and all regulatory activities associated with the Product.

4.4. **Disclaimer**. EACH PARTY HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREIN NOT EXPRESSLY MADE IN THIS AGREEMENT TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAWS, INCLUDING WITH RESPECT TO THE PRODUCT OR THE LICENSED PATENTS LICENSED OR GRANTED UNDER THIS AGREEMENT, INCLUDING ANY WARRANTY OF NON-INFRINGEMENT, QUALITY, PERFORMANCE, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE. FOR THE AVOIDANCE OF DOUBT, NOTHING CONTAINED IN THIS SECTION 4.4 SHALL OPERATE TO LIMIT OR INVALIDATE ANY EXPRESS WARRANTY CONTAINED HEREIN OR ANY IMPLIED WARRANTY OF GOOD FAITH AND/OR FAIR DEALING.

SECTION 5. CONFIDENTIAL INFORMATION

5.1. **General**. Pursuant to the terms of this Agreement, each of Licensor and Licensee (in such capacity, the "Disclosing Party") has disclosed and will be disclosing to the other Party, and to the Affiliates, officers, directors, employees, agents and/or representatives of each (in such capacity, the "Receiving Party") certain secret, confidential or proprietary data, and related information, including, without limitation, technical, scientific, business and other information, data, materials and the like relating to drug applications, patent applications, products, processes, formulations, manufacturing technology, samples, operating methods and procedures, marketing, manufacturing, distribution and sales methods and systems, sales figures, pricing policies and price lists and other business information ("Confidential Information"). The Receiving Party shall make no use of any Confidential Information of the Disclosing Party except in the exercise of its rights and the performance of its obligations set forth in this Agreement. The Receiving Party: (a) shall keep and hold as confidential, and shall cause its officers, directors, employees, agents and representatives to keep and hold as confidential, all Confidential Information of the Disclosing Party; and (b) shall not disclose, and shall cause its Affiliates, officers, directors, employees, agents and representatives not to disclose, any Confidential Information of the Disclosing Party. Confidential Information disclosed by the Disclosing Party shall remain the sole and absolute property of the Disclosing Party, subject to the rights granted in this Agreement or Applicable Law.

5.2. **Prior Confidentiality Agreement**. As of the Effective Date, the terms of this shall supersede any prior non-disclosure, secrecy or confidentiality agreement between the Parties (or their Affiliates) relating to the subject of this Agreement, including the Confidentiality Agreement, which is hereby terminated. Any information disclosed pursuant to any such prior agreement shall be deemed Confidential Information for purposes of this Agreement.

5.3. **Exceptions**. The above restrictions set forth in Section 5.1 on the use and disclosure of Confidential Information shall not apply to any information which: (a) is already known to the Receiving Party at the time of disclosure by the Disclosing Party, as demonstrated by competent proof (other than as a result of prior disclosure under any agreement between the Parties with respect to confidentiality); (b) is or becomes generally known or available to the public other than through any act or omission of the Receiving Party in breach of this Agreement (or any other agreement between the Parties with respect to confidentiality); (c) is acquired by the Receiving Party from a Third Party who is not directly or indirectly under an obligation of confidentiality to the Disclosing Party with respect to same, or (d) is developed independently by the Receiving Party without the use, direct or indirect, of the Disclosing Party's Confidential Information. In addition, nothing in this Section 5 shall be interpreted to limit the ability of either Party to disclose its own Confidential Information to any other Person on such terms and subject to such conditions as it deems advisable or appropriate.

5.4. **Permitted Disclosures**. It shall not be a breach of Section 5.1 if a Receiving Party discloses Confidential Information of a Disclosing Party: (a) pursuant to Applicable Law, including securities laws applicable to a public company, to any Regulatory Authority or the listing standards or agreements of any national or international securities exchange or The NASDAQ Stock Market or other Governmental Authority; or (b) in a judicial, administrative or arbitration proceeding to enforce such Party's rights under this Agreement; *provided*, *however,* that the Receiving Party (i) provides the Disclosing Party with as much advance written notice as possible of the required disclosure, (ii) reasonably cooperates with the Disclosing Party in any attempt to prevent, limit or seek confidential treatment for the disclosure and (iii) discloses only the minimum amount of Confidential Information necessary for compliance.

5.5. **Confidential Terms**. Each Party acknowledges and agrees that the terms and conditions of this Agreement shall be considered Confidential Information of each Party and shall be treated accordingly. Notwithstanding the foregoing, each Party acknowledges and agrees that the other may be required to disclose some or all of the information included in this Agreement in order to comply with its obligations under securities laws or the listing standards or agreements of any national or international securities exchange or The NASDAQ Stock Market, and hereby consents to such disclosure to the extent deemed advisable or appropriate by its respective counsel (but only after consulting with the other to the extent practicable). The Parties may also disclose the existence of this Agreement and terms thereof to their directors, investors, officers, employees, attorneys, accountants and other advisers on a need to know basis and may, upon obtaining a written confidentiality agreement, further disclose the existence and terms of this Agreement to other Third Parties to whom it may be relevant in connection with financings, acquisitions and similar transactions to the extent such Third Parties are under confidentiality obligations at least as restrictive as those set forth herein.

SECTION 6. INDEMNIFICATION; LIMITATION OF LIABILITY

6.1. **Indemnification by Licensee**. Licensee shall defend, indemnify and hold harmless Licensor and its Affiliates and each of their respective officers, directors, shareholders, employees, successors and assigns ("Licensor Indemnitees") from and against all claims, allegations, suits, actions or proceedings asserted against any Licensor Indemnitee by any Third Parties, whether governmental or private ("Third Party Claims"), and all associated Losses, to the extent arising out of or resulting from: (a) the performance or failure to perform by Licensee (or any of its Affiliates, sublicensees, subcontractors or agents) any of its obligations under this Agreement; (b) a material breach by Licensee or any of its Affiliates, sublicensees, subcontractors or agents of any of Licensee's representations, warranties, covenants or agreements under this Agreement; (c) the Development or Commercialization of the Product (including, without limitation any product liability claims relating thereto); or (d) violation of Applicable Law by any Licensee Indemnitee; *provided, however,* that in all cases referred to in this Section 6.1, Licensee shall not be liable to indemnify Licensor for any Losses of Licensor to the extent that such Losses of Licensor were caused by (i) the gross negligence or willful misconduct or intentional wrongdoing of Licensor or any of its Affiliates, subcontractors or agents, (ii) any breach by Licensor or any of its Affiliates, subcontractors or agents of Licensor's representations, warranties, covenants or agreements under this Agreement, or (iii) matters for which Licensor has an obligation to indemnify any Licensee Indemnitee pursuant to Section 6.2.

6.2. **Indemnification by Licensor**. Licensor shall defend, indemnify and hold harmless Licensee and its Affiliates and each of their respective officers, directors, shareholders, employees, successors and assigns ("Licensee Indemnitees") from and against all Third Party Claims, and all associated Losses, to the extent arising out of or resulting from: (a) the performance or failure to perform by Licensor (or any its Affiliates, subcontractors or agents) of any of its obligations under this Agreement; (b) a material breach by Licensor or any of its Affiliates, subcontractors or agents of any of its representations, warranties, covenants or agreements under this Agreement; or (c) violation of Applicable Law by any Licensor Indemnitee; *provided, however,* that in all cases referred to in this Section 6.2, Licensor shall not be liable to indemnify any Licensee Indemnitee for any Losses of such Licensee Indemnitee to the extent that such Losses were caused by (i) the gross negligence or willful misconduct or intentional wrongdoing of Licensee or any of its Affiliates, sublicensees, subcontractors or agents, (ii) any breach by Licensee or any of its Affiliates, sublicensees, subcontractors or agents of Licensee's representations, warranties, covenants or agreements under this Agreement, or (iii) matters for which Licensee has an obligation to indemnify any Licensor Indemnitee pursuant to Section 6.1; or (iv) with respect to a claim under Section 8.3 by a Third Party, the API.

6.3. **Procedure for Indemnification**.

6.3.1. Notice. In the case of a Third Party Claim (as contemplated by Sections 6.1 or 6.2) other than a Patent Infringement Claim (which is subject to the procedures set forth in Section 8.3) made by any Person who is not a Party of this Agreement (or an Affiliate thereof) as to which a Party (the "Indemnitor") may be obligated to provide indemnification pursuant to this Agreement, such Party seeking indemnification hereunder ("Indemnitee") will notify the Indenmitor in writing of the Third Party Claim (and specifying in reasonable detail the factual basis for the Third Party Claim and to the extent known, the amount of the Third Party Claim) reasonably promptly after becoming aware of such Third Party Claim; *provided, however,* that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnitor shall have been actually materially prejudiced as a result of such failure.

6.3.2. **Defense of Claim**. If a Third Party Claim is made against an Indemnitee, the Indemnitor will be entitled, within thirty (30) days after receipt of written notice from the Indemnitee of the commencement or assertion of any such Third Party Claim, to assume the defense thereof by providing written notice to Indemnitee of its intention to assume the defense of such Third Party Claims within such thirty (30) day period (at the expense of the Indemnitor) with counsel selected by the Indemnitor and reasonably satisfactory to the Indemnitee for so long as the Indemnitor is conducting a good faith and diligent defense. Should the Indemnitor so elect to assume the defense of a Third Party Claim, the Indemnitor will not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof; *provided, however,* that if under applicable standards of professional conduct a conflict of interest exists between the Indemnitor and the Indemnitee in respect of such claim, such Indemnitee shall have the right to employ separate counsel to represent such Indemnitee with respect to the matters as to which a conflict of interest exists and in that event the reasonable fees and expenses of such separate counsel shall be paid by such Indemnitor; *provided, further,* that the Indemnitor shall only be responsible for the reasonable fees and expenses of one separate counsel for such Indemnitee. If the Indemnitor assumes the defense of any Third Party Claim, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnitor. If the Indemnitor assumes the defense of any Third Party Claim, the Indemnitor will promptly supply to the Indemnitee copies of all material correspondence and documents relating to or in connection with such Third Party Claim and keep the Indemnitee reasonably informed of developments relating to or in connection with such Third Party Claim, as may be reasonably requested by the Indemnitee (including, without limitation, providing to the Indemnitee on reasonable request updates and summaries as to the status thereof). If the Indemnitor chooses to defend a Third Party Claim, all Indemnitees shall reasonably cooperate with the Indemnitor in the defense thereof (such cooperation to be at the expense, including reasonable legal fees and expenses, of the Indemnitor). If the Indemnitor does not elect to assume control by written acknowledgement of the defense of any Third Party Claim within the thirty (30) day period set forth above, or if such good faith and diligent defense is not being or ceases to be conducted by the Indemnitor, the Indemnitee shall have the right, at the expense of the Indemnitor, after five (5) Business Days' written notice to the Indemnitor of its intent to do so, to undertake the defense of the Third Party Claim for the account of the Indemnitor (with counsel selected by the Indemnitee), and to compromise or settle such Third Party Claim, exercising reasonable business judgment.

6.3.3. Settlement of Claims. In no event may the Indemnitor compromise or settle any Third Party Claim in a manner which admits fault or negligence on the part of the Indemnitee without the prior written consent of the Indemnitee. Without limiting the foregoing, if the Indemnitor acknowledges in writing its obligation to indemnify the Indemnitee for a Third Party Claim, the Indemnitee will agree to any settlement, compromise or discharge of such Third Party Claim that the Indemnitor may recommend that by its terms obligates the Indemnitor to pay the full amount of Losses (whether through settlement or otherwise) in connection with such Third Party Claim and unconditionally and irrevocably releases the Indemnitee completely from all Losses in connection with such Third Party Claim; *provided, however,* that, without the Indemnitee's prior written consent, the Indemnitor shall not consent to any settlement, compromise or discharge (including, without limitation, the consent to entry of any judgment), that provides for injunctive or other nonmonetary relief affecting the Indemnitee.

6.3.4. Assumption of Defense. Notwithstanding anything to the contrary contained herein, an Indemnitee shall be entitled to assume the defense of any Third Party Claim, at its own expense, with respect to the Indemnitee upon written notice to the Indemnitor pursuant to this Section 6.3.4, in which case, the Indemnitor shall be relieved of liability under Section 6.1 or 6.2, as applicable, solely for such Third Party Claim and related Losses.

6.4. **Insurance**. During the Term and for a period of five (5) years after the termination or expiration of this Agreement, each Party shall obtain and/or maintain, respectively, at its sole cost and expense, comprehensive general liability insurance, products liability insurance and clinical trials insurance (including any self-insured arrangements), each in amounts, respectively, which are reasonable and customary in the U.S. pharmaceutical industry for companies of comparable size and activities at the respective place of business of each Party but in no event less than [***] Dollars ($[***]) per occurrence and [***] Dollars ($[***]) annual aggregate. Each Party shall also maintain any mandatory insurance, including but not limited to workers compensation coverage, in accordance with all Applicable Law. All insurance policies reflecting such insurance shall be written on a "per occurrence" or "claims made" basis with an insurance company rated at least A-3 by Best's rating guide. Licensor and its designees who have an insurable interest shall be added as an additional insured on the Licensee's product liability insurance policy. Each such insurance policy shall provide for at least thirty (30) calendar days prior written notice to Licensor of the cancellation or any substantial modification of the terms of coverage. Such product liability insurance (or self-insured arrangements) shall insure against all liability, including without limitation personal injury, physical injury, or property damage arising out of the manufacture, sale, distribution, or marketing of the Product. Each Party also agrees to waive, and will require its insurers to waive, all rights of subrogation against the other Party, and its directors, officers, employees, and agents on all the foregoing coverages. Each Party shall provide written proof of the existence of such insurance to the other Party upon written request.

6.5. Limitation of Liability. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER OR ANY OF ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, BUSINESS OR GOODWILL) SUFFERED OR INCURRED BY SUCH OTHER PARTY OR ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREIN OR A BREACH OR ALLEGED BREACH OF THIS AGREEMENT. THE FOREGOING SENTENCE SHALL NOT (A) APPLY IN CASES OF A PARTY'S FRAUD, GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT, (B) NOT LIMIT THE OBLIGATIONS OF EITHER PARTY TO INDEMNIFY THE OTHER PARTY FROM AND AGAINST THIRD PARTY CLAIMS UNDER THIS SECTION 6.5, OR (C) LIMIT THE DAMAGES AVAILABLE TO A PARTY FOR THE OTHER PARTY'S BREACH OF ITS OBLIGATIONS UNDER SECTION 5.

SECTION 7. TERM AND TERMINATION

7.1. **Term**. This Agreement shall commence as of the Effective Date and, shall continue until terminated in accordance with Section 7.2 (the "Term").

7.2. **Termination**. In addition to any other provision of this Agreement expressly providing for termination of this Agreement:

7.2.1. Licensor may, in its sole discretion, terminate this Agreement immediately upon written notice if:

(a) Licensee fails to make any payments required under this Agreement when due and Licensee does not make the required payments within thirty (30) days of receiving notice from Licensor;

(b) if Licensee fails to commercialize the Product in at least one Major Market by January 1, 2020;

(c) if Licensee pays to Licensor not more than the minimum royalty payment due to Licensor for any thirty (30) consecutive months, from the date of first commercial sale, in accordance with Section 3.4;

(d) if Licensee fails a primary endpoint of its current Phase III Studies (CTH-300 and CTH-301) and either (i) fails to start another Phase III study within six (6) months after such failed primary endpoint or (ii) fails a primary endpoint of any subsequent Phase III Study;

(e) if Section 8.4 has been violated; or

(f) no further royalty payments are due and payable to Licensor pursuant to Section 3.3.

7.2.2. Licensee may, in its sole discretion, terminate this Agreement:

(a) if Licensor fails to use commercially reasonable efforts to enforce or conduct an action to defend the Licensed Patents on behalf of Licensee in response to a Patent Infringement Claim within ninety (90) days of receipt of written notification from Licensee of its desire that Licensor pursue such action;

(b) following written notice that the Licensor is in material breach of the Agreement, if the Licensor fails to remedy same within ninety (90) days of receipt of the written notice describing the breach and requiring it to be so remedied;

(c) at any time after June 30, 2017, but prior to Commercialization of the initial Product, upon ninety (90) days prior written notice to Licensor, if Licensee has abandoned further Development of the Product in all jurisdictions and has publicly announced abandonment of the Product; or

(d) at any time after December 31, 2024, the Licensee may terminate this Agreement for any reason upon one hundred and eighty (180) days prior written notice to Licensor.

7.2.3. At any time during the Term of this Agreement, if Licensee can establish that a Material Decline (as defined in Section 3.3.3) has occurred in a jurisdiction or jurisdictions in the Territory as a result of the Licensor licensing to a Third Party any Licensed Patents to Develop or Commercialize the API either alone or in combination with another active agent, for any human use, solely with respect to such jurisdiction or jurisdictions in the Territory, the Licensee may terminate this Agreement with respect to the jurisdiction or jurisdictions in the Territory which have suffered a Material Decline, upon thirty (30) days prior written notice to Licensor.

7.2.4. Either Party may terminate this Agreement: (a) immediately upon written notice upon the occurrence of a Bankruptcy Event with respect to the other Party; or (b) if the other Party commits any material misrepresentation or breach of any of its covenants, obligations, representations or warranties under this Agreement to which such action to terminate applies and, in the case of a breach which is capable of remedy, such Party fails to remedy the same within ninety (90) days after receipt of a written notice describing the breach and requiring it to be so remedied.

7.2.5. This Agreement may be terminated by the non-breaching Party upon written notice to the other Party, if the other Party has violated the exclusivity provisions set forth in its obligations under Section 2 or the confidentiality provisions set forth in Section 5 and fails to remedy same within thirty (30) days of receipt of a written notice describing the breach and requiring it to be so remedied.

7.3. **No Waiver**. The right of Licensee or Licensor to terminate this Agreement, as herein above provided, shall not be affected in any way by Licensee's or Licensor's respective waiver or failure to take action with respect to any prior default or breach.

7.4. **Effects of Termination**.

7.4.1. Effect of Termination Generally. On the expiration or earlier termination of this Agreement for any reason, except as otherwise expressly provided herein, all rights and obligations of each Party hereunder shall cease.

7.4.2. Milestone Payments; Disposition and Transfer of Inventory upon Termination; Royalties Due Thereon Not Affected By Termination. Subject to Section 7.4.3, on the termination of this Agreement: (a) Licensee shall pay to Licensor all milestones as set forth in Section 3.1.1, to the extent not already paid to Licensor; (b) all unpaid royalty payments payable to Licensor pursuant to Section 3.3 for Product sold as of the Effective Date of termination shall remain due and payable as scheduled; and (c) Licensee shall pay to Licensor a royalty, in the same amount and calculated in accordance with the terms set forth in Section 3.3 and subject to all of the provisions of Section 3.4 through Section 3.11 inclusive, on each sale of remaining inventory of Product by Licensee (or any Affiliate, successor, sublicensee, subcontractor or agent of Licensee or sublicensee) when and as such Product is sold.

7.4.3. Milestone Payments; Disposition and Transfer of Inventory upon Termination; Royalties Due Thereon Affected By Termination. On the termination of this Agreement by Licensor pursuant to Section 7.2.1(d) or Licensee pursuant to Section 7.2.2(a) to Section 7.2.2(d), Licensee shall have no further obligation to pay to Licensor any milestone payments as set forth in Section 3.1, to the extent not already paid or due to Licensor.

7.4.4. Accrued Rights. Termination, relinquishment or expiration of this Agreement for any reason shall be without prejudice to any right which shall have accrued to the benefit of either Party prior to such termination, relinquishment or expiration including damages arising from any breach under this Agreement. Termination, relinquishment or expiration of this Agreement shall not relieve either Party from any obligation which is expressly or by implication intended to survive such termination, relinquishment or expiration of this Agreement and shall not affect or prejudice any provision of this Agreement which is expressly or by implication provided to come into effect on, or continue in effect after, such termination, relinquishment or expiration. Remedies for breaches under this Agreement shall also survive any termination, relinquishment or expiration of this Agreement.

7.4.5. Survival. The following Sections of this Agreement, as well as any other provisions in this Agreement which specifically state they will survive termination or expiration of this Agreement, shall survive termination of this Agreement for any reason: Section 1, Section 2 (provided that the license granted in Section 2.1 shall be non-exclusive and all such sections shall survive for the sole purpose of selling out remaining inventory of Product), Section 3.1 and Section 3.2 (with respect to earned and unpaid milestone payments), Section 3.3 and Section 3.4 (with respect to earned and unpaid royalty payments), Sections 3.5 through Section 3.11 inclusive (with respect to milestone and royalty payments due prior to and earned and unpaid accrued milestone and royalty payments owed after such termination or expiration), Sections 4.4, 5, 6, 7.3, 7.4, 8 (with respect to pending claims thereunder), and Section 9.

7.4.6. Return of Confidential Information. Within thirty (30) days of any expiration or termination of this Agreement: (a) Licensee shall deliver to Licensor, upon written request, all Confidential Information of Licensor, except for any documents or records that Licensee is required to retain by Applicable Law; and (b) Licensor shall cease to use and shall deliver to Licensee, upon written request, all Confidential Information of Licensee except for any documents or records that Licensor is required to retain by Applicable Law.

SECTION 8. INTELLECTUAL PROPERTY

8.1. **Patent Prosecution and Maintenance**.

8.1.1. Licensor shall be responsible for the preparation, filing, prosecution and maintenance of the Licensed Patents. The cost of such preparation, filing, prosecution and maintenance of the Licensed Patents shall be borne by Licensor.

8.1.2. Licensee shall have the option, but not the obligation, of leading the preparation, filing, prosecution and maintenance of any and all patents or patent applications which claim the API or its use which, if granted in the United States, would satisfy the requirements for listing in the Orange Book for the Product Developed or Commercialized by the Licensee under this Agreement ("Product Patents"). The Parties will work together to prosecute such Product Patents. The cost of such preparation, filing, prosecution and maintenance of any such Product Patents shall be borne by Licensee.

8.1.3. In the event that Licensor desires to abandon or cease prosecution or maintenance of any Licensor Patent in any country in the Territory, Licensor shall provide reasonable prior written notice to Licensee of such intention to abandon (which notice shall, to the extent possible, be given no later than sixty (60) days prior to the next deadline for any action that must be taken with respect to any such Licensor Patent in the relevant patent office). In such case, upon Licensee's written election provided no later than thirty (30) days after such notice from Licensor, Licensee shall have the right to assume prosecution and maintenance of such Licensor Patent at Licensee's expense. If Licensee does not provide such election within thirty (30) days after such notice from Licensor, Licensor may, in its sole discretion, continue prosecution and maintenance of such Licensor Patent or discontinue prosecution and maintenance of such Licensor Patent.

8.1.4. Cooperation of the Parties. The Parties shall cooperate at the requesting Party's expense, with respect to the preparation, filing, prosecution and maintenance of any Licensed Patents and Product Patents and in the obtaining and maintenance of any extensions, supplementary protection certificates and the like with respect to any Licensor Patents and Product Patents. Such cooperation includes promptly informing the other Party of any matters coming to such Party's attention that may affect the preparation, filing, prosecution or maintenance of any such patent applications.

8.2. **Infringement by Third Parties**.

8.2.1. Each Party shall promptly notify the other Party in writing of any alleged or threatened infringement of any Licensed Patent in the Field or Product Patent of which it becomes aware (a "Competitive Infringement"). In any such instance Licensor shall have the sole right, at its option, to bring such alleged or threatened Competitive Infringement to an end and Licensee shall provide reasonable assistance to Licensor in connection therewith, at Licensee's cost and expense (the costs and expenses of the Licensor in connection therewith, including the investigation and analysis thereof, to be reimbursed to Licensor by Licensee on an as-incurred basis). Licensee shall be entitled to be represented by independent counsel of its own choice and at its own expense. Licensor shall keep Licensee and/or its designated legal counsel reasonably informed as to the progress in connection with the foregoing Competitive Infringement. If Licensor fails to initiate a suit or take other appropriate action that it has the right to initiate or take pursuant to this Section 8.2 with respect to a Competitive Infringement in the Territory within ninety (90) days after becoming aware of the basis for such suit or action, then Licensee may, in its discretion, provide Licensor with written notice requiring Licensor to initiate a suit or take other appropriate action with respect to such Competitive Infringement in the Territory, such suit or other appropriation action to be taken at the sole cost and expense of Licensee. Notwithstanding anything to the contrary contained in this Agreement, Licensor shall have the unilateral right to enter into any settlement without the prior written consent of Licensee with respect to any Competitive Infringement suit or action to the extent such settlement would not adversely affect the Licensee's rights or benefits with respect to the Development or Commercialization of the Product, in which case, Licensee's prior written consent shall be required, which consent shall not be unreasonably withheld.

8.2.2. If Licensor recovers monetary damages in any enforcement action pursuant to Section 8.2.1, such recovery shall be allocated (i) first to the reimbursement of any unreimbursed expenses incurred by Licensor in such enforcement action, (ii) second to any expenses incurred by Licensee in such enforcement action, and (iii) any remaining amounts shall be allocated to Licensor and Licensee in such proportion so as to compensate each Party for their respective provable losses resulting from the Competitive Infringement.

8.3. **Infringement of Third Party Rights**. Each Party shall promptly notify the other Party in writing if it becomes aware of any allegation by a Third Party that the activity of either of the Parties or their Affiliates or sublicensee or subcontractor in connection with the Development or Commercialization of any Product infringes the issued patent rights (or would infringe the claims, if issued, of a pending patent application) of any Third Party in the Territory ("Patent Infringement Claims"). The Party, directly or through an Affiliates or sublicensee or subcontractor, alleged to have infringed the patent rights of a Third Party shall have the sole right to defend such alleged infringement. In the event of a litigation in accordance with this Section 8.3, the Party not controlling such litigation shall use its reasonable efforts to cooperate at the controlling Party's cost and expense (the costs and expenses of the non-controlling Party in connection with such litigation, including the investigation and analysis thereof, to be reimbursed to the non-controlling Party on an as-incurred basis), including: (a) if required for the purposes of any cross claim, or counterclaim, the furnishing of a power of attorney to bring suit in the other Party's name and/or being named as a party in such suit and as necessary, becoming a client of the other Party's legal counsel and agreeing that such legal counsel will act solely under the instruction of the other Party and will sign a waiver with such legal counsel to that effect and the Party bringing the action shall keep the other Party and/or their designated legal counsel reasonably informed as to the progress of such action; and (b) providing reasonable assistance to the controlling Party in connection therewith (including in connection with investigation and analysis thereof by the non-controlling Party's legal counsel and advisors). Neither Party shall enter into any settlement of any actual or threatened litigation under this Section 8.3 where the Product is directly named, without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed; *provided* that the Party whose actions have allegedly infringed the issued patents rights of a Third Party shall have the unilateral right to enter into any such settlement without the prior written consent of the other Party to the extent such litigation or threatened litigation involves in any manner such Party's owned Intellectual Property and such settlement would not be reasonably expected to adversely affect the other Party's rights or benefits with respect to such Product or its Commercialization of such Product, in which case, the other Party's prior written consent shall be required which consent shall not be unreasonably withheld.

8.4. **No Challenges.** During the Term: (a) neither Licensee nor any Affiliate thereof shall publicly challenge the validity or enforceability of the Licensed Patents to the extent directly related to the Agreement; and (b) Licensee shall ensure that no sublicensee or subcontractor of Licensee or any Affiliate thereof, or any other Third Parties involved in the Development or Commercialization of the Product (including without limitation, contract manufacturers) shall publicly challenge the validity or enforceability of the Licensed Patents, to the extent directly related to the Agreement, such that, in the case of clause (b), if such challenge was successful, any obligation owed to Licensor under this Agreement would be avoided.

SECTION 9. MISCELLANEOUS

9.1. **Independent Contractor**. Neither Licensor nor Licensee, together in each case with their respective employees and representatives, are under any circumstances to be considered as employees, partners, joint venturers, agents or representatives of the other by virtue of this Agreement, and neither shall have the authority or power to bind the other or contract in the other's name.

9.2. **Registration and Filing of this Agreement**. To the extent, if any, that either Party concludes in good faith that it or the other Party is required to file or register this Agreement or a notification thereof with any Regulatory Authority including, without limitation, the U.S. Securities and Exchange Commission or the U.S. Federal Trade Commission, in accordance with Applicable Law, such Party shall inform the other Party thereof. Should both Parties jointly agree in writing that either of them is required to submit or obtain any such filing, registration or notification, they shall cooperate, each at its own expense, in such filing, registration or notification and shall execute all documents reasonably required in connection therewith. In such filing, registration or notification, the Parties shall request confidential treatment of sensitive provisions of this Agreement, to the extent permitted by Applicable Law. The Parties shall promptly inform each other as to the activities or inquiries of any such Regulatory Authority relating to this Agreement, and shall reasonably cooperate to respond to any request for further information therefrom on a timely basis.

9.3. **Notices**. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given when so delivered in person, by overnight courier, by facsimile transmission (with receipt confirmed by automatic transmission report) or two (2) Business Days after being sent by registered or certified mail (postage prepaid, return receipt requested), as follows:

If to Licensee: Cynapsus Therapeutics Inc.
828 Richmond Street West
Toronto, Ontario
Canada M6J 1C9
Attention: Chief Executive Officer
Telephone: 416-703-2449
Facsimile: 416-703-8752

With a copy to: Borden Ladner Gervais LLP
40 King Street West, Suite 4200
Toronto, Ontario M5H 3Y4
Attention: Jeffrey Graham
Telephone: 416-367-6174
Facsimile: 416-361-7377

If to Licensor: MonoSol Rx, LLC
30 Technology Drive
Warren, New Jersey 07059
Attn: Vice President, Business Development
Facsimile No.: 908.561.1209

With a copy to: Day Pitney LLP
One Jefferson Road
Parsippany, New Jersey 07054
Attention: Thomas A. Zalewski, Esq.
Facsimile No.: 973.966.1015

Either Party may by notice given in accordance with this Section 9.3 to the other Party designate another address or person for receipt of notices hereunder.

9.4. Equitable Remedies. Each Party specifically recognizes that any breach by it of Section 2 or Section 5 may cause irreparable injury to the other Party and that actual damages may be difficult to ascertain, and in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), each Party agrees that in the event of any such breach, the other Party shall be entitled to seek injunctive relief and such other legal and equitable remedies as may be available.

9.5. **Binding Effect; No Assignment**. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Licensor nor Licensee may assign any of its rights or delegate any of its liabilities or obligations hereunder, whether by operation of law, or otherwise, without the prior written consent of the other Party, *provided*, *however*, without the prior written consent of the other Party, either Party may assign this Agreement in connection with a Business Combination, unless the assignee of the Licensee is engaged, to a material extent, in manufacturing water-soluble polymer films, compounds, and solutions, in which case the prior written consent of the Licensor would be required. Notwithstanding the above, either Party may assign any of its rights to payments of royalties and any other amounts due under this Agreement to any of its Affiliates or any Third Party. Any assignee shall agree in writing to be bound by all of the obligations of the assigning Party hereunder. My purported assignment or transfer in violation of this Section 9.5 will be void *ab initio* and of no force or effect.

9.6. **No Implied Waivers; Rights Cumulative**. No failure on the part of Licensor or Licensee to exercise and no delay in exercising any right, power, remedy or privilege under this Agreement, or provided by statute or at law or in equity or otherwise, including the right or power to terminate this Agreement, shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege or be construed as a waiver of any breach of this Agreement or as an acquiescence therein, nor shall any single or partial exercise of any such right, power, remedy or privilege preclude any other or further exercise thereof or the exercise of any other right, power, remedy or privilege.

9.7. **Severability**. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable. The Parties further agree to replace such invalid or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable provision.

9.8. **Amendment**. This Agreement may not be amended and no provision hereof may be modified or waived, except by an instrument in writing duly executed by each of the Parties hereto.

9.9. **Rules of Construction**. The Parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or ruling of construction providing that ambiguities in an agreement or other document shall be construed against the Party drafting such agreement or document.

9.10. **Publicity**. The Parties intend to issue a joint press release upon the execution of this Agreement. The Parties shall jointly agree to the language of the joint press release prior to issuance. Parties shall also jointly agree on any future press releases and other public statements disclosing the existence of or relating to this Agreement prior to any such release or disclosure; *provided*, *however,* that neither Party shall be prevented from complying with any duty of disclosure it may have pursuant to Applicable Law, including securities laws applicable to a public company.

9.11. **Expenses**. Except as expressly set forth herein, each Party shall bear all fees and expenses incurred by such Party in connection with, relating to or arising out of the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including attorneys', accountants' and other professional fees and expenses.

9.12. **Governing Law; Waiver**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New Jersey without regarding to its conflict of laws principles. Each of Licensor and Licensee hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the non-exclusive jurisdiction of the Federal Courts located in New Jersey. The Parties waive trial by jury in any suit or action brought for the resolution of any dispute under this Agreement.

9.13. **Entire Agreement**. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements, written or oral, between the Parties.

9.14. **Third Party Beneficiaries**. None of the provisions of this Agreement, express or implied, is intended to be or shall be for the benefit of or enforceable by any Person (including, without limitation, any creditor of either Party hereto) other than Licensee and Licensor and their respective successors and permitted assigns. No such Person shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either Party hereto.

9.15. **Interpretation and Construction**. The headings of Sections in this Agreement are provided for convenience only and shall not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement shall be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided in this Agreement, the word "including" does not limit the preceding words or terms and shall be deemed to be followed by the words "without limitation." Unless otherwise expressly provided in this Agreement, the terms "shall have responsibility for", "shall be responsible for" or the like, shall be deemed to be followed by "and shall be obligated to duly carry out such responsibility."

9.16. **Counterparts; Signatures**. This Agreement may be executed in multiple counterparts, all of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document. Signatures provided by facsimile or e-mail transmission shall be deemed to be original signatures.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives, effective as of the Effective Date.

CYNAPSUS THERAPEUTICS INC.

By: /s/ Anthony Giovanazzo
Name: Anthony Giovanazzo
Title: President and Chief Executive Officer

MONOSOL RX, LLC

By: /s/ Keith Kendall
Name: Keith Kendall
Title: CEO

[Signature Page to License Agreement)

Schedule 1.1B

Licensed Patents as of the Effective Date

[***]

Exhibit 10.13

INDUSTRIAL LEASE AGREEMENT

by and between

ASHLAND NORTHWEST PARTNERS L.P.

("Landlord")

and

MONOSOL Rx, LLC

("Tenant")

Dated: _____

INDUSTRIAL LEASE SUMMARY

LANDLORD

Legal Name:	**Ashland Northwest Partners L.P.**
Address:	227 S. Main, Suite 300 P.O. Box 1331 South Bend, IN 46601

TENANT

Legal Name:	**MonoSol Rx LLC**
Address:	6560 Melton Rd Portage, IN 46368
Guarantor(s):	Intentionally omitted

PREMISES

Building Name:	Ashland
Address:	6465 Ameriplex Drive
Leased Square Feet:	72,912
Permitted Uses:	General office and warehouse and other legal uses permitted by zoning regulations

TERM

Length of Term:	60 months
Commencement Date:	April 1, 2007
Expiration Date:	March 31, 2012

RENT

Per Square Foot:	4-1-07 thru 10-31-08 $5.50 11-1-08 thru 10-31-10 $6.25 11-1-10 thru 3-31-12 $7.00
Per Month:	4-1-07 thru 10-31-08 $33,418.00 11-1-08 thru 10-31-10 $37,975.00 11-1-10 thru 3-31-12 $42,532.00
Security Deposit:	$100,254.00 (three months rent)

OPERATING EXPENSES

Amount:	$0.90 psf estimated
Lease Year:	2007

OPTIONS

Option to Renew	Option 1: Two years at $7.25 psf Option 2: Two years at $7.50 psf Option 3: Five years: Years 1-2 at $7.75 psf Years 3-5 at $8.00 psf

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EXHIBITS

A. Site Plan/Floor Plan

B. Aventis Agreement

INDUSTRIAL LEASE AGREEMENT

The parties to this Agreement, entered into on October 24th, 2006, between **ASHLAND NORTHWEST PARTNERS L.P.,** hereafter referred to as "Landlord", and **MONOSOL Rx, LLC** hereinafter referred to as "Tenant", agree as follows:

1. **PREMISES; PREPARATION;**

   A. **The Premises.** The Landlord leases to the Tenant and the Tenant accepts that part of the building, located at 6465 Ameriplex Drive, Portage, Indiana in the Ashland (the "Building"), as shown on the floor plan attached to this Agreement as Exhibit A, and containing approximately 72,912 square feet of leasable space (the "Premises"). The leasing of the Premises to Tenant includes, with no additional rent or other charge payable therefore, the right of Tenant (a) to use related driveways, walkways, landscaping, drainage facilities and other site improvements necessary to support the Building (the "Improvements"), (b) to enjoy all easements, rights, licenses, privileges and other appurtenances in any way pertaining to or beneficial to the Land, the Building or the Improvements, (c) to use exclusively thirty-two (32) parking spaces in the parking lot together with the non-exclusive use of the remaining parking spaces in such lot, and (d) to install, at Tenant's cost and subject to any required municipal approvals, building and monument signage at the Premises in accordance with the terms of this Lease.

   B. **Preparation of Premises.** On or before April 1, 2007, the Tenant will have possession of the premises in "as-is" condition. The Landlord will not be liable to the Tenant for damages nor will the Tenant be relieved from any obligations under this Agreement if the Tenant is unable to occupy the space on April 1, 2007 because of the holding over or retention of possession of the Premises by a prior tenant or occupant or any other cause beyond the reasonable control of the Landlord. In such event, however, the rent under this Agreement shall abate on a per diem basis until the Premises are available.

2. **TERM.** The term of the lease of the Premises (the "Term") shall be 60 months commencing on the earlier of April 1, 2007 or the Early Termination Date as defined in Exhibit B and ending sixty (60) months from the Commencement Date, unless sooner terminated or extended as provided in this Agreement.

3. **USE.** The Premises shall be occupied and used by the Tenant for general office, warehouse, and for any other lawful purposes permitted by applicable zoning regulations and by the Declaration of Easements, Covenants and Restrictions for AmeriPlex, recorded July 5, 2000 in the Recorders office for Porter County, Indiana as instrument number 2000-016116 ("Declarations"). Landlord shall, to the extent requested, reasonably cooperate with Tenant in obtaining any permits or approvals or certificates of occupancy relating to Tenant's proposed use of the Premises prior to the Commencement Date.

4. **RENT.** The Tenant shall pay to the Landlord as rent the following sums, without any setoff or deduction whatsoever, except as may be expressly provided in this Lease in equal monthly installments in advance, on the first day of each calendar month during the Term. If the Term commences on any day other than the first day of a calendar month, a pro rate fraction shall be paid for the partial month at the beginning of the Term, if any, as provided below. Unpaid rent and other

monies owing to the Landlord under this Agreement shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

Year	PSF	Monthly
4-1-07 thru 10-31-08	$5.50	$33,418.00
11-1-08 thru 10-31-10	$6.25	$37,975.00
11-1-10 thru 3-31-12	$7.00	$42,532.00

5. **ADDITIONAL RENT FOR OPERATING EXPENSES.**

A. **Monthly Operating Expense Payment.** In addition to the rent set forth in Section 4, on the first day of each month, Tenant shall pay to the Landlord an amount equal to the Tenant's proportionate share of Operating Expenses (defined in subsection C of this Section 5) for that calendar year divided by twelve (12). For the calendar year 2007, the estimated Operating Expenses are $0.90 per square foot. The Tenant's proportionate share of the Operating Expenses shall be an amount equal to the total building Operating Expenses divided by the leasable square feet in the Building, which Landlord represents to be 72,912 square feet (as of the effective date of this Lease), times the number of square feet leased by the Tenant as set forth in Section 1.A. On or before December 15 of each year during the Term, the Landlord shall estimate the Operating Expenses for the next calendar year and shall notify the Tenant in writing of the Tenant's proportionate share of the estimated Operating Expenses. Then, in addition to the rent set forth in Section 4, on January 1 and on the first day of each month during the next calendar year, with the rent the Tenant shall pay to the Landlord an amount equal to the Tenant's Estimated Operating Expenses divided by twelve.

B. Notwithstanding the above, on or before the Commencement Date, Tenant shall pay to Landlord and Landlord shall hold in escrow (pursuant to the terms hereof), a sum equal to the estimated annual Operating Expenses for the period of time from the Commencement Date and ending on October 31, 2008 ("Escrow Period") (which sum shall equal $0.90 multiplied by 72,912 then divided by twelve (12) and then multiplied by the number of months in the Escrow Period) ("Escrowed Funds"). On the first day of each month during the Escrow Period, Landlord shall deduct from the Escrowed Funds Tenant's monthly Estimated Operating Expense which is due under this Lease. In the event that the Escrowed Funds need to be increased due to an increase in the annual estimated Operating Expenses (as set forth above), Landlord shall provide written notice to Tenant and Tenant shall make the payment necessary to adjust the Escrowed Funds within thirty (30) days of receipt of Landlord's notice. Failure to make such payment shall constitute a "Default" under Section 20A of this Lease. Beginning on November 1, 2008, Tenant shall pay its proportionate share of Operating Expenses with each month's rent as set forth above.

Annual Operating Expenses Adjustments. On or before May 15 of each year after the first calendar year of the Term, whether the first year is full or partial, the Landlord shall determine the actual Operating Expenses for both the Building and the land on which the Building is located, including on-site and off-site parking related to the Building (the "Building Site") for the preceding calendar year. Therefore, on or before May 15 of each calendar year through the year following the termination of the Term, with any options and extensions, the total amount of the Tenant's Estimated Operating Expenses paid during the preceding calendar year shall be corrected to reflect the actual Operating Expenses for such preceding calendar year, and the Landlord shall submit a statement reflecting the correction to the Tenant. On or before June 1 of each such year the Tenant shall pay to the Landlord, or the Tenant shall be credited with, as appropriate, an amount equal to the difference between the Tenant's proportionate share of the actual Operating Expenses for the preceding calendar year less the Tenant's Estimated Operating

Expenses which were paid by the Tenant (or deducted from the Escrowed Funds, as the case may be) during such preceding calendar year.

B.1 **Credit.** If the correction for any year results in a credit to the Tenant, then that credit shall be applied against the rent and other monies owing from the Tenant to the Landlord which are due and payable in the month(s) after the correction adjustment.

B.2 **Audit Right.** (i) Landlord shall maintain books of account that shall be open to Tenant and its representatives. Tenant shall have the right, at Tenant's expense, to examine Landlord's books and records relating to the Premises and the Building so that Tenant can (i) determine that any Operating Expenses and/or other Expenses have been paid or incurred; (ii) confirm that certain Operating Expenses charged by Landlord includes costs that are properly within the term "Operating Expenses", and/or (iii) to confirm Landlord's calculation of Operating Expenses; provided that if Tenant fails to exercise such right for more than twelve (12) months following its receipt of Landlord's final written determination of Operating Expenses for a particular calendar year, Tenant shall be deemed to have waived its right to audit and contest Landlord's determination of such Operating Expenses for that calendar year, and, in such event, Landlord's determination for the applicable calendar year shall become final and binding on Landlord and Tenant for all purposes under this Lease. Tenant shall exercise such audit right by providing Landlord with a written notice of Tenant's exercise of such audit right within ninety (90) days following Tenant's receipt of Landlord's final written determination of Operating Expenses for a particular calendar year (the "Audit Notice"). If Tenant provides a timely Audit Notice, Landlord's books and records relating to Operating Expenses shall be open for copying or inspection at Landlord's corporate business office upon reasonable notice and at reasonable times by Tenant and its duly authorized representatives, who shall have reasonable access to the same and the right to require of Landlord, its agents and employees, such information or explanation with respect to the same as may reasonably be necessary for a proper examination thereof.

(ii) In the event that it is determined as a result of any audit by Tenant that the actual Operating Expenses for any calendar year are less than the amount paid by Tenant for such calendar year, then the amount of the excess shall be taken by Tenant as a credit against the next following installments of Rent payable by Tenant to Landlord until Tenant has deducted therefrom an amount equal to the amount of such credit or, if the Term has expired, the credit amount shall be paid by Landlord to Tenant within thirty (30) days after the date the amount Landlord owes Tenant has been determined. If Tenant's audit reveals Tenant has over paid Operating Expenses for any calendar year by more than five percent (5%) of the total actual Operating Expenses for such calendar year, Landlord shall, within thirty (30) days after the date Landlord receives from Tenant an invoice therefore, pay to Tenant the actual cost of such audit. If Tenant's audit reveals that Tenant has underpaid Operating Expenses for any calendar year, then the amount of the underpayment shall be paid to Landlord by Tenant within thirty (30) days after the date the amount Tenant owes has been determined.

C. **Operating Expenses Defined.** The term "Operating Expenses" means and includes the total reasonable operating expenses related to the Building and the Building Site (the Building and the Building Site collectively, the "Real Estate") which are incurred by the Landlord, and shall include, without limitation, taxes and assessments levied, assessed or imposed at any time by any municipal, county, state or federal government or any governmental authority, upon or against the Real Estate ("Real Estate Taxes"), fees contingent on tax savings realized from an appeal, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of any income or rents from the Building and/or Building

Site to the extent that any such tax or assessment is in lieu of all or a portion of any of the Real Estate Taxes, personal property and ad valorem taxes, costs of water and sewage, reasonable management expenses (management expense not to exceed four percent (4%) of the annual rent for the Premises), labor, including all wages, salaries, Social Security taxes which may be levied upon such wages and salaries according to generally accepted accounting practices, supplies, repairs, maintenance, painting, general exterior cleaning, insurance, landscaping, snow removal, and other items properly constituting direct operating costs according to standard accounting practices. The term "Operating Expenses" does not mean or include depreciation of the Building or equipment, interest expense on borrowed money of any form or nature, costs of maintaining the Landlord's corporate or business existence, franchise taxes, federal or state income taxes, expenditures required to be capitalized for federal income tax purposes, office expenses or salaries of the Landlord's executive officers, commissions and fees paid for the rental of the Building, or any parts thereof, or tenant improvements, wage taxes or Social Security payments of Landlord or its property manager, or Landlord's transfer, recording, inheritance, estate, succession, franchise, excise, business privilege, personal property, income, gross receipts or profit tax. Costs incurred for capital improvements shall be included within Operating Expenses for the calendar year in which the costs are incurred and for subsequent calendar years amortized on a straight line basis over the ordinary, useful life of the improvement (as determined by the Internal Revenue Code of 1986, as amended, and the regulations thereto).

D. **Annual Notice.** The Landlord shall notify the Tenant in writing by May 15 of each year of the actual Operating Expenses during the preceding calendar year, together with the computation of the additional payments for Operating Expenses due from the Tenant by June 1 of such year pursuant to subsections A and B of this Section 5.

E. **Real Estate Tax Abatement.** To the extent that a program for the abatement of Real Estate Taxes (the "Tax Abatement") has been approved for the Building by the City of Portage, Indiana, such Tax Abatement during the Term shall be for the benefit of the Tenant in the proportion that the total rentable square footage of the Premises bears to the total rentable square footage of the Building.

6. **SECURITY DEPOSITS.** Intentionally omitted.

7. **SERVICES TO BE PROVIDED BY THE LANDLORD**. The Landlord shall provide the following services to the Premises.

A. Water from city mains, drawn through fixtures installed by the Landlord for drinking, lavatory, and toilet purposes, including a reasonable amount of hot water, together with sanitary sewer lines. The Landlord reserves the right to provide a separate meter(s) for the Premises and to require the Tenant to pay for its use of water and sanitary sewer billed to such meter(s).

B. Electrical wiring system in the Premises for standard electrical receptacles and lighting fixtures. The electrical system may be used only for normal equipment and accessories. Replacement lighting tubes, lamps, bulbs, and ballasts required for the overhead lighting fixtures in the Premises will be installed at the Tenant's expense. Landlord shall at all times furnish the Premises with electric current for lighting and office use including, without limitation, electric current to power the central heating and air conditioning systems serving the Premises.

C. A separate meter has been provided for the Premises and the Tenant is required to pay for its use of electricity and gas billed to such meters.

D. Repair and maintenance and electric lighting services for all common areas including repair, maintenance, and snow removal service for the outside parking facilities, related driveways, and sidewalks at all times.

E. Landscaping service for the grounds.

F. The Landlord does not warrant that any of the services above mentioned will be free from interruptions caused by repairs, renewals, improvements, alterations, strikes, lockouts, accidents, inability of the Landlord to obtain fuel or supplies, or any other cause beyond the reasonable control of the Landlord. Any interruption of any such service will not constitute an eviction or disturbance of the Tenant's use and possession of the Premises, or any part thereof, or render the Landlord liable to the Tenant for damages, or relieve the Tenant from performance of the Tenant's obligations under this Agreement. The Landlord will use reasonable efforts to promptly remedy any situation which has interrupted any such services.

8. **LANDLORD'S TITLE.** The Landlord's title is and always shall be paramount to the title of the Tenant, and nothing contained in this Agreement authorizes the Tenant to do any act which may encumber the title of the Landlord. The Tenant covenants and agrees that it will, upon the written request of the mortgagee or purchaser, attorn thereto and execute, acknowledge and delivery any instrument that has for its purpose and effect subordination of this lease to the mortgage provided that such instrument shall, at the Tenant's request, also contain provisions constituting a Non-Disturbance Agreement as that term is defined in Section 25B hereof.

9. **ASSIGNMENT AND SUBLETTING.**

A. **Tenant.** The Tenant may not assign or transfer all or any part of its right and interest under this Agreement, and may not sublet or permit the use and occupancy of all or any part of the Premises, to or by a third party without the prior written consent of the Landlord. The Landlord's consent under this Section 9 shall be in its absolute discretion subject to such commercially reasonable conditions as Landlord may impose. If the Landlord grants its consent then all consideration paid by such third party, including any amounts in excess of the rent due under this Agreement, shall be paid directly to the Landlord, and the Tenant shall be responsible to the Landlord for any deficiency between such consideration and the rent and other monies due under this Agreement.

B. **Landlord.** The Landlord named in this Agreement may transfer and assign, in whole or in part, all of its rights and obligations under this Agreement and in the Real Estate. After such transfer or assignment the Landlord named in this Agreement will have no further liability to the Tenant under this Agreement for the obligations assumed by the assignee or transferee from and after the date of such assumption.

10. **DAMAGE OR DESTRUCTION.**

A. **Notification.** Tenant shall give prompt notice to Landlord of (i) any occurrence in or about the Premises for which Landlord might be liable, and (ii) any fire or other casualty upon the Premises.

B. **Total Destruction.** If the Premises or the Building as a whole shall be totally destroyed by fire or other casualty, or if the Building or portion of the Premises shall be so damaged by fire or other casualty that (in the opinion of a reputable contractor or architect designated by Tenant) its repair or restoration (i) would require more than one hundred eighty days (180) days or (ii) would require the expenditure of more than fifty percent (50%) of the full insurable value of the Premises immediately prior to the casualty, Tenant and Landlord shall have the option to terminate this Lease within fifteen (15) days after such contractor or architect has delivered its written determination to Tenant and Landlord. In such event, Tenant or Landlord shall provide the other party with a termination notice and the termination shall be effective on the date of receipt of notice by the other party.

C. **Repair Provision.** If the Building or portion of the Premises shall be damaged by fire or other casualty and Tenant does not, or is not permitted to, terminate this Lease, then Landlord shall repair the damage and restore and rebuild the Building or portion of the Premises or both with reasonable dispatch after Landlord has collected the insurance proceeds attributable to such damage. Any such work by Landlord shall restore the Building or portions of the Premises, or both, to substantially their condition immediately prior to the casualty, to the extent that the same is feasible (subject to those changes which Tenant reasonably deems desirable and to any changes in building and other governmental codes and regulations), so as to constitute a complete and tenantable Premises. In the event Landlord has not substantially completed the repairs and/or restoration within one hundred eighty (180) days following the date of the casualty, then Tenant shall have the right to terminate this Lease upon written notice to Landlord.

D. **Rental Abatement.** If the Building or portion of the Premises shall be damaged or destroyed by fire or other casualty thereby causing the Building or portion of the Premises to be totally or partially unusable, the Rent shall be abated in the proportion that the unusable area of the Premises bears to the total area of the premises, for the period from the date of such damage or destruction to the date the damage or destruction shall be substantially repaired or restored. If Tenant is required to close its operations while such repairs are made, as reasonably determined by Tenant, the Rent shall fully abate during such period of repair while such operations have ceased and the Premises are closed. If Tenant continues to operate on the Premises during such repairs, but is unable to use a substantial portion of the Premises, then the rent shall be prorated in the proportion which the area of unusable leased space bears to the total Premises for the period that said space is unusable. Landlord will not be liable for business losses to Tenant by reason of damage to the Premises.

11. **SIGNS.** The Tenant shall pay for all signs related to the Tenant's use of the Premises. No sign, advertisement, or notice may be inscribed, painted or affixed on any part of the outside of the Premises or the Building by Tenant, without Landlord's consent which shall not be unreasonably withheld, except on the doors of the Premises and on the Building's directory board, and then at Tenant's expense and only of such color, size, style and material as is reasonably approved by Landlord in writing. At the expiration of the Term, Tenant shall remove all of Tenant's signs from the Building and Land.

12. **ALTERATIONS.**

A. **Procedural Requirements.** Tenant may, from time to time and without Landlord's prior consent but only after delivery or prior notice thereof to Landlord, make such alterations, decorations, additions or improvements in and to the Premises (collectively, "Alterations"), excluding Major Alterations (as defined below), at Tenant's expense, as Tenant considers reasonably necessary or useful for the conduct of its business in the Premises. In the case of any Alterations that materially adversely affect the structural integrity of the Building or any of the electrical, mechanical or plumbing systems of the Building (collectively, "Major Alterations"), Tenant shall obtain Landlord's consent prior to making the Major Alteration. In order to obtain Landlord's consent for a Major Alteration, Tenant shall request such consent in writing and include with its request a reasonably detailed description of the proposed Major Alteration. Landlord's consent shall not be unreasonably withheld, conditioned or delayed, and Landlord shall respond to Tenant's request within fifteen (15) days after the date of Landlord's receipt of Tenant's request. If Landlord is not willing to give its consent, Landlord shall specify the reasons in a written notice to Tenant. If Landlord fails to respond with specificity to Tenant within such fifteen (15) day period, Landlord will be deemed to have consented to the requested Major Alteration.

B. **Performance of Alterations.** Tenant shall give Landlord at least fifteen (15) days prior notice before commencing any Alteration and shall include with such notice a reasonably detailed description of the Alteration. Tenant, at its expense, shall obtain all necessary governmental permits and certificates for the commencement and prosecution of the Alterations and for the final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and in compliance with all laws. Tenant shall also procure appropriate insurance coverage regarding the performance and installation of the Alterations. The Alterations shall be diligently performed in a good and workmanlike manner, using materials and equipment at least equal in quality and class to the materials and equipment used in the construction of the Building.

C. **Lien Prohibition.** Tenant shall not permit any mechanics' or materialmens' liens to attach to the Premises. Tenant shall and hereby does indemnify and hold Landlord harmless from and against any and all mechanics' and other liens and encumbrances filed in connection with any Alterations and against all costs, expenses, and liabilities (including reasonable legal fees) incurred in connection with any such lien or encumbrance or any action or proceeding brought thereon. Tenant, at its expense, shall procure the satisfaction, bond off or discharge of record of all such liens and encumbrances within ninety (90) days after the date of filing thereof. In the event Tenant has not so performed, Landlord may, at its option, pay and discharge such liens, provided Landlord first gives notice to Tenant of its intent to pay and discharge such liens and Tenant fails to pay and discharge same within fifteen (15) days of receiving Landlord's notice. In the event Landlord pays and discharges any such liens, Tenant shall be responsible to reimburse Landlord for all costs incurred in connection therewith, which costs shall include reasonable legal fees, together with interest thereon at the rate of twelve percent (12%) per annum from the date such costs were incurred until the date when they are paid.

D. **Upon the Expiration Date.** Upon the Expiration Date, Tenant shall have the obligation to remove from the Premises all Major Alterations as specified in writing by Landlord to Tenant which writing shall be given at least one hundred eighty (180) days prior to the Expiration Date.

13. **USE OF THE PREMISES**.

A. **Specific Use.** The Tenant shall occupy and use the Premises during the Term for the purposes specified in Section 3 and none other.

B. **Unlawful Use.** The Tenant may not make or permit any use of the Premises which, directly or indirectly, is forbidden by public law, ordinance, or government regulations which may be dangerous to life, limb or property, or which may invalidate or increase the premium cost of any policy of insurance carried on or covering the Building and its operations.

C. **Obstruction.** The Tenant may not create or maintain a nuisance in the Premises, may not disturb, solicit or canvass any occupant of the Building, and may not obstruct or use for storage or for any purpose other than ingress and egress the driveways, parking areas, sidewalks, entrances, courts, corridors, vestibules, halls, elevators, and stairways of the Building

D. **Noise or Odor.** The Tenant may not make or permit any noise or odor that is objectionable to other occupants of the Building to emanate from the Premises, may not create or maintain a nuisance in the Premises, may not disturb, solicit or canvass any occupant of the Building and may not do any act tending to interfere with the quiet enjoyment of the leased space in the Building by other tenants.

E. **Equipment Installation.** Tenant may not install any machinery, mechanical equipment, electronic equipment, air conditioning equipment or aerial wires inside or outside the Building without, in each and every case, prior written consent of Landlord (not to be unreasonably withheld or delayed) so that other occupants of the Building will not be disturbed.

F. **Locks.** Tenant may not attach additional locks or similar devices to any door or window without Landlord's consent which shall not be unreasonably withheld, denied or delayed and, upon the termination of this Agreement or of the Tenant's possession, shall surrender all keys to the Premises and shall explain to the Landlord all combination locks on safes, cabinets, and vaults.

G. **Security.** The Tenant shall be responsible for locking the doors and closing the transoms and windows in and to the Premises.

H. **Windows.** Tenant may not install any blinds, shades, awnings, or other form of inside or outside window covering or window ventilators or similar devices without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, denied or delayed.

I. **Floor Load.** The Tenant may not overload any floor, shall route and locate safes and other heavy articles as the Landlord may reasonably direct, shall bring safes, furniture, and all large articles through the Building and onto the Premises at such times and in such manner as the Landlord reasonably directs and at the Tenant's sole risk and responsibility.

J. **Electrical Load.** The Tenant may not install in the Premises any equipment which uses a substantial amount of electricity without the advance written consent of the Landlord, which consent shall not be unreasonably withheld, denied or delayed, shall ascertain from the Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Building and the Premises and the needs of other tenants in the Building, and, notwithstanding the Landlord's consent to such installation, may not use more electricity than such safe capacity.

K. **Supplementary Air.** The Tenant shall be responsible for the cost of modification, installation, maintenance, repair, and additional operating and utility expenses related to any supplementary air conditioning required by heat generating machines or equipment used by the Tenant.

L. **Obstruction.** The Tenant may not unreasonably cover or obstruct the windows and doors that reflect or admit light or air into the halls, corridors or other public places in the Building.

M. **Plumbing.** The Tenant may not use the water and wash closets and other plumbing fixtures for any purposes other than those for which they were constructed

N. **Other.** The Tenant may not in any way deface any part of the Premises or the Building.

14. **REPAIRS AND MAINTENANCE.**

A. **Tenant Responsibilities.** The Tenant shall maintain the Premises and the fixtures in the Premises and shall keep the Premises in good condition at the Tenant's expense during the Term, including the replacement of all interior broken glass and exterior glass broken by the Tenant with glass of the same size and quality. Tenant shall be responsible for all necessary repairs and replacements of an ordinary, interior non-structural nature. If the Tenant does not make necessary repairs within a reasonable time and adequately, the Landlord may, but need not, make such repairs and the Tenant shall promptly pay the Landlord for the cost thereof as additional rent. On the expiration of the Term or on earlier termination or cancellation of this Agreement, the Tenant shall surrender the Premises and the Landlord's fixtures in as good condition as of the time of delivery to the Tenant, subject to reasonable wear and tear. All injury to the Building or fixtures caused by moving of the Tenant in and out of the Building caused by the Tenant and any damage done by water, steam, electricity, fire or other substances to the Building or fixtures, or to the property of other tenants in the Building caused by the Tenant may be repaired by the Landlord at the expense of the Tenant, and the cost thereof shall become immediately due and payable by the Tenant as additional rent upon the delivery of a statement of such costs by the Landlord to the Tenant, or mailing the same, postage prepaid, to the Tenant at its last known address.

B. **Landlord Representation and Responsibilities.** Landlord shall be solely responsible for, without reimbursement by Tenant, all required or necessary maintenance, repairs, additions or replacements (i) required due to defective work or materials, (ii) of a structural nature (including, but not limited to, roof, slabs, columns and beams, decks, foundations and walls), (iii) which relate to the roof, storm drainage, sanitary waste disposal equipment, fixtures and systems within the Building or which serve the Premises (other than those items constituting Operating Expenses), or (iv) repairs or replacements of an extraordinary nature. Landlord hereby represents and warrants to Tenant that as of the Commencement Date (a) the Building and the Premises, and all systems and equipment servicing them, shall be in good working order and repair, (b) the Building shall be free from defects in workmanship and material, and (c) the Building shall comply with all applicable building codes and other legal requirements including, without limitation, the Americans with Disabilities Act.

15. **EMINENT DOMAIN.** If the Building, or any part thereof, which prevents the operation of the Tenant's business shall be taken or condemned by a competent authority for any public use or purpose, the Term shall end upon, and not before, the date when the possession of the part so taken shall be required for such use or purpose. The Tenant may not share in the condemnation award, except for its personal property and relocation awards, if any.

16. **ENVIRONMENTAL CONDITIONS.**

A. **Compliance with Laws.** As a principal element of the consideration for the lease of Premises to the Tenant by the Landlord, the Tenant acknowledges and agrees that it is familiar and shall comply with all applicable federal, state, and local statutes, laws, rules, regulations, and ordinances (collectively, the "Laws") relating to the use, handling and disposal of hazardous and toxic substances and wastes ("Hazardous Substances"), including all air, water, soil, solid waste and other environmental requirements, as an operator of a business on the Premises under this Agreement, including any community right-to-know rules and regulations. The Tenant agrees to comply with all of the Laws, to obtain all applicable permits, and to file all required notices and reports during the Term and the Tenant's possession of the Premises.

B. **Intent to Handle Hazardous Substances.** The Tenant shall check this box if the Tenant intends or expects to handle or dispose of any Hazardous Substances on the Premises or the Real Estate. The Tenant shall immediately notify the Landlord in writing if the Tenant does not now intend or expect to handle or dispose of any Hazardous Substances on the Premises or the Real Estate, but does handle or dispose of any Hazardous Substances during the Term.

C. **Containers; Spill Catchments.** The Tenant may install or use above-ground or underground storage tanks or containers only in strict accordance with the Laws and only with the prior written consent of the Landlord, which consent shall not be unreasonably withheld, delayed or denied, and according to such commercially reasonable standards and restrictions as may be imposed by the Landlord. The Tenant shall provide secondary container or spill catchments devices to effectively prevent any spill or overflow related to the filling of any aboveground or underground tanks from contaminating the soil or ground water. With respect to each tank and container located in or on the Premises or the Real Estate, the Tenant shall label each container as to the contents in each such container. If the container holds any Hazardous Substances, the label shall specify the Hazardous Substance or Substances contained.

D. **Site Assessment by Tenant.** At such time as the Landlord has reason to believe a Hazardous Substance may be present in or on the Real Estate by reason of a spill or other discharge of a Hazardous Substance, or otherwise, the Tenant, shall within forty-five (45) days after written request from the Landlord, provide the Landlord with an environmental site assessment or environmental audit report prepared by an environmental engineering firm reasonably acceptable to the Landlord, to assess with a reasonable degree of certainty the presence or absence of any Hazardous Substance and the potential costs in connection with abatement, cleanup or removal of any hazardous substance found on, under, at or within the Real Estate. If the assessment or report shows the presence of any Hazardous Substance, the Tenant shall pay all costs related to the preparation of the report and assessment and to the required remediation. If the report does not show the presence of any Hazardous Substance or it shows the presence of Hazardous Substance that pre-existed the Commencement Date, Tenant shall deduct the cost of the report from the next following payment of Rent hereunder payable to Landlord. For purposes of determining a baseline for Hazardous Substances in or on the Land, Landlord shall provide Tenant and its representatives with access to the Premises prior to the Commencement Date so that Tenant may have a Phase I Environmental Assessment performed and a written report prepared ("2006 Phase I Report"). Tenant shall provide a copy of the 2006 Phase I Report to Landlord. Tenant shall have no obligations to remediate any actual or potential Hazardous Substances referenced or described in the 2006 Phase I Report.

E. **Site Assessment by Landlord.** In the event of a default by Tenant that has not been remedied within a reasonable time following written notice, the Landlord (or its representatives) may visit the Real Estate and perform or cause to be performed environmental site investigations and assessments ("Site Assessments") on the Real Estate for the purpose of determining whether there exists in or on the Real Estate any environmental condition which could result in any liability, cost or expense to any owner or occupier of the Real Estate. Such Site Assessments may include both above and below the ground testing as may be necessary to properly conduct the Site Assessments in the opinion of the persons conducting the Site Assessments (the "Site Reviewers"). The Tenant shall supply to the Site Reviewers such historical and operational information regarding the Premises and the Land as may be requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. The cost of performing all Site Assessments shall be paid by the Tenant within five days after written demand by the Landlord, and thereafter shall bear interest at the rate of twelve percent (12%) per annum.

F. **Environmental Indemnification.** (i) The Tenant shall indemnify, release, discharge, defend and hold the Landlord harmless from and against, and shall assume, any and all liability including, without limitation, all liability for reporting, assessment, investigation, removal and remediation, and all costs and expenses, arising out of, as a result of, or in connection with any failure of the Tenant or its employees, agents or assigns, to comply with any of the Laws and any and all contamination or the results thereof in the air, soil, and ground water at the Premises and the Real Estate, or at a disposal site to which waste materials generated by the Tenant at the Premises or the Real Estate, or elsewhere, were disposed, as well as any and all releases of contamination from the Premises or the Real Estate caused by or contributed to by the Tenant during the Term and the Tenant's possession of the Premises. However, Tenant's indemnification and other obligations to Landlord in the immediately preceding sentence due to releases of contamination from the Premises contributed by Tenant shall be limited to the proportion that the contamination of the Premises contributed by Tenant bears to the total amount of contamination of the Premises. The Tenant's obligations under this paragraph shall arise on the discovery of any violation of or non-compliance with any Law by the Tenant, or the contamination of the Premises or the Real Estate, whether or not any federal, state or local agency has taken or threatened any action. The foregoing indemnification of Landlord by Tenant shall be limited to any liability directly associated with the change of condition of the Land or the Premises after the Commencement Date.

(ii) Landlord shall indemnify, release, discharge, defend and hold Tenant harmless from and against, and shall assume any and all liability including, without limitation, all liability for reporting assessment, investigation, removal and remediation and all costs and expenses, arising out of, as a result of, or in connection with, any Hazardous Substances existing, prior to the Commencement Date, in or on the Land any and all contamination or the results thereof in the air, soil and ground water in or on the Land.

G. **Survival of Section.** The provisions in this Section 16 shall be in effect from the date of this Agreement, shall apply whether or not the Tenant subsequently subleases the Premises, or any part of the Premises, to any third party, and shall remain in effect and shall survive the termination or expiration of this Agreement.

17. **RIGHTS RESERVED TO LANDLORD.** The Landlord reserves all rights incident to its ownership of the Building, including, but not limited to, the right (a) to change the name or street address of the Building without notice or liability; (b) to install and maintain signs on the exterior of the Building; (c) to designate all sources furnishing sign painting and lettering used on the Premises; (d) if, during or prior to termination of this Agreement, Tenant permanently vacates the Premises, to decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy; (e) to have pass keys to the Premises; (f) to exhibit the Premises during the last 180 days of the Term; (g) to take any and all commercially reasonable measures, including inspections, repairs, alterations, additions, and improvements to the Premises or to the Building as may be necessary or desirable for the safety, protection, or preservation of the Premises or the Building or the Landlord's interest therein, or as may be necessary or desirable in the operation of the Building. The Landlord may enter upon the Premises and may exercise any or all of the foregoing rights hereby reserved without being deemed liable for an eviction or disturbance of the Tenant's use or possession and without being liable in any manner to the Tenant.

18. **HOLDING OVER.** If the Tenant retains possession of the Premises, or any part thereof, after the termination of this Agreement by lapse of time or otherwise, the Tenant shall pay to the Landlord rent at one and one-half(1 1/2) times the rate of the then current rental specified in this Agreement for the time that the Tenant thus remains in possession. If the Tenant remains in possession of the Premises, or any part thereof, after the termination of the term by lapse of time or otherwise, the Landlord may thereafter terminate the tenancy immediately and without notice. The provisions of this Section 18 do not waive the Landlord's right of re-entry or any other right under this Agreement.

19. **NOTICE AND PAYMENTS.** Any notice which the Landlord may desire or be required to give the Tenant shall be deemed sufficiently given or rendered if delivered in writing to the Tenant and sent by certified or registered mail, addressed to the Tenant at the Premises, return receipt requested or sent overnight by a reputable overnight courier service. All payments to the Landlord and any notice which the Tenant may desire or be required to give the Landlord shall be deemed sufficiently given or rendered if delivered in writing to the Landlord personally or sent by certified or registered mail, return receipt requested or sent overnight by a reputable courier service, addressed to the Landlord, c/o Holladay Property Services Midwest, Inc. P.O. Box 1331, South Bend, IN 46624, or at such other place as the Landlord may from time to time designate in writing.

20. **DEFAULT BY TENANT.**

A. **Tenant's Default.** If, during the Term, any one of the following shall happen, it shall constitute a "Default" under this Lease by Tenant:

(i) Tenant fails to pay Rent or additional rent due hereunder when such sum is due and such failure continues and is not remedied within ten (10) days after the date Tenant receives written notice thereof from Landlord;

(ii) Tenant fails to comply with any provision of this Lease (other than a failure in any payment due hereunder which is addressed by Section 20A(i) above) and such failure continues and is not remedied within forty-five (45) days after the date Tenant receives written notice thereof from Landlord; provided, however, that if the failure cannot, by its nature, be cured within such forty-five (45) day period, but Tenant has commenced and is diligently pursuing a cure of such failure, then no Default shall be deemed to have happened so long as Tenant remedies the failure within a reasonable period of time; or

(iii) the filing of a petition is made against Tenant for adjudication of it as a bankrupt or insolvent, or for its reorganization, or the appointment of a receiver or trustee for the benefit of its creditors, if such petition is not dismissed within sixty (60) days of filing (so long as Tenant continues to pay Rent hereunder during such sixty (60) day period); or the filing of such a petition is made by Tenant; or an assignment is made by Tenant for the benefit of creditors; provided, however, that none of the foregoing shall constitute a Default if no other Default has occurred and is continuing and if Tenant continues to utilize the Premises during any such proceeding in the usual course of business (and not for purposes of liquidation of a bankrupt estate) and fully and faithfully performs all of the terms and conditions of this Lease to be performed by Tenant.

B. **Landlord's Remedies.** If a Default has occurred and is continuing, then the Landlord may, without being liable for prosecution or claim for damages, enter into and upon the Premises, or any part thereof, and repossess the same, with or without terminating this lease and without prejudice to any of its remedies for rent, entry, possession, damages, or breach of covenant and may, at its option, terminate this Agreement by giving written notice of its election to do so or may, at its option, lease the Premises, or any part thereof, as the agent of the Tenant, or otherwise and may, at its option, upon written notice to Tenant, declare all amounts due during the entire term of this lease to be immediately due and payable and Tenant shall pay to Landlord as liquidated and agreed upon final damages (in lieu of all current damages beyond the date of such demand, it being agreed that it would be impracticable or extremely difficult to fix the actual damage), an amount equal to all Rent and other sums required to be paid by Tenant to and including the date of such termination or repossession, plus the excess, if any, of (a) Rent and all other sums which would be payable by Tenant under this Lease for the remainder of the Term, discounted to present value at a rate of six percent (6%) per annum, over (b) the then fair rental value of the Premises for the same period discounted to present value at the same rate of interest per annum. If any statute or rule of law shall validly limit the amount of such liquidated damages to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such statutory rule of law. In the event Landlord does not elect to accelerate all future rentals, then the Tenant shall, without demand or further process of law, pay to the Landlord at the end of each month during the Term the difference between the rent due to the Landlord from the Tenant under this Agreement, including any increases in rent due under this Agreement, and the net receipts, if any, being received by the Landlord from the Premises (such net receipts to be calculated by deducting from the gross receipts the expenses incurred by the Landlord in connection with the re-letting of the Premises and performing the Tenant's obligations under this Agreement). If the rent for re-letting the Premises is higher than the monthly rent under this Agreement, then such excess rent shall belong to the Landlord and the Tenant will have no claim or right thereto. The failure or delay of the Landlord in taking any action or pursuing any remedy in the event of a default by the Tenant may not be considered a waiver or consent by the Landlord.

C. **Landlord's Enforcement Costs.** The Tenant shall pay upon demand all the Landlord's costs, charges, and expenses, including reasonable fees of attorneys, agents, and others retained by the Landlord incurred in enforcing the Tenant's obligations under this Agreement or incurred by the Landlord in any litigation, negotiation, or transaction in which the Tenant causes the Landlord to become involved or concerned.

21. **FINANCIAL STATEMENTS.** From time to time upon written request, Landlord has the right to ask Tenant to provide financial statements reflecting the Tenant's current financial condition.

22. **DEFAULT BY LANDLORD.** If the Premises, or any part thereof, are at any time subject to a mortgage, a deed of trust, or a similar lien instrument, and this Agreement or the rentals are assigned to such mortgagee, trustee, or beneficiary, and the Tenant is given written notice thereof, including the post office address of such assignee, then the Tenant may not terminate this Agreement for any default on the part of the Landlord without first giving written notice by certified or registered mail, return receipt requested, to such assignee, to the attention of the mortgage loan department, specifying the default in reasonable detail, and affording such assignee a reasonable opportunity to make performance at its election for and on behalf of the Landlord.

23. **LIABILITY INSURANCE AND INDEMNIFICATION.**

A. **Required Coverage.** The Tenant shall maintain, and provide to the Landlord acceptable evidence of commercial general liability insurance of not less than $1,000,000 per occurrence combined single limit for bodily injury and property damage with a $2,000,000 aggregate. The landlord shall be designated as an additional insured with the right to notice of cancellation or amendment ten days prior to the effective date thereof. Said insurance shall be maintained during the Term.

B.1 **Indemnification-Landlord.** The Tenant shall indemnify, defend, and save the Landlord harmless against and from all losses, liabilities, costs, damages, and expenses, including reasonable engineers', architects' and attorneys' fees, which may be incurred by or asserted against the Landlord by reason of or in respect to any of the following occurring during the Term:

(i) Any work or thing done by the Tenant in, on, or about the Premises, or any part thereof;

(ii) Any use, non-use, possession, occupation, condition, operation, maintenance, or management by the Tenant of the Premises, or any part thereof;

(iii) Any negligence on the part of the Tenant, Tenant's agent or Tenant's customers occurring in the Premises and the Building, and on the Building Site.

B.2 **Indemnification-Tenant**. The Landlord shall indemnify, defend, and save the Tenant harmless against and from all losses, liabilities, costs, damages, and expenses, including reasonable engineers', architects' and attorneys' fees, which may be incurred by or asserted against the Tenant by reason of or in respect to any of the following occurring during the Term:

(i) Any work or thing done, or not done, by the Landlord in, on, or about the Premises, or any part thereof;

(ii) Any use, non-use, possession, occupation, condition, operation, maintenance, or management by the Landlord of the Premises, or any part thereof;

(iii) Any negligence or willful misconduct on the part of Landlord occurring in the Premises and the Building, and on the Building Site;

C. **Defense.** (i) If any action or proceeding is brought against the Landlord, or the Real Estate by reason of any losses, liabilities, costs, damages, or expenses incurred by or asserted against the Landlord, by reason of or in respect to any of the matters or things set forth in Section 23 B1, the Tenant shall, upon written notice from the Landlord and at the Tenant's expense, resist or defend such action or proceeding. The Tenant agrees to give the Landlord prompt written notice of any claim, action, or proceeding brought or threatened against the Landlord, the Tenant, or the Real Estate.

(ii) If any action or proceeding is brought against Tenant, or the Premises by reason of any losses, liabilities, costs, damages, or expenses incurred by or asserted against Tenant, by reason of or in respect to any of the matters or things set forth in Section 23B.2, Landlord shall, upon written notice from Tenant and at Landlord's expense, resist or defend such action or proceeding.

Landlord agrees to give Tenant prompt written notice of any claim, action or proceeding brought or threatened against Tenant, Landlord or the Premises.

D. **Limited Liability.** To the extent permitted by law, the Landlord will not be liable for any damage, either to person or property (except damage willfully or wantonly caused by the Landlord), sustained by the Tenant or by other persons due to the Real Estate, or any part thereof, being out of repair or due to the happening of any accident in or about the Real Estate or due to any act of negligence of any tenant or occupant of the Building or of any other person. This limitation as to liability shall apply only to the Landlord. Notwithstanding anything herein to the contrary, all claims for indemnification and other recoveries sought from or against Tenant shall be limited to direct, proximity caused damages and shall exclude all consequential or indirect damages.

E. **Waiver of Subrogation.** Any provision of this Lease to the contrary notwithstanding, Landlord and Tenant hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise (a) from any and all liability for any loss or damage to the property of the releasing party, (b) for any loss or damage that may result, directly or indirectly, from the loss or damage to such property (including rental value and business interruption), and (c) from legal liability for any loss or damage to property (no matter who the owner of the property may be), all to the extent that the releasing party's loss or damage is insured or, if not insured, was insurable under commercially available "all risk" property insurance policies, including additional coverages typically obtained by owners and tenants of comparable premises, even if such loss or damage or legal liability shall be caused by or result from the fault or negligence of the other party or anyone for whom such party may be responsible and even if the releasing party is self insured, in whole or in part, or the amount of the releasing party's insurance is inadequate to cover the loss or damage or legal liability. It is the intention of the parties that Landlord and Tenant shall look solely to their respective insurance carriers or self-insurance programs for recovery against any such property loss or damage or legal liability, without (in the case of third party coverage) such insurance carriers having any rights of subrogation against the other party.

24. **ESTOPPEL CERTIFICATES.**

A. **Tenant Estoppel Certificate.** The Tenant agrees that at any time and from time to time, upon not less than seven days prior written request by the Landlord, the Tenant shall execute, acknowledge and deliver to the Landlord a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if there have been modifications, stating the modifications, and that this Agreement, as so modified, is in full force and effect), the commencement and termination dates of this Agreement, that the Tenant has accepted the Premises, the date to which the rental and other charges have been paid in advance, whether or not to Tenant's knowledge, Landlord is in default in the performance of its obligations or whether an event has occurred which with the giving of notice or passage of time, or both, would constitute default of Landlord under this Lease and, if so, specifying each such default and shall contain such other certifications which are reasonably requested from Landlord by its prospective purchaser or prospective lender. It is intended that such certificate may be relied upon by prospective purchasers of the Landlord's interest in the Premises or by the mortgagee or assignee of any mortgage on the Landlord's interest in the Premises. Tenant understands that its failure to meet its obligations under this section will cause financial damages to Landlord and Tenant agrees to indemnify and hold Landlord harmless from such damages.

25. **SUBORDINATION AND NON-DISTURBANCE.**

A. **Subordination and Non-Disturbance.** Subject to Tenant's receipt of a Non-Disturbance Agreement (as defined below), this Lease and the estate, interest and rights hereby created are subordinate to any present or future mortgage or mortgages placed upon the Premises or any estate or interest therein on or after the Commencement Date, and to all renewals, modifications, consolidations, replacements and extensions of the same, and any substitutes therefore. Tenant agrees that in the event any person, firm, corporation or other entity (including any mortgagee) acquires the right to possession of the Premises, Tenant shall, if requested by such person, firm, corporation or other entity, attorn to and become the tenant of such person, firm, corporation or other entity upon the same terms and conditions as are set forth herein for the balance of the Term. Notwithstanding the foregoing, any mortgagee may, at any time, subordinate its mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such mortgage without regard to their respective dates of execution and delivery, and in that event, such mortgagee shall have the same rights with respect to this Lease as if this Lease had been executed prior to the execution and delivery of the mortgage.

B. **Non-Disturbance.** The provisions of Section 25A above are subject, however, to the express condition that the holder of any mortgage to which this Lease is subordinate shall, within five (5) business days after the date any mortgage is recorded against the Land, deliver to Tenant a commercially reasonable form of non-disturbance agreement which is reasonably acceptable to Tenant (the "Non-Disturbance Agreement") which shall provide that if (and for as long as) no Default has occurred and is continuing, then (i) Tenant shall not be made a party to the foreclosure of any mortgage, or any action or proceeding by any mortgagee to recover possession of the Building, (ii) Tenant's possession shall not be disturbed, and (iii) this Lease shall not be canceled or terminated and shall continue in full force and effect upon such foreclosure or recovery of possession upon all the terms, covenants, conditions and agreements set forth in this Lease.

C. **Subordination and Attornment Provisions.** Although the subordination and attornment provisions of Section 25A are automatic (subject to the foregoing condition), if requested by the mortgagee, such Non-Disturbance Agreement shall also include subordination and attornment provisions reasonably acceptable to Tenant

26. **LIENS.** The Tenant may not do any act which in any way encumbers the interest or title of the Landlord in the Premises or the Real Estate, nor may the interest or title of the Landlord in the Premises or the Real Estate be in any way subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by the Tenant. The Tenant may not permit the Premises or the Real Estate to become subject to any mechanics', laborers' or material men's liens on account of labor or material furnished, or claimed to have been furnished, to the Tenant for or on the Premises or the Real Estate. At its election, the Landlord may (but is not required to) remove or discharge such lien, or claim for lien (with the right, in its discretion, to settle or compromise the same), and any amounts advanced by the Landlord for such purposes shall be additional rent immediately due from the Tenant to the Landlord.

27. **MISCELLANEOUS.**

A. The invalidity of any provision, clause, or phrase will not serve to render the balance of this Agreement ineffective or void. This Agreement shall be governed by the laws of the State of Indiana.

B. If the Landlord or the Tenant institutes legal proceedings against the other for breach of any of the covenants or conditions in this Agreement, then the successful party shall recover reasonable attorneys' fees and expenses from the other.

C. This Agreement shall be binding upon and inure to the benefit of the respective parties hereto, their heirs, executors, administrators, successors, and assigns. Any reference to the Tenant or the Landlord shall, for the purpose of determining liability for property damage, personal injury, and the like, be deemed to include the Tenant, the Landlord, his or its respective agents, employees, servants, partners, independent contractors, licensees, invitees, guests or visitors.

D. This Agreement supersedes and cancels all prior negotiations and agreements between the Landlord and the Tenant. This Agreement may be amended or altered only by written agreement signed by both the Landlord and the Tenant.

E. All amounts owed by the Tenant to the Landlord under this Agreement shall be deemed to be additional rent and shall be deemed due and payable on the fifth working day after the date the Landlord renders a statement of account therefore to the Tenant and shall bear interest at the rate of twelve percent (12%) per annum from the date due and payable until paid by the Tenant.

F. So long as tenant has paid the rent and all other charges under this Agreement and has performed all obligations under this Agreement, then Tenant shall have quiet possession of the Premises during the Term.

G. No consent or approval required of the Landlord in this Agreement may be unreasonably withheld.

H. Canvassing, soliciting and peddling on the Real Estate are prohibited, and the Tenant shall cooperate to prevent the same.

28. **RULES AND REGULATIONS.** The Landlord reserves the right to make commercially reasonable rules and regulations for the Premises and the Real Estate. The Tenant shall abide by all commercially reasonable rules and regulations adopted by the Landlord pertaining to the operation and management of the Premises and the Real Estate. If any rules and regulations adopted by the Landlord are contrary to the provisions of this Agreement, the terms of this Agreement shall govern.

29. **GUARANTY OF TENANT'S OBLIGATIONS.** Intentionally omitted.

30. **ADDITIONAL PROVISIONS.**

A. As a precondition to the effectiveness of this Lease, on or before the Commencement Date, Tenant shall provide Landlord with evidence that Tenant has secured Thirty Million Dollars ($30,000,000.00) in private equity funding. In the event such evidence is not provided to Landlord on at least sixty (60) days prior to the Commencement Date but in no event before January 1, 2007, then Landlord may terminate this Lease by written notice to Tenant given within ten (10) days of the Commencement Date.

B. On November 1, 2008, upon Landlord's request, Tenant shall deposit three months rent ("Security") with the Landlord, which shall be held by the Landlord, without liability for interest, as security for performance by the Tenant of all of its obligations under this Agreement. The Landlord may apply all or any part of the Security for payment of any rent or other money, damage, or loss sustained by the Landlord because of the Tenant's Default under this Agreement. If such application is made at any time during the Term, then the Tenant shall pay to the Landlord the amount so applied immediately after receipt of written demand from the Landlord. The Security shall be returned to the Tenant at the end of the Tenant's occupancy of the Premises if the Tenant is not then in default under this Agreement. The Landlord may transfer the Security to any transferee of the Landlord's interest in the Real Estate, and the Landlord will thereafter be discharged from any liability with respect to the Security.

31. **OPTIONS.**

A. **Renewal Options.** Provided no Default has occurred and is continuing, at the expiration of the initial Term hereof, Tenant shall have the option of extending the Term for one (1) additional two (2) year term (the "First Option Term") at a rental rate of $7.25 psf. Tenant may exercise this option by giving Landlord written notice of its intention on or before the date that is six (6) months before the expiration of the then-current term. At the expiration of the First Option Term, provided no Default has occurred and is continuing, Tenant shall have the option of extending the Term for one (1) additional two (2) year term (the "Second Option Term") at a rental rate of $7.50 psf. Tenant may exercise this option by giving Landlord written notice of its intention on or before the date that is six (6) months before the expiration of the then current term. At the expiration of the Second Option Term, Tenant shall have the option of extending the Term for one (1) additional five (5) year term (the "Third Option Term") at a rental rate of $7.75 psf for the first two years of the Third Option Term and a rental rate of $8.00 psf for the final three years of the Third Option Term. Tenant may exercise this option by giving Landlord written notice of its intention on or before the date that is six (6) months before the expiration of the then current term.

B. **Right of First Refusal to Purchase the Building.** In the event that Landlord shall desire to sell the Building, then Tenant shall have the privilege of purchasing the same pursuant to the terms and provisions of this Section 31B. Accordingly, Landlord agrees to give written notice to Tenant of its receipt of an offer, acceptable to Landlord, to purchase said Building, which notice shall contain the price and terms of the offer ("Sale Notice"). Tenant is hereby granted the right to purchase the Building for one hundred and one percent (101%) of the purchase price contained in the offer. Tenant shall have the option of exercising its rights hereunder within ten (10) business days from the date of Tenant's receipt of the Sale Notice. In the event that Tenant elects not to exercise its rights hereunder within said ten (10) business day period, Landlord shall be free to sell the Building to the prospective purchaser upon the same terms and conditions as that set forth in the Sale Notice, provided the sale of the Building to such proposed purchaser shall occur within one hundred twenty (120) days following the earlier of (i) Tenant's written notice that it will not exercise its rights hereunder or (ii) the expiration of the aforementioned ten (10) business day period and Tenant has not provided written notice of its election to exercise its rights hereunder. Should the sale of the Building not occur within one hundred twenty (120) days following the events described above, or should Landlord change the terms and conditions of the sale, Landlord shall have the obligation to re-offer the Building to Tenant as provided for above.

If Tenant fails to respond to any of Landlord's notices within the time periods specified herein, time being of the essence, Tenant shall be deemed to have waived this right of first refusal, and this right of first refusal shall be deemed null and void and of no further force or effect. If Tenant shall elect to purchase the Building as herein permitted, within sixty (60) days following Tenant's election notice on a date mutually agreeable to the parties, Landlord shall tender the following: (i) a fully executed bargain and sale deed with covenants against grantor's acts; (ii) an affidavit of title with such information as is customarily required; (iii) such other documents as are customarily required by a purchaser and/or title company in sale transactions in Indiana and Seller shall tender the purchase price as set forth above subject to customary adjustments.

32. **TENANT SELF-HELP.**

A. **Self-Help Events.** Landlord shall operate and maintain the Building as required by this Lease to allow Tenant's use of the Premises as permitted in this Lease. If, during the Term, Landlord fails to comply with this Section 32, such failure is not directly related to an act of Tenant, and such failure continues and is not remedied within fifteen (15) days after written notice thereof to landlord, such failure shall constitute a "Self-Help Event"; provided, however, that if the failure cannot, by its nature, be cured within such fifteen (15) day period, but Landlord has commenced and is diligently pursuing a cure of such failure, then no Self-Help Event shall be deemed to have happened so long as Landlord remedies the failure within a reasonable period of time.

B. **Tenant Rights.** If a Self-Help Event has occurred and is continuing, Tenant shall have the right to cure any failure of Landlord for the account of Landlord. Furthermore, if there is an emergency which constitutes an immediate threat to the Premises or Tenant's Property as a result of Landlord's failure to perform any obligation under this Lease, Tenant shall have the right to perform any obligation that Landlord has failed to perform for the account of Landlord, without giving the notice and opportunity for cure required for a Self-Help Event to have occurred; Tenant shall, however, give such notice as may be reasonable under the circumstances (which notice may, for this purpose, consist of telephone notice).

C. **Landlord's Reimbursement Obligation.** Landlord shall pay Tenant, upon demand, all reasonable costs incurred by Tenant in curing Landlord's failure or performing Landlord's obligations under Section 32B, together with interest thereon at the rate of eight percent (8%) per annum from the date that is thirty (30) days after the date Landlord receives from Tenant an invoice for such costs until the date such costs are paid. If Landlord fails to pay Tenant such amounts within thirty (30) days after demand therefore, Tenant may deduct an equivalent amount from the next installments of Rent due under this Lease until Tenant has deducted an amount equal to the amounts due from Landlord.

D. **Rights Cumulative.** The various rights, remedies and elections of Tenant reserved, expressed or contained herein are cumulative and no one of them shall be deemed to be exclusive of the others or of such other rights, remedies, options or elections as arc now or may hereafter be conferred upon Tenant by law.

Lease between

Landlord: **ASHLAND NORTHWEST PARTNERS L.P.**

By: /s/ John T. Phair Date: 10/18/06
John T. Phair

Tenant: **MONOSOL Rx, LLC**

By: /s/ Alexander M. Schobel Date: 10/24/06
Alexander M. Schobel
Printed Name

STATE OF Indiana)
) SS:
COUNTY OF Porter)

Before me, a Notary Public in and for said County and State, personally appeared

Alexander M. Schobel ,on behalf of

MonoSol Rx LLC ,the Tenant,

and acknowledged the execution of the foregoing Lease Agreement on 10/24, 2006.

My Commission expires:

2.12.2009 /s/ Marsha J. Ellis

Notary Public

Residing in Indiana

County of Porter

STATE OF Indiana)
) SS:
COUNTY OF St. Joseph)

Before me, a Notary Public in and for said County and State, personally appeared

John T. Phair , on behalf of

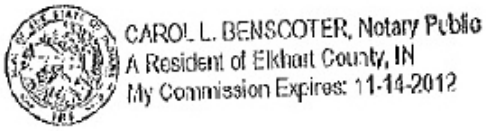
Ashland Northwest Partners, L.P. , the Landlord,

and acknowledged the execution of the foregoing Lease Agreement on 10-18, 2006.

My Commission expires:

11-14-2012 /s/ Carol L. Benscoter

Notary Public

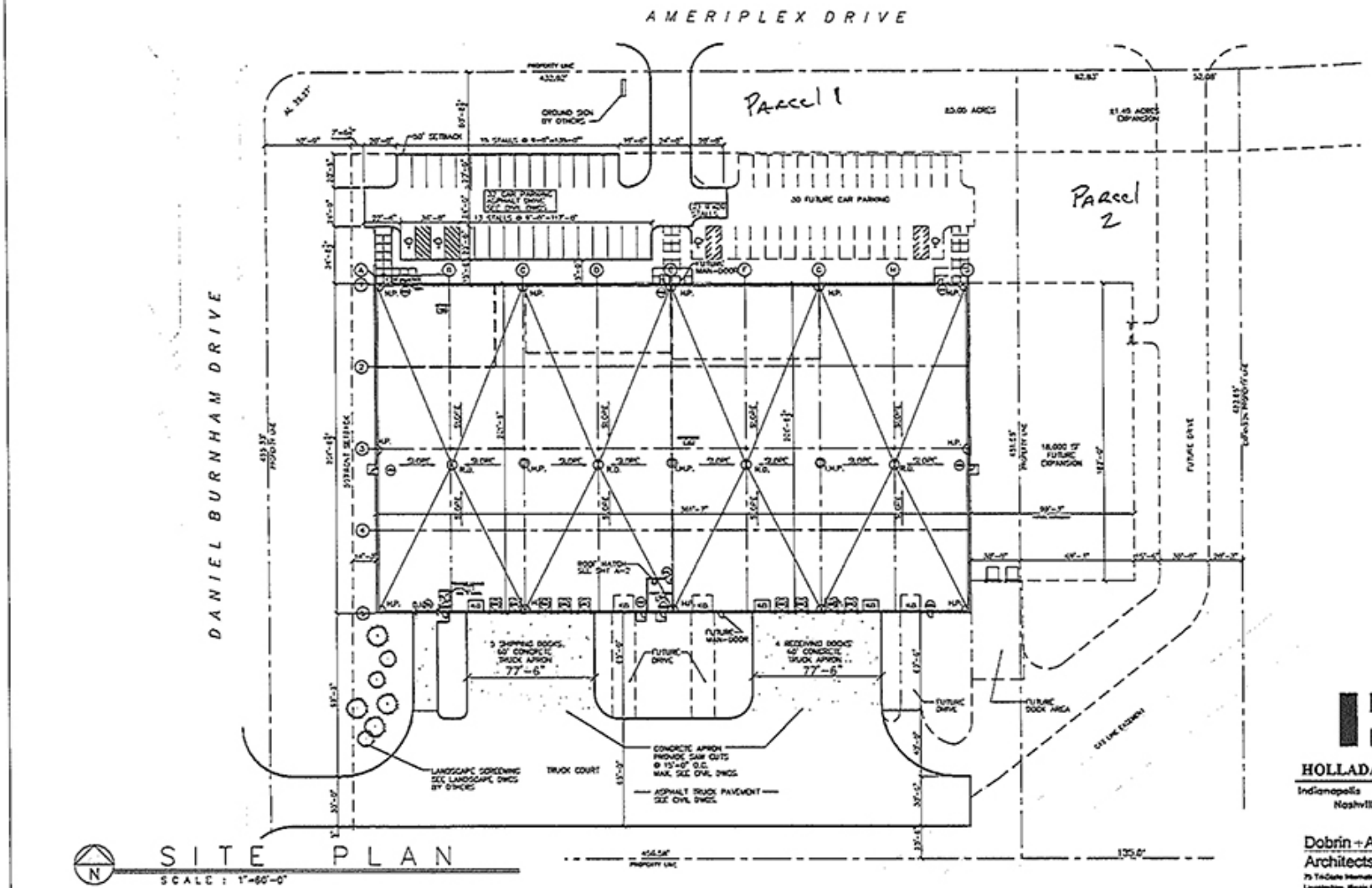


Residing in Elkhart

County of Indiana

AVENTIS PHARMACEUTICAL BUILDING

AMERIPLEX AT THE PORT
PORTAGE, INDIANA



SITE PLAN
SCALE : 1"=60'-0"

HOLLADAY PROPERTIES
Indianapolis Portage South Bend
Nashville Washington, D.C.

Dobrin + Associates, Ltd.
Architects / AIA

Exhibit A - Site Plan/Floor Plan

STATE OF INDIANA
COUNTY OF PORTER

LOCATION: 6465 AMERIPLEX DRIVE
PORTAGE, IN 46368

LEASE AMENDMENT NO. 1

This Lease Amendment ("Amendment") is made as of October 24, 2011, by and between **ASHLAND NORTHWEST PARTNERS L.P.** ("Landlord") and **MONOSOL RX LLC** ("Tenant") and modifies that certain lease agreement executed between Landlord and Tenant on October 24, 2006 (the "Lease").

WHEREAS, Landlord and Tenant executed that certain Lease dated October 24, 2006, whereby Landlord leased to Tenant, and Tenant accepted that part of the Ashland (the "Building"), identified as the entire building located at 6465 Ameriplex Drive consisting of approximately 72,912 square feet (the "Premises").

NOW THEREFORE, in consideration of the mutual covenants in said Lease and in this Amendment contained, it is mutually covenanted and agreed by and between Landlord and Tenant to amend said Lease as follows:

1. **TERM.** The term of this Lease shall be amended to reflect an Expiration Date of September 30, 2018.

2. **RENT.** Commencing October 1, 2011, the rent for the 72,912 square feet, shall be amended as follows:

Years 1-3	10/1/11 – 9/30/14	$7.00 psf	$42,532.00 per month
Years 4-5	10/1/14 – 9/30/16	$7.25 psf	$44,051.00 per month
Years 6-7	10/1/16 – 9/30/18	$7.50 psf	$45,570.00 per month

3. **OPTION TO RENEW.** Section 31. A. of the Lease is deleted and replaced in its entirety with the following: Provided no Default has occurred and is continuing, at the expiration of the initial Term hereof, Tenant shall have the option of extending the Term for one (1) additional four (4) year term from October 1, 2018 to September 30, 2022 (the "First Option Term") at a rental rate of $7.75 psf. Tenant may exercise this option by giving Landlord written notice of its intention on or before the date that is six (6) months before the expiration of the then-current term. At the expiration of the First Option Term, provided no Default has occurred and is continuing, Tenant shall have the option of extending the Term for one (1) additional four (4) year term from October 1, 2022 to September 30, 2026 (the "Second Option Term") at a rental rate of $7.75 psf with annual CPI adjustments after year 1. Tenant may exercise this option by giving Landlord written notice of its intention on or before the date that is six (6) months before the expiration of the then current term. The CPI adjustments will be based on the Annual Consumer Price Index (CPI) (Population Coverage: CPI-U; Area Coverage: U.S. City Average, Unadjusted; Series Title: All items; Index Base Period: 1982-84=100)

4. **EFFECTIVE DATE.** The effective date of this Amendment shall be as first written above.

THAT EXCEPT FOR THIS AMENDMENT, the aforesaid Lease of October 24, 2006 remains in full force and effect both Landlord and Tenant severally covenant and agree to perform each and every covenant thereof and to abide by the provisions thereof.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment the day, month and year first above written.

Landlord: **ASHILAND NORTHWEST PARTNERS L.P.**

By: /s/ John T. Phair Pres of GP Date: 10/24/11

Printed Name: John T. Phair

Tenant: **MONOSOL RX LLC**

By: /s/ Keith J. Kendall Date: 10/13/11

Printed Name: Keith J. Kendall

SECOND AMENDMENT TO LEASE AGREEMENT

This Second Amendment to Lease Agreement (the "Amendment") is made and entered into this 8th day of February, 2018, by and between Aquestive Therapeutics, Inc., a successor in interest to Monosol Rx LLC (Tenant) and Space Center Atlanta, Inc., a successor in interest to Ashland Northwest Partners LP (Landlord), and collectively the "Parties".

RECITALS:

- Monosol Rx LLC, as tenant, and Ashland Northwest Partners LP, as landlord, entered into a lease agreement on October 24, 2006 (the "Lease Agreement"), for a building commonly known as 6465 Ameriplex Drive, Portage, Indiana (the "Building").
- The Lease Agreement was subsequently amended by Monosol Rx LLC and Ashland Northwest Partners LP on October 24, 2011, Lease Amendment No. 1.
- On May 7, 2013, Space Center Atlanta, Inc. acquired the Building from Ashland Northwest Partners LP and the Lease Agreement was assigned by Ashland Northwest Partners LP to Space Center Atlanta, Inc. on that date.
- Effective Janaury 1, 2018, MonoSol Rx LLC converted from a Delaware Limited Liability Company to a Delaware Corporation and changed its name to Aquestive Therapeutics, Inc.
- The Parties desire to amend the Lease Agreement to reflect the above assignment and name change.

NOW, THEREFORE, in consideration of the foregoing recitals, the covenants and conditions set forth in this Amendment and other good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties agree as follows:

1. All references to "Ashland Northwest Partners LP" as Landlord contained in the Lease Agreement and Lease Amendment No. 1 are hereby deleted and replaced with "Space Center Atlanta, Inc."

2. All references to "Monosol Rx LLC" as Tenant contained in the Lease Agreement and Lease Amendment No. 1 are hereby deleted and replaced with "Aquestive Therapeutics, Inc."

3. Except as specifically modified in this Second Amendment to Lease Agreement, the terms and conditions of the Lease Agreement, as amended, shall remain in full force and effect.

THE SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Lease Agreement on the day first above written intending to be bound by its terms.

LANDLORD:	**TENANT:**
Space Center Atlanta, Inc.	**Aquestive Therapeutics, Inc.**
By: /s/ [Illegible]	**By:** /s/ [Illegible]
Its: Vice President	**Its:** Vice President, Finance
2/8/18	2/8/18

Exhibit 10.16

STOCK OPTION AGREEMENT
AQUESTIVE THERAPEUTICS, INC.

THIS STOCK OPTION AGREEMENT (this "***Agreement***") between Aquestive Therapeutics, Inc. (the "***Corporation***" or the "***Company***") and [_____] (the "***Optionee***") is made as of [_____], 2018 (the "***Grant Date***").

RECITALS

WHEREAS, the Corporation desires to award options with respect to shares of the Corporation's non-voting common stock, $0.001 par value per share ("***Shares***").

NOW, THEREFORE, in consideration of these premises and the agreements set forth herein, the parties, intending to be legally bound hereby, agree as follows:

1. Award of Option. The Corporation hereby grants to the Optionee, as of the Grant Date, the option (the "***Option***") to purchase [_____] Shares (the "***Option Shares***"). The Option is subject to the terms set forth herein. Capitalized terms used but not elsewhere defined herein shall have the meanings ascribed to such terms in Section 2.

2. Definitions. As used herein, the following definitions shall apply:

2.1. "***Board***" means the Board of Directors of the Company.

2.2. "***Cause***" as determined in the sole discretion of the Board or the Committee, means,

(a) if the Optionee is party to an effective employment, consulting, severance or similar agreement with the Company or a Subsidiary, and such term is defined therein, "Cause" shall have the meaning provided in such agreement; or

(b) if the Optionee is not a party to an effective employment, consulting, severance or similar agreement or if no definition of "Cause" is set forth in the applicable employment, consulting, severance or similar agreement, "Cause" shall mean (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect; (ii) the indictment for, conviction of, or plea of guilty or no contest to, a felony, or a crime involving any of the following: moral turpitude, dishonesty, breach of trust, unethical business conduct or a crime involving the Company or any of its Subsidiaries; (iii) fraud, misappropriation or embezzlement; (iv) the Optionee's abuse of illegal drugs or other controlled substances or the Optionee's habitual intoxication while providing services for the Company or any of its Subsidiaries; or (v) the Optionee's material breach of any written policy of the Company or any of its Subsidiaries.

2.3. "***Change in Control***" means after the Grant Date:

(a) the acquisition in one or more transactions (whether by purchase, merger, amalgamation or otherwise) by any "Person" (as such term is used for purposes of Section 13(d) or Section 14(d) of the Exchange Act, but excluding, for this purpose, (i) the Company or any of its Subsidiaries, (ii) any employee benefit plan of the Company or any of its Subsidiaries or (iii) an entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of the Company) of "Beneficial Ownership" (within the meaning of Rule 13d-3 under the Exchange Act), of more than fifty percent (50%) of the combined voting power of the Company's then outstanding voting securities;

(b) a change in the composition of the Board such that the individuals who as of any date constitute the Board (the "***Incumbent Board***") cease to constitute a majority of the Board at any time during the 12-month period immediately following such date; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board, and provided further that any reductions in the size of the Board that are instituted voluntarily by the Incumbent Board shall not constitute a Change in Control, and after any such reduction the "Incumbent Board" shall mean the Board as so reduced;

(c) a complete liquidation or dissolution or winding up of the Company (other than pursuant to a transaction in which the assets of the Company are distributed to an entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of the Company); or

(d) the sale, directly or indirectly, of all or substantially all of the Company's assets (determined on a consolidated basis), other than to a Person described in clauses (i), (ii) or (iii) of Section 2.3(a) above.

Notwithstanding the foregoing, a restructuring, reorganization or similar or analogous event in which the stockholders of the Company immediately before such event have "Beneficial Ownership" of the Company (or its successor) immediately after such event in substantially the same proportions as their ownership of equity securities of the Company immediately before such event shall not constitute a Change in Control.

2.4. "***Committee***" means the Compensation Committee of the Board.

2.5. "***Disability***" means,

(a) if the Optionee is party to an effective employment, consulting, severance or similar agreement with the Company or a Subsidiary, and such term is defined therein, "Disability" shall have the meaning provided in such agreement; or

(b) if the Optionee is not a party to an effective employment, consulting, severance or similar agreement or if no definition of "Disability" is set forth in the applicable employment, consulting, severance or similar agreement, "Disability" shall mean the inability to engage in any substantial gainful activity by reason of any physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

2.6. "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

2.7. "***Fair Market Value***" means, on any given date (i) if the Shares are listed on any established stock exchange or a national market system, including without limitation the NASDAQ, the closing sales price for such Shares as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable (or, if no closing sales price was reported on that date, on the last trading date such closing sales price was reported); (ii) if clause (i) does not apply, then if the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the mean between the high bid and low asked prices for the Shares on the day of determination (or, if no bids and asks were reported on that date, on the last trading date such bids and asks were reported); or (iii) if neither clause (i) nor clause (ii) applies, such value as the Committee in its discretion may in good faith determine. Notwithstanding the foregoing or anything contained herein to the contrary, in the case of a Change in Control, the Committee may determine that the Fair Market Value of one Share is the amount paid for one Share in such Change in Control.

2.8. "***Good Reason***" means,

(a) if the Optionee is party to an effective employment, consulting, severance or similar agreement with the Company or a Subsidiary, and such term is defined therein, "Good Reason" shall have the meaning provided in such agreement; or

(b) if the Optionee is not a party to an effective employment, consulting, severance or similar agreement or if no definition of "Good Reason" is set forth in the applicable employment, consulting, severance or similar agreement, "Good Reason" shall mean, following a Change in Control, (i) a material diminution in the Optionee's base salary or target bonus, in either case, from that in effect immediately prior to such Change in Control; (ii) a material diminution in the Optionee's authority, duties, or responsibilities, in any case, from those as in effect immediately prior to such Change in Control; or (iii) a relocation of the Optionee's principal place of employment or service to a location that increases his/her one-way commute distance by more than thirty-five (35) miles from that in effect immediately prior to such Change in Control provided, in all cases of clauses (i) through (iii) above, that the Optionee has notified the Committee in writing of such condition within ninety (90) days following its first occurrence, the Company has failed to remedy such condition within thirty (30) days following the date of such notice, and the Optionee terminates the Optionee's employment or service with the Company or any if its Subsidiaries within ninety (90) days following the end of such thirty-day cure period.

2.9. "***Incumbent Director***" means a director who either (i) is a member of the Board as of the Grant Date or (ii) is elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination.

2.10. "***Person***" means an individual, corporation, partnership, association, limited liability company, estate or other legal entity.

2.11. "***Retirement***" means the Optionee's termination of employment or other service with the Company and its Subsidiaries for any reason (other than death or by the Company or a Subsidiary for Cause) after the Optionee has attained age 60 with at least 10 years of continuous employment or other service with the Company or a Subsidiary.

2.12. "***Securities Act***" means the Securities Act of 1933, as amended.

2.13. "***Subsidiary***" means any corporation, partnership, joint venture, company or other business entity of which 50% or more of the outstanding voting power is beneficially owned, directly or indirectly, by the Company.

3. Type of Option. The Option is not intended to be an Incentive Stock Option described by Section 422 of the Internal Revenue Code of 1986, as amended (the "***Code***"). Notwithstanding the designation of this Option as a non-qualified stock option, the Corporation makes no representation as to the treatment of the Option under any federal, state, local or foreign law and the Corporation has not advised the Optionee on such matters

4. Term of Option.

(a) Term. The term of the Option shall commence on the Grant Date and end on the tenth anniversary of the Grant Date (the "***Expiration Date***"), or on such earlier date as provided in Section 4(b) below (the "***Term***").

(b) Termination of Employment. Except as otherwise provided in Section 7(b), upon the Optionee's termination of [employment or service] with the Company and its Subsidiaries, the unvested portion of the Option shall cease to vest and shall be forfeited and the vested portion of the Option shall remain exercisable by the Optionee or the Optionee's beneficiary or legal representative, as the case may be, for a period of (i) one year in the event of a termination due to death or Disability, by the Company or a Subsidiary without Cause, by the Optionee for Good Reason or as the result of the Optionee's Retirement and (ii) six months in the event of the Optionee's resignation without Good Reason and not due to Retirement; provided, however, that no part of the Option shall be exercisable after the Expiration Date. The entire unexercised portion of the Option, whether or not vested, shall be forfeited immediately upon the Optionee's termination by the Company or a Subsidiary for Cause.

5. Exercise Price. The cost to the Optionee to purchase, pursuant to this Agreement, one Option Share is $[_____] (the "***Exercise Price***").

6. Vesting; Exercise of Option. The Option will be exercisable during the Term only to the extent that it is then vested and then only in accordance with the terms and provisions of this Agreement.

(a) Vesting. Subject to the Optionee's continuous [employment/service] with the Corporation from the Grant Date through the applicable vesting date, the Option will vest and become exercisable in accordance with the vesting schedule in the attached Notice of Grant.

(b) Method of Exercise. The Optionee may exercise the Option by providing written notice to the Corporation stating the election to exercise the Option. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Corporation or such other Person as may be designated by the Corporation. The written notice shall be accompanied by (i) payment of the Exercise Price and (ii) payment of, or arrangement of payment of, all applicable withholding taxes as provided in Section 13 below. Payment of the Exercise Price shall be by cash, certified or bank check, the cashless exercise program adopted by the Committee and applicable to Optionee or such other consideration and method of payment as may be authorized by the Committee. Payment of the Exercise Price shall in all events be made within three days after the date of exercise of an Option. Following exercise, any certificate(s) for Option Shares shall be registered in the name of the Optionee (or the Optionee's heirs or beneficiary, as applicable). Notwithstanding the above, the Committee may adopt other policies and procedures from time to time with respect to the method of exercise of the Option.

(c) Partial Exercise. The Option, to the extent vested, may be exercised in whole or in part; provided, however, that any exercise may apply only with respect to whole numbers of Option Shares.

(d) Restrictions on Exercise. Upon a Change in Control, the right to exercise the Option shall be subject to Sections 7(a) and 7(b) below. The Option shall not be exercised if the issuance of the Option Shares upon such exercise would constitute a violation of any applicable federal or state securities laws or other laws or regulations. As a further condition to the exercise of the Option, and in addition to any other requirements set forth in this Agreement, the Corporation may require the Optionee to make any other representation or warranty to the Corporation as may be required by or advisable under any applicable law or regulation. As a condition to the exercise of the Option, the holder of the Option shall execute any agreement of the Company generally applicable to holders of Shares.

(e) Termination of Option. Upon the end of the Term, any portion of the Option that remains unexercised shall be forfeited and cancelled with no compensation due to the Optionee.

7. Change in Control.

(a) Unless otherwise provided in an effective employment, consulting, severance or similar agreement with the Company or a Subsidiary, a Change in Control shall not, in and of itself, accelerate the vesting of the unvested portion of the Option. Notwithstanding the foregoing and unless otherwise provided in an effective employment, consulting, severance or similar agreement between the Optionee and the Company or a Subsidiary, if (i) the successor corporation or company (or its direct or indirect parent) does not agree to assume this Agreement or does not agree to substitute or replace the Option with an award involving the registered and publicly traded ordinary equity securities of such successor corporation (or its direct or indirect parent) on terms and conditions necessary to preserve the rights of the Optionee with respect to such award, (ii) the ordinary equity securities underlying the assumed or substituted option would not be registered and publicly traded on a U.S. securities exchange immediately following such Change in Control or (iii) the Change in Control is not approved by a majority of the Incumbent Directors immediately prior to such Change in Control, then the Committee, in its sole discretion, may take one or more of the following actions with respect to the Option: (a) accelerate the vesting and exercisability of the Option such that the Option is fully vested and exercisable (effective immediately prior to such Change in Control); (b) cancel the outstanding portion of the Option in exchange for a cash payment in an amount equal to the excess, if any, of the Fair Market Value of the Shares underlying the unexercised portion of the Option as of the date of the Change in Control over the exercise price or grant price, as the case may be, of such portion, provided that if the Option has a per Share exercise price that equals or exceeds the Fair Market Value of one Share on the date of the Change in Control, the Option shall be cancelled with no payment due the Optionee and (c) take such other actions as the Committee deems appropriate. The judgment of the Committee with respect to any matter referred to in this Section 7(a) shall be conclusive and binding upon the Optionee without the need for any amendment to this Agreement.

(b) Termination Following a Change in Control. Unless otherwise provided in an effective employment, consulting, severance or similar agreement with the Company or a Subsidiary, in the event that the Option is assumed in connection with a Change in Control or is substituted with a new award, in either case, pursuant to this Section 7, and the Optionee's employment or other service with the Company and its Subsidiaries is terminated by the Company or a Subsidiary without Cause or due to Disability, as the result of the Optionee's death or by the Optionee for Good Reason, in any case, within 24 months following a Change in Control, (i) the unvested portion of the Option (including without limitation any award received in substitution of the Option) shall vest in full (with any applicable performance goals being deemed to have been achieved at target or, if greater, actual levels of performance) and (ii) the Option (including without limitation any award received in substitution of the Option) shall remain exercisable by the Optionee or the Optionee's beneficiary or legal representative, as the case may be, for a period of one-year thereafter (but not beyond the stated term of the Option).

8. Adjustments. In order to prevent dilution or enlargement of the rights of the Optionee hereunder as a result of any share dividend, recapitalization, forward share split or reverse share split, reorganization, spin-off, extraordinary or unusual cash distribution or other similar or analogous non-reciprocal corporate transaction or event between the Company and its shareholders that affects the Shares, the Committee shall adjust (i) the number and kind of Shares which may thereafter be issued under the Option and (ii) the exercise price of the Option. Any such adjustment shall be made in an equitable manner as determined exclusively by the Committee and which reflects the effect of such transaction or event. In addition, the Committee is authorized (but not obligated) to make adjustments in the terms and conditions of, and the criteria included in, the Option in recognition of unusual, nonrecurring or other special items, circumstances or events (including, without limitation, events described in the immediately preceding sentence) affecting the Company or any Subsidiary, or in response to changes in applicable laws, regulations, or accounting principles. If Section 7 and this Section 8 could both apply to an event, Section 7 shall control.

9. No Stockholder or Dividend Equivalent Rights. Prior to the exercise of the Option, the Optionee shall have no rights of a stockholder with respect to the Option Shares. In addition, the Optionee shall not be entitled to dividend equivalent rights or payments with respect to any Shares underlying the outstanding portion of the Option.

10. Transferability of Option. The Option shall not be (i) pledged, encumbered, or hypothecated to, or in favor of, or subject to any lien, obligation, or liability of the Optionee to, any Person, other than the Company or any Subsidiary, or (ii) assigned or transferred by the Optionee other than by will or the laws of descent and distribution, and the Option shall be exercisable during the lifetime of the Optionee only by the Optionee or the Optionee's guardian or legal representative. Notwithstanding the foregoing, to the extent permitted by applicable law and the rules of any applicable stock exchange, the Option shall be transferable, without consideration, to immediate family members (i.e., children, grandchildren or spouse), to trusts for the benefit of such immediate family members and to partnerships or similar entities in which the Optionee and the Optionee's family members are the only partners, members or equityholders (any vesting and other conditions relating to the Option shall be unaffected by such transfer). The Committee may attach to such transferability feature such terms and conditions as it deems necessary. In addition, the Optionee may, in the manner established by the Committee, designate a beneficiary (which may be an individualor a trust) to exercise the rights of the Optionee, and to receive any distribution, with respect to the Option upon the death of the Optionee. A beneficiary, guardian, legal representative or other Person claiming any rights under this Agreement from or through the Optionee shall be subject to all terms and conditions of this Agreement, except as otherwise determined by the Committee, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Optionee dies during the Term, the terms of this Agreement will be binding upon the executors, administrators, legal guardians, representatives, estate and heirs of the Optionee, whether testamentary heirs or heirs by intestacy.

11. Conditions on All Transfers of Option Shares. Notwithstanding anything to the contrary contained in this Agreement, no transfer of an Option Share shall be made, or, if attempted or purported to be made, shall be effective, unless and until the Corporation is satisfied that the transfer will not violate any federal or state securities law or any other law or agreement (including this Agreement). If the transfer would violate any such law or agreement and the Optionee nevertheless attempts or purports to engage in a transfer of Option Shares, then the Corporation shall not recognize such transfer on the books and records of the Corporation and such transfer will be null and void *ab initio*. In addition, the Optionee will be liable to the Corporation for damages, if any, which may result from such attempted or purported transfer.

12. No Promise of Employment; Changes in Employment Status. Neither the Option nor the holding of Option Shares will confer upon the Optionee any right to continue in the employ or other service of the Corporation or any Subsidiary, or limit, in any respect, the right of the Corporation or any Subsidiary to discharge the Optionee at any time, with or without Cause and with or without notice. For purposes of the Option, a transfer of the Optionee's employment between the Company and its Subsidiaries shall not be deemed a termination of the Optionee's employment, provided, that if the Optionee is employed by an entity that ceases to be a Subsidiary, the Optionee shall be deemed to have incurred a termination of employment as of the date such entity ceases to be a Subsidiary unless the Optionee becomes an employee of the Company or another Subsidiary as of the date of such cessation. A change in the Optionee's status from employee to consultant shall be deemed a termination of employment unless otherwise determined by the Committee. The Committee may adopt rules and make determinations regarding how a leave of absence will impact the Option, including, without limitation, tolling the vesting schedule or treating such leave of absence as a termination of employment.

13. Withholding. The Optionee shall be responsible for making appropriate provision for all taxes required to be withheld in connection with the Option or the exercise thereof (including, without limitation, through any cashless exercise program adopted by the Committee and applicable to Optionee). Such responsibility shall extend to all applicable federal, state, local and foreign withholding taxes. The Corporation or its Subsidiaries, in their sole discretion, shall have the right to retain the number of shares whose Fair Market Value equals the amount to be withheld in satisfaction of the applicable withholding taxes (or to withhold from any payroll or other amounts otherwise due to the Optionee the amount of withholding taxes due in connection with the exercise of the Option).

14. Fractional Shares. The Company will not be required to issue any fractional Shares pursuant to this Agreement. The Committee may provide for the elimination of fractions and settlement of such fractional Shares in cash, in its sole discretion.

15. Administration; Committee Discretion. This Agreement and the Option shall be administered by the Committee. Any action of the Committee in administering this Agreement or the Option shall be binding on all Persons, including, without limitation, the Optionee, the Company, its Subsidiaries and all Person's claiming rights through or under any of the foregoing. The Committee may delegate some or all of its authority with respect to this Agreement and the Option to any executive officer of the Company or any other person or persons designated by the Committee, in each case, acting individually or as a committee. The Committee shall have full and final authority in its discretion to (i) determine whether, to what extent, and under what circumstances the Option may be cancelled, forfeited, or surrendered; (ii) correct any defect or supply any omission or reconcile any inconsistency in this Agreement, (iii) adopt, amend and rescind such rules relating to this Agreement or the Option as it may deem necessary or advisable; (iv) construe and interpret this Agreement; and (v) make all other determinations as it may deem necessary or advisable for the administration of the Option and this Agreement. In exercising, or declining to exercise, any grant of authority or discretion under this Agreement, the Committee may consider or ignore such factors or circumstances and may accord such weight to such factors and circumstances as the Committee alone and in its sole judgment deems appropriate and without regard to the effect such exercise, or declining to exercise such grant of authority or discretion, would have upon the Optionee, the Company, any Subsidiary, any affiliate, any stockholder or any other Person.

16. Code Section 409A. This Agreement is intended to be exempt from Code Section 409A and shall be interpreted in a manner consistent therewith. Notwithstanding anything contained herein to the contrary, in the event the Option is subject to Code Section 409A, the Committee may, in its sole discretion and without the Optionee's prior consent, amend the Option and this Agreement, adopt policies and procedures, or take any other actions as deemed appropriate by the Committee to (i) exempt the Option from the application of Code Section 409A, (ii) preserve the intended tax treatment of the Option or (iii) comply with the requirements of Code Section 409A. Notwithstanding anything contained in this Agreement to the contrary, neither the Company, any member of the Committee nor any Subsidiary shall have any liability or obligation to the Optionee or any other Person for taxes, interest, penalties or fines (including without limitation any of the foregoing resulting from the failure of the Option to be exempt from, or compliant with, Code Section 409A).

17. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of Delaware, without regard to the application of the principles of conflicts of laws of Delaware or any other jurisdiction.

18. Recoupment. The Option granted pursuant to this Agreement (and all Option Shares) shall be subject to mandatory repayment and clawback pursuant to the terms of the Company's clawback policy, if any, as in effect from time to time, and as may otherwise be required by law or the rules of any applicable securities exchange.

19. Employment Agreements. In the event of any conflict between the terms of this Agreement, on the one hand, and the Optionee's employment agreement with the Company or a Subsidiary on the other hand, the terms of such employment agreement shall control.

20. Severability. All provisions of this Agreement are distinct and severable and if any clause shall be held to be invalid, illegal or against public policy, the validity or the legality of the remainder of this Agreement shall not be affected thereby, and the remainder of this Agreement shall be interpreted to give maximum effect to the original intention of the parties hereto.

21. Amendment. The Committee may waiver any condition or rights under this Agreement, or amend, alter, suspend or terminate the Option and this Agreement; provided, however, that except as provided in Section 16, without the consent of the Optionee, no such amendment, alternation, suspension, discontinuation or termination may materially and adversely affect the right of the Optionee unless such amendment, alteration, suspension, discontinuation or termination is required by law or regulation or the rules of any applicable securities exchange or automated quotation system.

22. Section 16 Override. Notwithstanding anything contained in this Agreement to the contrary, if Optionee is subject to Section 16 of the Exchange Act with respect to the Company at the time of the exercise of the Option, Optionee shall be permitted to direct the Company in Optionee's sole discretion to withhold Shares from those otherwise due with respect to the exercise of the Option to pay the exercise price and withholding taxes relating to the exercise of the Option. Only whole Shares shall be withheld and the number of Shares withheld shall be based on the Fair Market Value of the Shares on the date of exercise.

23. Entire Agreement. This Agreement represents the entire agreement between the parties hereto relating to the subject matter hereof, and merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature relating to the award of the Option to Optionee by the Corporation.

* * * * *

IN WITNESS WHEREOF, the Optionee and the Corporation have entered into this Agreement as of the Grant Date:

OPTIONEE:	AQUESTIVE THERAPEUTICS, INC.
Name: [_____]	Name: [_____] Title: [_____]

NOTICE OF GRANT AND OPTION AGREEMENT

Company Information:	**Optionee:**
Aquestive Therapeutics, Inc.	[_____]
30 Technology Drive Warren, NJ 07059	[_____] [_____]
Phone: 908-941-1900	Phone: [_____]
Fax: 908-561-1209	Email: [_____]

Date of Grant: [_____]

Grant Type: [_____] Expiration Date: [_____]

Option Number: [_____]

Number of Shares Underlying Option: [_____]

Exercise Price: $[_____]

Vesting Start Date: [_____] Total Option Price: $[_____]

Vesting Schedule:

Date Vested	Shares Vested
[_____]	[_____]
Total:	[_____]

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Aquestive Therapeutics, Inc.:

We consent to the use of our report included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

New York, New York
June 27, 2018