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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2018.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____

Commission File Number 001-13341

Titan Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**94-3171940**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
400 Oyster Point Blvd., Suite 505, South San Francisco, California	**94080**
(Address of principal executive offices)	**(Zip Code)**

(650) 244-4990
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)		
Smaller reporting company	☐	Emerging growth 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 pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at August 10, 2018**
Common Stock, Par value $0.001	21,203,744

Titan Pharmaceuticals, Inc.

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Part I. Financial Information

Item 1. Financial Statements

TITAN PHARMACEUTICALS, INC.

CONDENSED BALANCE SHEETS
(in thousands)

	June 30, 2018 (unaudited)	December 31, 2017 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 1,614	$ 7,522
Restricted cash	361	361
Receivables	189	65
Inventory	1,317	—
Contract assets	291	—
Prepaid expenses and other current assets	421	362
Total current assets	4,193	8,310
Property and equipment, net	424	595
Total assets	$ 4,617	$ 8,905
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 575	$ 821
Accrued clinical trials expenses	474	289
Other accrued liabilities	401	354
Deferred revenue	939	—
Current portion of long-term debt	—	3,000
Total current liabilities	2,389	4,464
Long-term debt, net of discount	3,541	3,584
Total liabilities	5,930	8,048
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock, at amounts paid-in	297,855	297,855
Additional paid-in capital	27,577	26,273
Accumulated deficit	(326,745)	(323,271)
Total stockholders' equity (deficit)	(1,313)	857
Total liabilities and stockholders' equity (deficit)	$ 4,617	$ 8,905

See Notes to Condensed Financial Statements

TITAN PHARMACEUTICALS, INC.

CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share amount)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenues:				
License revenue	$ 2,593	$ 77	$ 3,657	$ 117
Product revenue	75	—	75	—
Total revenue	2,668	77	3,732	117
Operating expenses:				
Cost of goods sold	70	—	70	—
Research and development	1,857	2,501	3,713	4,627
General and administrative	1,380	1,197	2,995	2,548
Total operating expenses	3,307	3,698	6,778	7,175
Income (loss) from operations	(639)	(3,621)	(3,046)	(7,058)
Other expense:				
Other expense, net	(230)	(20)	(428)	(10)
Non-cash gain on changes in the fair value of warrants	—	190	—	612
Other income (expense), net	(230)	170	(428)	602
Net loss and comprehensive loss	$ (869)	$ (3,451)	$ (3,474)	$ (6,456)
Basic net loss per common share	$ (0.04)	$ (0.16)	$ (0.16)	$ (0.30)
Diluted net loss per common share	$ (0.04)	$ (0.17)	$ (0.16)	$ (0.33)
Weighted average shares used in computing basic net loss per common share	21,204	21,204	21,204	21,199
Weighted average shares used in computing diluted net loss per common share	21,204	21,204	21,204	21,201

See Notes to Condensed Financial Statements

TITAN PHARMACEUTICALS, INC.

CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months Ended June 30,	
	2018	**2017**
Cash flows from operating activities:		
Net loss	$ (3,474)	$ (6,456)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	224	203
Non-cash interest expense	208	—
Non-cash gain on changes in fair value of warrants	—	(612)
Stock-based compensation	834	803
Changes in operating assets and liabilities:		
Receivables	(124)	3,500
Inventory	(1,317)	—
Contract assets	(72)	—
Prepaid expenses and other assets	(59)	(80)
Accounts payable and other accrued liabilities	(14)	(2,988)
Deferred revenue	939	—
Net cash used in operating activities	(2,855)	(5,630)
Cash flows from investing activities:		
Purchases of furniture and equipment	(53)	(26)
Net cash used in investing activities	(53)	(26)
Cash flows from financing activities:		
Payments on long-term debt	(3,000)	—
Net cash used in financing activities	(3,000)	—
Net decrease in cash and cash equivalents	(5,908)	(5,656)
Cash and cash equivalents at beginning of period	7,883	14,006
Cash and cash equivalents at end of period	$ 1,975	$ 8,350
Supplemental disclosure of cash flow information		
Interest paid	$ 234	$ —
Warrants issued	$ 470	$ —

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed balance sheets that sum to the total of the same such amounts shown in the condensed statement of cash flows (in thousands):

	June 30,	
	2018	**2017**
Cash and cash equivalents	$ 1,614	$ 8,350
Restricted cash	361	—
Cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,975	$ 8,350

See Notes to Condensed Financial Statements

TITAN PHARMACEUTICALS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Summary of Significant Accounting Policies

The Company

We are a pharmaceutical company developing proprietary therapeutics utilizing our proprietary long-term drug delivery platform for the treatment of select chronic diseases for which steady state delivery of a drug provides an efficacy and/or safety benefit. We are currently transitioning to a commercial stage enterprise having recently re-acquired Probuphine®, a product approved in the U.S. for management of opiate dependence. We operate in only one business segment, the development of pharmaceutical products.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statement presentation. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six-month periods ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017, or any future interim periods.

The balance sheet at December 31, 2017 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and footnotes thereto included in the Titan Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission ("SEC").

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying financial statements have been prepared assuming we will continue as a going concern.

At June 30, 2018, we had cash and cash equivalents of approximately $1.6 million, which we believe, along with the payment from L. Molteni & C. Dei Frattelli Alitti Società Di Esercizio S.P.A. ("Molteni") in August, are sufficient to fund our planned operations into mid-September 2018. If extended, the convertible loan from Molteni should provide funds through the end of the third quarter.

We will require additional funds to finance our operations, including the commercialization of Probuphine in the U.S., completion of the Probuphine Phase IV clinical trials mandated by the FDA and advancement of our current ProNeura development programs to later stage clinical studies. While we are currently considering the various financing alternatives available to us, our efforts to address our liquidity requirements may not be successful.

Going concern assessment

With the implementation of FASB's standard on going concern, Accounting Standard Update, or ASU No. 2014-15, beginning with the year ended December 31, 2016 and all annual and interim periods thereafter, we will assess going concern uncertainty in our financial statements to determine if we have sufficient cash on hand and working capital, including available borrowings on loans, to operate for a period of at least one year from the date the financial statements are issued or available to be issued, which is referred to as the "look-forward period" as defined by ASU No. 2014-15. As part of this assessment, based on conditions that are known and reasonably knowable to us, we will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including the timing and nature of projected cash expenditures or programs, and its ability to delay or curtail expenditures or programs, if necessary, among other factors. Based on this assessment, as necessary or applicable, we make certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent we deem probable those implementations can be achieved and we have the proper authority to execute them within the look-forward period in accordance with ASU No. 2014-15.

Based upon the above assessment, we concluded that, at the date the financial statements in this Quarterly Report on Form 10-Q for the months ended June 30, 2018, we did not have sufficient cash to fund our operations for the next 12 months without additional funds and, therefore, there was substantial doubt about our ability to continue as a going concern within 12 months after the date the financial statements were issued.

Revenue Recognition

Beginning January 1, 2018, we have followed the provisions of ASC Topic 606, *Revenue from Contracts with Customers*. The guidance provides a unified model to determine how revenue is recognized.

We generate revenue principally from collaborative research and development arrangements, technology licenses, and government grants. Consideration received for revenue arrangements with multiple components is allocated among the separate performance obligations based upon their relative estimated standalone selling price.

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under our agreements, we perform the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) we satisfy each performance obligation.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. Our performance obligations include commercialization license rights, development services and services associated with the regulatory approval process.

We have optional additional items in contracts, which are accounted for as separate contracts when the customer elects such options. Arrangements that include a promise for future commercial product supply and optional research and development services at the customer's discretion are generally considered as options. We assess if these options provide a material right to the customer and, if so, such material rights are accounted for as separate performance obligations. If we are entitled to additional payments when the customer exercises these options, any additional payments are recorded in revenue when the customer obtains control of the goods or services.

Transaction Price

We have both fixed and variable consideration. Non-refundable upfront payments are considered fixed, while milestone payments are identified as variable consideration when determining the transaction price. Funding of research and development activities is considered variable until such costs are reimbursed at which point they are considered fixed. We allocate the total transaction price to each performance obligation based on the relative estimated standalone selling prices of the promised goods or services for each performance obligation.

At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimate the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the value of the associated milestone is included in the transaction price. Milestone payments that are not within our control, such as approvals from regulators, are not considered probable of being achieved until those approvals are received.

For arrangements that include sales-based royalties or earn-out payments, including milestone payments based on the level of sales, and the license or purchase agreement is deemed to be the predominant item to which the royalties or earn-out payments relate, we recognizes revenue at the later of (a) when the related sales occur, or (b) when the performance obligation to which some or all of the royalty or earn-out payment has been allocated has been satisfied (or partially satisfied).

Allocation of Consideration

As part of the accounting for these arrangements, we must develop assumptions that require judgment to determine the stand-alone selling price of each performance obligation identified in the contract. Estimated selling prices for license rights are calculated using the residual approach. For all other performance obligations, we use a cost-plus margin approach.

Timing of Recognition

Significant management judgment is required to determine the level of effort required under an arrangement and the period over which we expect to complete our performance obligations under an arrangement. We estimate the performance period or measure of progress at the inception of the arrangement and re-evaluate it each reporting period. This re-evaluation may shorten or lengthen the period over which revenue is recognized. Changes to these estimates are recorded on a cumulative catch up basis. If we cannot reasonably estimate when our performance obligations either are completed or become inconsequential, then revenue recognition is deferred until we can reasonably make such estimates. Revenue is then recognized over the remaining estimated period of performance using the cumulative catch-up method. Revenue is recognized for licenses or sales of functional intellectual property at the point in time the customer can use and benefit from the license. For performance obligations that are services, revenue is recognized over time proportionate to the costs that we have incurred to perform the services using the cost-to-cost input method.

Research and Development Costs and Related Accrual

Research and development expenses include internal and external costs. Internal costs include salaries and employment related expenses, facility costs, administrative expenses and allocations of corporate costs. External expenses consist of costs associated with outsourced contract research organization, or CRO, activities, sponsored research studies, product registration, patent application and prosecution, and investigator sponsored trials. We also record accruals for estimated ongoing clinical trial costs. Clinical trial costs represent costs incurred by CROs and clinical sites. These costs are recorded as a component of research and development expenses. Under our agreements, progress payments are typically made to investigators, clinical sites and CROs. We analyze the progress of the clinical trials, including levels of patient enrollment, invoices received and contracted costs when evaluating the adequacy of accrued liabilities. Significant judgments and estimates must be made and used in determining the accrued balance in any accounting period. Actual results could differ from those estimates under different assumptions. Revisions are charged to expense in the period in which the facts that give rise to the revision become known.

Recent Accounting Pronouncements

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 is intended to reduce diversity in practice in the classification and presentation of changes in restricted cash on the Condensed Statement of Cash Flows. The ASU requires that the Condensed Statement of Cash Flows explain the change in total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents when reconciling the beginning-of-period and end-of-period total amounts. The ASU also requires a reconciliation between the total of cash, cash equivalents and restricted cash presented on the Condensed Statement of Cash Flows and the cash and cash equivalents balance presented on the Condensed Balance Sheet. We adopted ASU No. 2016-18, and the guidance has been retrospectively applied to all periods presented. The adoption of the guidance did not have an impact on our Condensed Balance Sheet or Statement of Operations and Comprehensive Loss.

In July 2017, the Financial Accounting Standards Board, or FASB, issued a two-part Accounting Standards Update, or ASU, No. 2017-11, *I. Accounting for Certain Financial Instruments With Down Round Features and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests With a Scope Exception* amending guidance in FASB ASC 260, Earnings Per Share, FASB ASC 480, Distinguishing Liabilities from Equity, and FASB ASC 815, Derivatives and Hedging. The amendments in Part I of ASU 2017-11 change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. The amendments in Part II of ASU 2017-11 re-characterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. ASU 2017-11 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. We adopted ASU 2017- 11 for the year ended December 31, 2017, and retrospectively applied ASU 2017-11 as required. There was no retrospective impact as a result of the adoption of ASU 2017-11 on the financial statements. See Note 10, "Debt Agreements".

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* addressing eight specific cash flow issues in an effort to reduce diversity in practice. The amended guidance is effective for fiscal years beginning after December 31, 2017, and for interim periods within those years. The adoption of ASU No. 2016-15 did not have a material impact on our statements of cash flows.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 addresses several aspects of the accounting for share-based payment award transactions, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; (c) classification on the statement of cash flows; and (d) accounting for forfeitures. We adopted the provisions of ASU 2016-09 in the first quarter of 2017. We have elected to continue to estimate forfeitures based on the estimated number of awards expected to vest. In addition, the adoption of ASU 2016-09 resulted in the recognition of $12.0 million of previously unrecognized excess tax benefits in deferred tax assets, fully offset by a valuation allowance. All tax-related cash flows resulting from stock-based compensation, including the excess tax benefits related to the settlement of stock-based payment awards, are now classified as cash flows from operating activities on our statements of cash flows.

The adoption of ASU 2016-09 did not have a material impact on our results of operations or financial condition.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires most lessees to recognize right of use assets and lease liabilities, but recognize expenses in a manner similar with current accounting standards. The new standard is effective for fiscal years and interim periods beginning after December 15, 2018. Entities are required to use a modified retrospective approach, with early adoption permitted. We are currently evaluating the impact of this new standard on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* and has subsequently issued several supplemental or clarifying ASUs (collectively, "ASC 606"), ASC 606 supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASC 606 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASC 606 recognized at the date of adoption.

We adopted the new standard effective January 1, 2018 under the modified retrospective transition method, applying the new guidance to the most current period presented. Upon adoption, there was no change to the units of accounting previously identified under legacy GAAP, which are now considered performance obligations under the new guidance, and there was no change to the revenue recognition pattern for each performance obligation. Therefore, the adoption of the new standard resulted in no cumulative effect to the opening accumulated deficit balance.

We assessed the impact that the adoption of ASC 606 will have on our financial statements by analyzing our current portfolio of customer contracts, including a review of historical accounting policies and practices to identify potential differences in the application of ASC 606. Additionally, we performed a comprehensive review of our current processes and systems to determine and implement changes required to support the adoption of ASC 606 on January 1, 2018.

Subsequent Events

We have evaluated events that have occurred after June 30, 2018 and through the date that the financial statements are issued. See Note 10. “Subsequent Events”.

Fair Value Measurements

We measure the fair value of financial assets and liabilities based on authoritative guidance which defines fair value, establishes a framework consisting of three levels for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities;
Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable;
Level 3 – inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

Financial instruments, including receivables, accounts payable and accrued liabilities are carried at cost, which we believe approximates fair value due to the short-term nature of these instruments. Our warrant liabilities are classified within level 3 of the fair value hierarchy because the value is calculated using significant judgment based on our own assumptions in the valuation of these liabilities.

We recorded no fair value adjustment of the warrant liabilities for the three and six-month periods ended June 30, 2018. We recorded non-cash gains on decreases in the fair value of approximately $190,000 and $612,000 for the three and six-month periods ended June 30, 2017, respectively, in our Condensed Statements of Operations and Comprehensive Loss. The underlying warrants expired by their terms on April 18, 2018. See Note 7 “Warrant Liability” for further discussion on the calculation of the fair value of the warrant liability.

2. Stock Plans

The following table summarizes the stock-based compensation expense recorded for awards under the stock option plans for the three and six-month periods ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	**2018**	**2017**	**2018**	**2017**
Research and development	$ 156	$ 128	$ 318	$ 245
General and administrative	246	254	516	558
Total stock-based compensation expenses	$ 402	$ 382	$ 834	$ 803

No tax benefit was recognized related to stock-based compensation expense since we have accumulated operating losses and we have established a full valuation allowance to offset all the potential tax benefits associated with our deferred tax assets.

We use the Black-Scholes-Merton option-pricing model with the following assumptions to estimate the stock-based compensation expense for the three and six-month periods ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted-average risk-free interest rate	2.9%	2.0%	2.7%	2.1%
Expected dividend payments	—	—	—	—
Expected holding period (years) [1]	6.4	6.5	6.4	6.5
Weighted-average volatility factor [2]	0.91	0.88	0.89	0.88
Estimated forfeiture rates [3]	25%	27%	26%	28%

(1) Expected holding period is based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and the expectations of future employee behavior.

(2) Weighted average volatility is based on the historical volatility of our common stock.

(3) Estimated forfeiture rates are based on historical data.

Options to purchase approximately 5,000 and 60,000 shares of common stock were granted during the three-month periods ended June 30, 2018 and 2017, respectively. Options to purchase approximately 950,000 and 496,000 shares of common stock were granted during the six-month periods ended June 30, 2018 and 2017, respectively.

The following table summarizes option activity for the six-month period ended June 30, 2018:

(in thousands, except per share amounts)	Options	Weighted Average Exercise Price	Weighted Average Remaining Option Term	Aggregate Intrinsic Value
Outstanding at January 1, 2018	2,728	$ 4.32	5.75	$ 30
Granted	950	0.97		
Exercised	—	—		
Expired	(18)	8.36		
Cancelled or forfeited	(12)	5.46		
Outstanding at June 30, 2018	3,648	$ 3.42	6.44	$ 115
Exercisable at June 30, 2018	2,796	$ 4.00	5.88	$ 57

No shares of restricted stock were awarded to employees, directors and consultants during the three and six-month periods ended June 30, 2018 and 2017.

As of June 30, 2018, there was approximately $0.6 million of total unrecognized compensation expense related to non-vested stock options. This expense is expected to be recognized over a weighted-average period of 0.7 years.

3. Net Loss Per Share

Basic net loss per share excludes the effect of dilution and is computed by dividing net loss by the weighted-average number of shares outstanding for the period. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue shares were exercised into shares. In calculating diluted net loss per share, the numerator is adjusted for the change in the fair value of the warrant liability (only if dilutive) and the denominator is increased to include the number of potentially dilutive common shares assumed to be outstanding during the period using the treasury stock method.

The following table sets forth the reconciliation of the numerator and denominator used in the computation of basic and diluted net loss per common share for the three and six-months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	**2018**	**2017**	**2018**	**2017**
Numerator:				
Net loss used for basic earnings per share	$ (869)	$ (3,451)	$ (3,474)	$ (6,456)
Less change in fair value of warrant liability	—	(190)	—	(612)
Net loss used for diluted earnings per share	$ (869)	$ (3,641)	$ (3,474)	$ (7,068)
Denominator:				
Basic weighted-average outstanding common shares	21,204	21,204	21,204	21,199
Effect of dilutive potential common shares resulting from options	—	—	—	2
Effect of dilutive potential common shares resulting from warrants	—	—	—	—
Weighted-average shares outstanding—diluted	21,204	21,204	21,204	21,201
Net loss per common share:				
Basic	$ (0.04)	$ (0.16)	$ (0.16)	$ (0.30)
Diluted	$ (0.04)	$ (0.17)	$ (0.16)	$ (0.33)

The table below presents common shares underlying stock options and warrants that are excluded from the calculation of the weighted average number of common shares outstanding used for the calculation of diluted net loss per common share. These are excluded from the calculation due to their anti-dilutive effect for the three and six-months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Weighted-average anti-dilutive common shares resulting from options	3,658	2,437	3,327	2,324
Weighted-average anti-dilutive common shares resulting from warrants	1,482	1,117	1,730	517
	5,140	3,554	5,057	2,841

4. Comprehensive Loss

Comprehensive loss for the periods presented is comprised solely of our net loss. We had no items of other comprehensive loss during the three and six-month periods ended June 30, 2018 and 2017. Comprehensive loss for the three and six-month periods ended June 30, 2018 was $0.9 million and $3.5 million, respectively. Comprehensive loss for the three and six-month periods ended June 30, 2017 was $3.5 million and $6.5 million, respectively.

5. Braeburn License

Until its termination in May 2018, we were party to a license agreement (as amended, the "License Agreement") pursuant to which we had granted Braeburn Pharmaceuticals, Inc. ("Braeburn") the exclusive commercialization rights to Probuphine in the United States and its territories and Canada. Under the License Agreement, we received certain milestone payments, as well as royalties on net sales of Probuphine. Upon receipt of approval, our obligation was fulfilled and we recognized as revenue the full amount of the milestone payment. In addition, we were entitled to receive a low single digit royalty on sales by Braeburn of other competing continuous delivery treatments for opioid dependence as defined in the License Agreement. The License Agreement provided for us to be reimbursed by Braeburn for any development services and activities undertaken at Braeburn's request. Under ASC 606, there was no change in the amount or timing of revenue recognized under this agreement. In February 2016, Braeburn sublicensed rights to develop and commercialize Probuphine in Canada to Knight Therapeutics, Inc. ("Knight").

On May 25, 2018, we entered into a Termination and Transition Services Agreement (the "Transition Agreement") with Braeburn pursuant to which we regained all rights to the commercialization and clinical development of Probuphine in the United States and Canada. Braeburn paid us $1.0 million, transferred inventory to us with a value of approximately $1.1 million and agreed to provide support services through December 28, 2018. In addition, the Transition Agreement provides for the immediate transfer to us of all regulatory documentation and development data related to Probuphine. The estimated fair value of the inventory received was determined using available inputs such as existing supply agreements, prior selling prices and remaining life to expiration. We recognized approximately $2.1 million of license related revenue related to this transaction in the three month period ended June 30, 2018. The sublicense to Knight was assigned to Titan as part of the Transition Agreement.

6. Molteni Purchase Agreement

On March 21, 2018, we entered into an Asset Purchase, Supply and Support Agreement (the "Purchase Agreement") with Molteni pursuant to which Molteni acquired the European intellectual property related to Probuphine, including the Marketing Authorization Application ("MAA") under review by the European Medicines Agency ("EMA"), and will have the exclusive right to commercialize the Probuphine product supplied by us in Europe, as well as certain countries of the Commonwealth of Independent States, the Middle East and North Africa (the "Molteni Territory").

We received an initial payment of €2.0 million (approximately $2.4 million) for the purchased assets and will receive additional potential payments totaling upon the achievement of certain regulatory and product label milestones. Additionally, we are entitled to receive earn-out payments for up to 15 years on net sales of Probuphine in the Molteni Territory ranging in percentage from the low-teens to the mid-twenties. In August 2018, we entered into an amendment to the Purchase Agreement described below in Note 10. "Subsequent Events."

We concluded that the performance obligations identified in the Purchase Agreement included the transfer of the intellectual property and our efforts towards the approval by the EMA and other regulatory bodies. The initial closing payment was allocated between the transfer of the intellectual property and our efforts related to the EMA approval as set forth below.

We used the expected cost-plus approach to estimate the standalone selling price of approximately $1.4 million related to our efforts towards the approval by the EMA and other regulatory bodies. This includes employee related expenses as well as other manufacturing, regulatory and clinical costs which will be incurred as part of our efforts. We believe that the services will be at a consistent rate and will be substantially complete as of December 31, 2018. As such we will recognize the revenue ratably over the balance of year ending December 31, 2018. If the facts and circumstances change, we will reassess these assumptions. The costs associated with these services will be expensed over the same period.

We used the residual approach to value the transfer of the intellectual property at approximately $1.0 million as we had not established and had no reliable way to establish a standalone selling price for the intellectual property.

As a result of the outcome of the milestone and earn-out payments being unpredictable due to the involvement of third parties, we believe that using the most likely amount method is appropriate. Any subsequent revenue related to milestone and earn-out payments will be recognized at the time the milestones are achieved or when the related net sales have occurred.

The Agreement provides that we will supply Molteni with semi-finished product (i.e., the implant, the applicator and related technology) on an exclusive basis at a fixed price through December 31, 2019, with subsequent price increases not to exceed annual cost increases to us for the active pharmaceutical ingredient and under our current manufacturing agreement. Revenue will be recognized when the semi-finished product has been transferred to Molteni.

Molteni will be prohibited from marketing a Competitor Product (as defined in the Agreement) in the Territory for the five year period following approval of the MAA. Thereafter, Molteni will be required to pay us a low single digit royalty on net sales of any Competitor Product.

The following table presents changes in contract assets and liabilities during the six months ended June 30, 2018:

(in thousands)	Beginning Balance	Additions	Deductions	Ending Balance
Six months ended June 30, 2018				
Contract assets	$ —	$ 291	$ —	$ 291
Contract liabilities:				
Deferred revenue	$ —	$ 2,448	$ (1,509)	$ 939

7. Warrant Liability

Until they expired by their terms on April 18, 2018, we had warrants outstanding to purchase an aggregate of 983,395 shares of common stock at an exercise price of $4.85 per share. The warrants contained a provision where the warrant holder had the option to receive cash equal to the Black Scholes fair value of the remaining unexercised portion of the warrant as cash settlement in the event that there was a fundamental transaction (contractually defined to include various merger, acquisition or stock transfer activities). Due to this provision, ASC 480, *Distinguishing Liabilities from Equity* required that these warrants be classified as liabilities. The fair value of these warrants was determined using the Lattice valuation model, and the changes in the fair value were recorded in the Condensed Statements of Operations and Comprehensive Loss.

8. Debt Agreements

In July 2017, we entered into a venture loan and security agreement ("Original Loan Agreement") with Horizon Technology Finance Corporation ("Horizon"), pursuant to which we received a loan in the amount of $7.0 million

The Original Loan Agreement provided for repayment of the loan on an interest-only basis through December 31, 2018, followed by monthly payments of principal and accrued interest for the balance of the 46-month term. The loan bears interest at a floating coupon rate of one-month LIBOR (floor of 1.10%) plus 8.40%. A final payment equal to 5.0% of the loan will be due on the scheduled maturity date for such loan. The Original Loan Agreement also contained a prepayment penalty based on a percentage of the then outstanding principal balance, equal to 4% if the prepayment occurs during the interest-only payment period, 3% if the prepayment occurs during the 12 months following such period, and 2% thereafter.

Our obligations under the Original Loan Agreement were secured by a first priority security interest in all of our assets, with the exception of our intellectual property. We agreed not to pledge or otherwise encumber our intellectual property assets, subject to certain exceptions.

The Original Loan Agreement included customary affirmative and restrictive covenants, excluding any covenants to attain or maintain certain financial metrics, and also included customary events of default, including for payment failures, breaches of covenants, change of control and material adverse changes. Upon the occurrence of an event of default and following any applicable cure periods, a default interest rate of an additional 5% could be applied to the outstanding loan balance, and Horizon could declare all outstanding obligations immediately due and payable and take such other actions as set forth in such agreement.

In connection with the Original Loan Agreement, we issued Horizon seven-year warrants to purchase an aggregate of 280,612 shares of our common stock ("Horizon Warrants"). The per share exercise price of the Horizon Warrants is the lower of (i) $1.96 or (ii) the price per share of any securities that may be issued by the Company in an equity financing during the 18 months following the agreement date. We agreed to file a registration statement covering the resale of the shares underlying the Horizon Warrants. In accordance with ASC 480, *Distinguishing Liabilities from Equity*, as amended by ASU, No. 2017-11, which we early adopted during 2017, the Horizon Warrants have been classified as equity and their fair value at the time of issuance was determined using a Lattice valuation model and was recorded in the Condensed Balance Sheet as a discount to the debt obligation.

The key assumptions used to value the Horizon Warrants were as follows:

Assumption	
Date of issuance	July 27, 2017
Expected price volatility	47%
Expected term (in years)	7.00
Risk-free interest rate	2.12%
Dividend yield	0.00%
Weighted-average fair value of warrants	$ 1.02

The anti-dilution provisions contained in the outstanding Series A warrants were triggered by the Horizon Warrant issuance, resulting in a reduction of the exercise price of such warrants from $4.89 to $4.85 per share.

On February 2, 2018, we entered into an amendment to the Original Loan Agreement (the "Amended Loan Agreement") pursuant to which we prepaid $3.0 million of the outstanding $7.0 million principal amount and provided Horizon with a lien on our intellectual property. The other terms of the Original Loan Agreement remained unchanged.

On March 21, 2018, we entered into an Amended and Restated Venture Loan and Security Agreement (the "Restated Loan Agreement") with Horizon and Molteni pursuant to which Horizon assigned approximately $2.4 million of the $4.0 million outstanding principal balance of the loan to Molteni and Molteni was appointed collateral agent and assumed majority and administrative control of the debt. Under the Restated Loan Agreement, the interest only payment and forbearance periods were extended to December 31, 2019. In addition, Molteni has the right to convert its portion of the debt into shares of our common stock at a conversion price of $1.20 per share and is required to effect this conversion of debt to equity if we complete an equity financing resulting in gross proceeds of at least $10.0 million at a price per share of common stock in excess of $1.20 and repay the $1.6 million balance of Horizon's loan amount. The lien on our intellectual property remains in place at this time. As the present value of the cash flows under the terms of the Restated Loan Agreement is less than 10% different from the remaining cash flows under the terms of the Amended Loan Agreement prior to being amended and restated, the Restated Loan Agreement was accounted for as a debt modification. Accordingly, expenses incurred as a result of the modification were expensed as incurred and the previously deferred fees and costs related to the debt will continue to be amortized over the remaining term along with the related warrants issued as part of the agreement described in Note 9 "Rights Agreement."

In connection with the Restated Loan Agreement, we issued Horizon seven-year warrants to purchase 40,000 shares of our common stock at an exercise price of $1.20 per share. The Horizon Warrants have been classified as equity and their fair value at the time of issuance was determined using a Black Scholes valuation model and was recorded in the Condensed Balance Sheet as a discount to the debt obligation.

The key assumptions used to value the new Horizon warrants were as follows:

Assumption	
Date of issuance	March 21, 2018
Expected price volatility	86%
Expected term (in years)	7.00
Risk-free interest rate	2.82%
Dividend yield	0.00%
Weighted-average fair value of warrants	$ 0.81

9. Rights Agreement

In consideration of Molteni's entry into the Restated Loan Agreement and the Purchase Agreement, on March 21, 2018, we entered into an agreement (as amended in May 2018, the "Rights Agreement") with Molteni pursuant to which we agreed to (i) issue Molteni seven-year warrants to purchase 540,000 shares of our common stock at an exercise price of $1.20 per share (the "Molteni Warrants"), (ii) provide Molteni customary demand and piggy-back registration rights with respect to the shares of common stock issuable upon conversion of its loan and exercise of the Molteni Warrants, (iii) appoint one member of our board of directors under certain circumstances and (iv) provide board observer rights to Molteni if it has not designated a board nominee as well as certain information rights. The board designation, observer and information rights will terminate at such time as Molteni ceases to beneficially own at least one percent of our outstanding capital stock (inclusive of the shares issuable upon conversion of debt under the Restated Loan Agreement and exercise of the Molteni Warrants). The Molteni Warrants have been classified as equity and their fair value at the time of issuance was determined using a Black Scholes valuation model. The amount was allocated equally between the Restated Loan Agreement and the Purchase Agreement and was recorded in the Condensed Balance Sheet as a discount to the debt obligation and a contract asset, respectively.

The key assumptions used to value the Molteni Warrants were as follows:

Assumption	
Date of issuance	March 21, 2018
Expected price volatility	86%
Expected term (in years)	7.00
Risk-free interest rate	2.82%
Dividend yield	0.00%
Weighted-average fair value of warrants	$ 0.81

10. Subsequent Events

On August 3, 2018, we entered into an amendment (the "Amendment") to the Purchase Agreement with Molteni. Under the Amendment, Molteni made an immediate payment to us of €950,000 (approximately $1,109,000) and has committed to make a convertible loan to us of €550,000 (approximately $642,000) provided we have submitted our response to the 120-day letter from the EMA on or prior to September 14, 2018 in accordance with the Amendment, both in exchange for the elimination of an aggregate of €2.0 million (approximately $2,335,000) of regulatory milestones provided for in the Purchase Agreement that are potentially payable in 2019, at the earliest. The loan (the "Convertible Loan"), if made, will convert automatically into shares of our common stock upon the issuance by the EMA of marketing approval for Probuphine at a conversion price per share equal to the lower of (i) the closing price on the loan funding date and (ii) the closing price on the conversion date. In the event the EMA has not granted marketing approval by December 31, 2019, the Convertible Loan will become due and payable, together with accrued interest at the rate of one-month LIBOR (to the extent in excess of 1.10%) plus 9.50% per annum. The Convertible Loan will contain other covenants and events of default substantially consistent with the Restated Loan Agreement.

On August 7, 2018, our stockholders approved an amendment to the Titan Pharmaceuticals, Inc. 2015 Omnibus Equity Incentive Plan to increase the number of shares authorized for awards thereunder from 2,500,000 to 3,500,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934(the "Exchange Act"). Such statements include, but are not limited to, any statements relating to our product development programs and any other statements that are not historical facts. Such statements involve risks and uncertainties that could negatively affect our business, operating results, financial condition and stock price. Factors that could cause actual results to differ materially from management's current expectations include those risks and uncertainties relating to our transition to a commercial enterprise, the regulatory approval process, the development, testing, production and marketing of our drug candidates, patent and intellectual property matters and strategic agreements and relationships. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as required by law.

Probuphine® and ProNeura™ are trademarks of Titan Pharmaceuticals, Inc. This Form 10-Q also includes trade names and trademarks of companies other than Titan Pharmaceuticals, Inc.

References herein to "we," "us," "Titan," and "our company" refer to Titan Pharmaceuticals, Inc. and its subsidiaries unless the context otherwise requires.

Overview

We are a pharmaceutical company developing proprietary therapeutics utilizing our proprietary long-term drug delivery platform for the treatment of select chronic diseases for which steady state delivery of a drug provides an efficacy and/or safety benefit. We are currently transitioning to a commercial stage enterprise having recently re-acquired Probuphine®, a product approved in the U.S. for management of opiate dependence.

Probuphine, our first product candidate based on our proprietary ProNeura™ platform, is a subdermal implant that provides continuous delivery of buprenorphine for six months. Probuphine was approved by the FDA in May 2016 for the maintenance treatment of opioid dependence in patients who are stable on low to moderate doses of daily sublingual buprenorphine treatment. We licensed development and commercialization rights of Probuphine for the U.S. and Canadian markets to Braeburn Braeburn in December 2012. Braeburn subsequently sublicensed the Canadian rights to Knight in February 2016. In April 2018, Knight announced that it had received regulatory approval from Health Canada to commercialize the product for the maintenance treatment of stable patients with opioid use disorder and they have indicated that they plan to launch the product in the fourth quarter of 2018.

In early 2018, Braeburn substantially reduced its field sales force and medical liaison personnel following its receipt of a complete response letter from the FDA for its weekly and monthly depot injection products. Anticipating a negative impact on Probuphine sales in the U.S., we began discussing with Braeburn terms for the return of the Probuphine U.S. commercialization rights to Titan. On May 25, 2018, we completed that agreement under which we received a $1.0 million payment and Braeburn's undertaking to provide transition services through 2018 to assist with commercialization activities and help maintain continuity in product supply for patients and their physicians.

Since reacquiring the rights, we have begun implementation of a strategy to relaunch Probuphine to targeted market segments that we believe are best suited to benefit from this product. We are currently considering all the financing alternatives available to us to obtain sufficient capital to build our infrastructure, including a small sales and marketing team, that will enable us to successfully transition to a commercial enterprise and position Probuphine as a specialty product.

We believe that our ProNeura long term drug delivery platform has the potential to be used in the treatment of other chronic conditions where maintaining stable, around the clock blood levels of a medication may benefit the patient and improve medical outcomes. Our goal is to expand our product pipeline using the ProNeura implant platform, and, depending on available funds, we have been opportunistically evaluating other drugs and disease settings for use with the ProNeura platform in potential treatment applications such as Parkinson's disease, where conventional treatment is limited by variability in blood drug levels and poor patient compliance. The pursuit of any of these programs in the short-term will depend on our ability to obtain the necessary funding through either government grants or third party collaborations.

We operate in only one business segment, the development of pharmaceutical products.

Recent Accounting Pronouncements

See Note 1 to the accompanying unaudited condensed financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q for information on recent accounting pronouncements.

Results of Operations for the Three and Six-Months Ended June 30, 2018 and June 30, 2017

License revenues were approximately $2.6 million and $3.7 million for the three and six-month periods ended June 30, 2018, respectively. Revenues for the three-month period ended June 30, 2018 period reflect approximately $0.5 million related to the amortization of deferred revenue related to the sale to Molteni of the European intellectual property rights to our Probuphine product, approximately $2.1 million related to the return of the Braeburn license in May 2018 and $7,000 related to the recognition of royalties earned on net sales of our Probuphine product by Braeburn. Revenues for the six-month period ended June 30, 2018 period reflect approximately $1.5 million related to the up-front payment and amortization of deferred revenue related to the sale to Molteni of the European intellectual property rights to our Probuphine product, approximately $2.1 million related to the return of the Braeburn license and $32,000 related to the recognition of royalties earned on net sales of our Probuphine product by Braeburn. Revenue for the 2017 period reflects the recognition of royalties earned on net sales of our Probuphine product by Braeburn. License revenues of approximately $77,000 and $117,000 for the three and six-month periods ended June 30, 2017 primarily reflect the recognition of the royalties earned on net sales of our Probuphine product by Braeburn.

Product revenues were approximately $75,000 for the three and six-month periods ended June 30, 2018. Product revenues reflect net revenues generated from sales of our Probuphine product by us after the return of the Braeburn License on May 25, 2018.

Research and development expenses for the three-month period ended June 30, 2018 were approximately $1.9 million, compared to approximately $2.5 million for the comparable period in 2017, a decrease of approximately $0.6 million, or 24%. The decrease in research and development costs was primarily associated with decreases in external research and development expenses related to the support of the ropinirole implant program and some expenses on other ProNeura product development programs, employee related expenses and other research and development expenses. Research and development expenses for the six-month period ended June 30, 2018 were approximately $3.7 million, compared to approximately $4.6 million for the comparable period in 2017, a decrease of approximately $0.9 million, or 20%. The decrease in research and development costs was primarily associated with decreases in external research and development expenses related to the support of the ropinirole implant program and limited expenses on other ProNeura product development programs, employee related expenses and other research and development expenses. During the three and six-month periods ended June 30, 2018, external research and development expenses relating to our product development programs were approximately $1.1 million and $1.7 million, respectively, compared to approximately $1.5 million and $2.6 million, respectively, for the comparable periods in 2017. Other research and development expenses include internal operating costs such as clinical research and development personnel-related expenses, clinical trials related travel expenses, and allocation of facility and corporate costs. As a result of the risks and uncertainties inherently associated with pharmaceutical research and development activities described elsewhere in this report, we are unable to estimate the specific timing and future costs of our research and development programs or the timing of material cash inflows, if any, from our product candidates.

General and administrative expenses for the three-month periods ended June 30, 2018 and 2017 were approximately $1.4 million, compared to approximately $1.2 million for the comparable period in 2017, an increase of approximately $0.2 million, or 17%. The increase in general and administrative expenses during the three-month period ended June 30, 2018 was primarily related to increases in employee related costs of approximately $0.1 million and legal and professional fees of approximately $0.1 million. General and administrative expenses for the six-month period ended June 30, 2018 were approximately $3.0 million, compared to approximately $2.5 million for the comparable period in 2017, an increase of approximately $0.5 million, or 20%. The increase in general and administrative expenses during the six-month period ended June 30, 2018 was primarily related to increases in legal and professional fees of approximately $0.5 million.

Net other expense for the three and six-month periods ended June 30, 2018 was approximately $0.2 million and $0.4 million, respectively. Net other expense consisted primarily of interest expense. Net other income for the three and six-month periods ended June 30, 2017 was approximately $0.2 million and $0.6 million, respectively. Net other income consisted primarily of non-cash gains on changes in the fair value of warrants.

Our net loss for the three-month period ended June 30, 2018 was approximately $0.9 million, or approximately $0.04 per share, compared to our net loss of approximately $3.5 million, or approximately $0.16 per share, for the comparable period in 2017. Our net loss for the six-month period ended June 30, 2018 was approximately $3.5 million, or approximately $0.16 per share, compared to our net loss of approximately $6.5 million, or approximately $0.30 per share, for the comparable period in 2017.

Liquidity and Capital Resources

We have funded our operations since inception primarily through the sale of debt and equity securities, as well as with proceeds from warrant and option exercises, technology licensing, collaborative agreements and government-sponsored research grants. At June 30, 2018, we had working capital of approximately $1.8 million compared to working capital of approximately $3.8 million at December 31, 2017.

Our operating activities used approximately $2.9 million during the six months ended June 30, 2018. This consisted primarily of the net loss for the period of approximately $3.5 million and approximately $0.6 million related to net changes in other operating assets and liabilities. This was offset, in part, by non-cash charges of approximately $0.8 million related to stock-based compensation, approximately $0.2 million related to depreciation and amortization and $0.2 million related to non-cash interest expense. Uses of cash in operating activities were primarily to fund product development programs and administrative expenses.

Our investing activities used approximately $53,000 during the six months ended June 30, 2018, which was primarily related to purchases of equipment.

Our financing activities used approximately $3.0 million during the six months ended June 30, 2018, which was primarily related to the repayment of debt.

In May 2018, we entered into the Transition Agreement pursuant to which we regained all Probuphine commercialization and clinical development rights we had granted to Braeburn. Braeburn paid us $1.0 million and transferred inventory to us with a value of approximately $1.1 million.

In August 2018, we amended the Purchase Agreement to eliminate an aggregate of €2,000,000 in exchange for which Molteni made an immediate payment to us of €950,000 (approximately $1,109,000) and committed to make the Convertible Loan to us of €550,000 (approximately $642,000) provided we have submitted our response to the 120-day letter from the European Medicines Agency ("EMA") on or prior to September 14, 2018.

At June 30, 2018, we had restricted cash of approximately $0.4 million. This represents a cash security deposit for an outstanding letter of credit established to fund upcoming EMA filing fees.

At June 30, 2018, we had cash and cash equivalents of approximately $1.6 million, which we believe, along with the payment from Molteni in August, are sufficient to fund our planned operations into mid-September 2018. If extended, the convertible loan from Molteni should provide funds through the end of the third quarter.

We will require additional funds to finance our operations, including the commercialization of Probuphine in the U.S., completion of the Probuphine Phase IV clinical trials mandated by the FDA and advancement of our current ProNeura development programs to later stage clinical studies. While we are currently considering the various financing alternatives available to us, our efforts to address our liquidity requirements may not be successful.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risk disclosures set forth in our Annual Report on Form 10-K for the year ended December 31, 2017 have not changed materially.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our President and Chief Executive Officer, being our principal executive and financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of June 30, 2018, the end of the period covered by this report, and has concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our principal executive and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the six months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, Titan's internal control over financial reporting.

PART II

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, which could materially affect our business, financial condition or future results (the "10-K Risk Factors"). The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. Except for the risks set forth below, there are no material changes to the 10-K Risk Factors.

We may not be successful in transitioning from a research and development company to a commercial enterprise.

Since our inception, we have been engaged in product research and development and have never directly commercialized any product. Since we regained the U.S. commercial rights to Probuphine in May 2018, we have been largely dependent on Braeburn's provision of support services, as well as those of advisors and consultants, as we transition to a commercial enterprise. We do not currently employ a sales force or have any internal sales and marketing capabilities. Without hiring or contracting for an experienced and active sales force, we will not be in a position to relaunch Probuphine and sales, if any, will continue to be limited. We will face intense competition for sales and marketing personnel with the necessary experience in addiction, reimbursement, specialty pharmacies and our targeted markets and there can be no assurance that we will be successful in our efforts to transition to a commercial stage company.

If Probuphine does not achieve broad market acceptance by physicians, patients or others in the medical community or coverage by third-party payors, our business will suffer.

Although Braeburn commenced a full commercial launch of Probuphine in the first quarter of 2017, minimal progress was made and for the year ended December 31, 2017 we derived royalty revenues of only $215,000 from sales of Probuphine. The commercial success of Probuphine and our product relaunch will depend upon its acceptance by physicians, patients, healthcare payors and the medical community. Coverage and reimbursement of Probuphine by third-party payors is also necessary for commercial success. Since its initial commercial launch by Braeburn, Probuphine's adoption by physicians has been hindered both by the Risk Evaluation and Mitigation Strategy, or REMS, requirements mandated by the product label, which are more expansive than those required for other buprenorphine products, as well as the current payment and reimbursement model, which differs from some of the existing treatment options for opioid addiction. For example, the current standard of care for outpatient treatment of opioid addiction is oral daily buprenorphine, which typically requires frequent patient visits and a per visit fee, which the patient may pay directly to the healthcare provider in cash. Reimbursement for an implantable drug product that requires administration by a healthcare provider requires drug codes as well as a separate procedure code for the insertion and removal procedures and less frequent office visits. Physicians may prefer more frequent patient visits and the accompanying reimbursement and payment model, which oftentimes includes cash payments. The commercial success of Probuphine depends on several factors, including:

- our ability to train and certify healthcare providers to insert and remove implants of Probuphine in accordance with the REMS;
- the perceived and actual advantages of our Probuphine over current and emerging treatment options;
- the willingness of healthcare providers to prescribe, and the target patient population to try novel products;
- the competitiveness of our pricing;

- the willingness of healthcare providers to accept alternative reimbursement models, such as the "buy-and-bill" system, where prescribers are required to buy Probuphine inventory themselves and then bill patients or payors following the procedure, or the specialty pharmacy distribution model, where a specialty pharmacy carries inventory and ships it to healthcare providers as requested and prescribed, and directly handles the subsequent billing and payment process with payors;

- our ability to provide adequate support to physicians and other healthcare providers to lessen the burden of current reimbursement models;

- our ability to establish and maintain adequate levels of coverage for Probuphine from commercial health plans and government health programs, which we refer to collectively as third-party payors, particularly in light of the availability of other branded and generic competitive products;

- the willingness for patients to pay out-of-pocket in the absence of third-party coverage and the success of patient assistance programs; and

- our ability to promote products through marketing and sales activities and any other arrangements; and

- our ability to successfully educate prescribers and patients on the applicable product's efficacy and safety;

In light of the difficulties encountered to date, we cannot predict either the timing or the degree to which Probuphine will be accepted by the medical community. If we are unable to generate ample royalty revenue from Probuphine, we will be unable to fund our research and development programs without additional financing, which may not be available on acceptable terms, and our business will be materially harmed.

We must comply with post-approval clinical trial requirements

The New Drug Application, or NDA, for Probuphine mandated the post-approval completion of several Phase IV clinical trials. Prior to the reversion of the commercialization rights to us, Braeburn had been in negotiations with the FDA with respect to the various trial protocols and had not commenced the required clinical trials. Upon transfer of the NDA back to us, we began communicating with the FDA regarding the Phase IV requirements. There can be no assurance that the FDA will provide us with the time we need to initiate and complete the necessary clinical trials, or that we will have the necessary funds to do so, in which event we may be subject to possible sanctions, including monetary penalties or suspension of Probuphine commercial activities. Furthermore, unexpected negative findings from a Phase IV trial could negatively impact the product label and/or acceptance by patients, healthcare providers and insurers.

The Probuphine REMS program has negatively impacted initial uptake and may continue to do so, which could materially adversely impact our business prospects.

There is currently a REMS program in place for Probuphine as required by the FDA. The REMS program was implemented by Braeburn in May 2016 and is designed to mitigate the risk of complications of migration, protrusion, expulsion and nerve damage associated with the insertion and removal of Probuphine and the risks of accidental overdose, misuse and abuse. The REMS program requires training and certification of healthcare providers who prescribe and implant Probuphine and provide patient counseling. Probuphine distribution is restricted to healthcare providers who have completed training and received certification under the REMS program. We believe the REMS program has been an obstacle to adoption of Probuphine to date by the medical community. Healthcare providers may be unwilling to undergo training and certification in order to be able to prescribe or implant Probuphine due to time constraints or concerns with the product. If we are unable to adequately address this issue, our ability (or the ability of potential future commercial partners) to generate revenue from sales of Probuphine could be materially compromised, which would have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, if a patient suffers an injury during the insertion and removal of Probuphine, it may give rise to liability against us by patients, clinicians or others or result in non-compliance with the REMS program. Non-compliance with the REMS program may bring serious consequences to us, including warning letters from the FDA, fines, criminal charges and other prohibitions and exclusions as well as reputational damage.

The FDA-approved product labeling for Probuphine allows prescribing for a limited patient population.

Probuphine was approved with an indicated use limited to the long-term maintenance treatment of opioid dependence in clinically stable patients on 8 mg or less a day of oral buprenorphine. The approved labeling also contains other limitations on use and warnings and contraindications for risks. If potential purchasers or those influencing purchasing decisions, such as physicians and pharmacists or third party payers, react negatively to Probuphine because of their perception of the limitations or safety risks in the approved product labeling, it may result in lower product acceptance and lower product revenues.

In addition, our promotion of Probuphine must reflect only the specific approved indication as well as other limitations on use, and disclose the safety risks associated with the use of Probuphine as set out in the approved product labeling. We must submit all promotional materials to the FDA at the time of their first use. If the FDA raises concerns regarding our promotional materials or messages, we may be required to modify or discontinue using them and provide corrective information to healthcare practitioners, and we may face other adverse enforcement action.

Probuphine is a controlled substance subject to DEA regulations and failure to comply with these regulations, or the cost of compliance with these regulations, may adversely affect our business.

Probuphine contains buprenorphine, a regulated Schedule III "controlled substance" under the CSA, which establishes, among other things, certain registration, production quotas, security, recordkeeping, reporting, import, export and other requirements administered by the DEA. The DEA regulates controlled substances as Schedule I, II, III, IV or V substances. Schedule I substances by definition have no established medicinal use and may not be marketed or sold in the United States. A pharmaceutical product may be listed as Schedule II, III, IV or V, with Schedule II substances considered to present the highest risk of abuse and Schedule V substances the lowest relative risk of abuse among such substances. Our failure to comply with DEA requirements could result in the loss of our ability to supply Probuphine, significant restrictions on Probuphine, civil penalties or criminal prosecution.

The DEA, and some states, also conduct periodic inspections of registered establishments that handle controlled substances. Facilities that conduct research, manufacture, store, distribute, import or export controlled substances must be registered to perform these activities and have the security, control and inventory mechanisms required by the DEA to prevent drug loss and diversion. Failure to maintain compliance, particularly non-compliance resulting in loss or diversion, can result in regulatory action that could have a material adverse effect on our business, results of operations, financial condition and prospects. The DEA may seek civil penalties, refuse to renew necessary registrations or initiate proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Individual states also have controlled substances laws. Though state controlled substances laws often mirror federal law, because the states are separate jurisdictions, they may separately schedule drugs, as well. While some states automatically schedule a drug when the DEA does so, in other states there has to be rulemaking or a legislative action. State scheduling may delay commercial sale of any controlled substance drug product for which we obtain federal regulatory approval and adverse scheduling could have a material adverse effect on the commercial attractiveness of such product. We or our partners must also obtain separate state registrations in order to be able to obtain, handle, and distribute controlled substances for clinical trials or commercial sale, and failure to meet applicable regulatory requirements could lead to enforcement and sanctions from the states in addition to those from the DEA or otherwise arising under federal law.

We may be subject to enforcement action if we engage in improper marketing or promotion of Probuphine.

Our promotional materials and training methods must comply with the Federal Food, Drug and Cosmetic Act, or the FDCA, and FDA regulations and other applicable laws and regulations, including the prohibition of the promotion of unapproved, or "off-label", use. Companies may not promote drugs for off-label use, which include uses that are not described in the product's labeling and that differ from those approved by the FDA. Physicians may prescribe drug products for off-label uses and such off-label uses are common across some medical specialties. Although the FDA and other regulatory agencies do not regulate a physician's choice of treatments, the FDCA and FDA regulations restrict communications on the subject of off-label uses of drug products by pharmaceutical companies. The Office of Inspector General of the Department of Health and Human Services, or OIG, the FDA, and the Department of Justice, or DOJ, all actively enforce laws and regulations prohibiting promotion of off-label use and the promotion of products for which marketing approval has not been obtained.

Other federal, state and foreign regulatory agencies, including the U.S. Federal Trade Commission, have issued guidelines and regulations that govern how we promote our products, including how we use endorsements and testimonials.

If we are found to be out of compliance with the requirements and restrictions described above, and we are investigated for or found to have improperly promoted off-label use, we may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions, and the off-label use of our products may increase the risk of product liability claims. In addition, management's attention could be diverted from our business operations and our reputation could be damaged.

In addition to FDA and related regulatory requirements, we are subject to health care "fraud and abuse" laws, such as the federal False Claims Act, the anti-kickback provisions of the federal Social Security Act, and other state and federal laws and regulations. Federal and state anti-kickback laws prohibit, among other things, payments or other remuneration to induce or reward someone to purchase, prescribe, endorse, or recommend a product that is reimbursed under federal or state healthcare programs. If we provide payments or other remuneration to a healthcare professional to induce the prescribing of our products, we could face liability under state and federal anti-kickback laws.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. Pharmaceutical companies have been prosecuted under these laws for a variety of alleged promotional and marketing activities, such as allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product or submitting inflated best price information to the Medicaid Rebate program. The majority of states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payer. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines, and imprisonment. Even if it is determined that we have not violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which would harm our business, prospects, operating results, and financial condition. Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be challenged under one or more of such laws.

We obtain some of our raw materials, components and finished goods from a single source or a limited group of suppliers. The partial or complete loss of one of these suppliers could cause significant production delays, an inability to meet customer demand and a substantial loss in revenue.

We use a number of single-source suppliers for certain of our raw materials, components and finished goods, including:

- the supplier of the active ingredient for Probuphine;
- the supplier of the finished Probuphine implants; and
- the manufacturer of the Probuphine applicator.

We are in the process of qualifying a new EVA manufacturer. In addition, the vendor that used to sterilize the Probuphine implants indicated that it will no longer sterilize Schedule III controlled substances, including Probuphine. While we are in the process of qualifying another sterilization vendor and will also be transitioning to a new sterilization process, we cannot guarantee that such qualification or transition will be successful. Our use of these and other single-source suppliers of raw materials, components and finished goods exposes us to several risks, including disruptions in supply, price increases, late deliveries and an inability to meet customer demand. This could lead to customer dissatisfaction, damage to our reputation or customers switching to competitive products. Any interruption in supply could be particularly damaging to our ability to develop and commercialize Probuphine.

Finding alternative sources for these raw materials, components and finished goods would be difficult and in many cases entail a significant amount of time, disruption and cost. Any disruption in supply from any single-source supplier or manufacturing location could lead to supply delays or interruptions which would damage our business, financial condition, results of operations and prospects.

We rely on third parties to provide services in connection with the manufacture and distribution of Probuphine, and these third parties may not perform satisfactorily.

We do not own or operate, and currently do not plan to own or operate, facilities for production and packaging of Probuphine or our other product candidates. We are dependent on third parties for the timely supply of specified raw materials, equipment, contract manufacturing, formulation or packaging services, product distribution services, customer service activities and product returns processing. For example, we contract with DPT Laboratories, Ltd., or DPT, for the manufacture of Probuphine, which in turn depends on delivery of the active ingredient buprenorphine hydrochloride and milled EVA, which we currently source from Teva and Southwest Research Institute, respectively. We are similarly dependent on third parties for the manufacture and sterilization of Probuphine applicators and the assembly and distribution of packaged kits.

Our reliance on third parties for the activities described above will reduce our control over these activities but will not relieve us of our responsibility to ensure compliance with all required regulations. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or manufacture our product in accordance with regulatory requirements, or proprietary specifications, or adhere to product processing best practices, or if there are disagreements between us and these third parties, our business could be materially adversely impacted.

We face potential liability related to the privacy of health information we obtain from clinical trials sponsored by us or our collaborators,

from research institutions and our collaborators, and directly from individuals.

Numerous federal and state laws, including state security breach notification laws, state health information privacy laws, and federal and state consumer protection laws, govern the collection, use, and disclosure of personal information. In addition, most health care providers, including research institutions from which we or our collaborators obtain patient health information, are subject to privacy and security regulations promulgated under the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act. Although we are not directly subject to HIPAA, we could potentially be subject to criminal penalties if we, our affiliates, or our agents knowingly obtain or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

Item 5. Other Information

On August 9, 2018, the compensation committee approved amendments to the existing employment agreements with each of Sunil Bhonsle and Marc Rubin to extend the expiration date from September 29, 2018 to March 29, 2019 in order to provide continuity of service while the compensation committee undertakes the process of evaluating new agreements.

Item 6. Exhibits

No.	Description
3.1(1)	Amended and Restated Certificate of Incorporation of the Registrant, as amended [5]
3.1(2)	Certificate of Amendment to the Restated Certificate of Incorporation dated September 24, 2015 [14]
3.2	By-laws of the Registrant [1]
4.1	Form of Series A Warrant [7]
4.2	Form of Class A Warrant [13]
4.3	Form of Underwriter Warrant [13]
4.4	Form of Lender Warrant [18]
4.5	Form of Rights Agreement Warrant [20]
10.1	2001 Non-Qualified Employee Stock Option Plan [2]
10.2	2002 Stock Option Plan [3]
10.3	Lease for the Registrant's facilities, amended as of October 1, 2004 [4]
10.4	Amendments to lease for Registrant's facilities dated May 21, 2007 and March 12, 2009 [5]
10.5	Amendment to lease for Registrant's facilities dated June 15, 2010 [6]

10.6*	License Agreement by and between Titan Pharmaceuticals, Inc. and Braeburn Pharmaceuticals Sprl, dated December 14, 2012 [8]
10.7	Amendment dated May 28, 2013 to License Agreement by and between Titan Pharmaceuticals, Inc. and Braeburn Pharmaceuticals Sprl [9]
10.8	Second Amendment dated July 2, 2013 to License Agreement by and between Titan Pharmaceuticals, Inc. and Braeburn Pharmaceuticals Sprl [10]
10.9	Third Amendment dated November 12, 2013 to License Agreement by and between Titan Pharmaceuticals, Inc. and Braeburn Pharmaceuticals Sprl [15]
10.10	2014 Incentive Plan [12]
10.11	Titan Pharmaceuticals, Inc. Second Amended and Restated 2015 Omnibus Equity Incentive Plan
10.12	Controlled Equity OfferingSM Sales Agreement, dated September 1, 2016, between the Company and Cantor Fitzgerald & Co. [16]
10.13	Employment Agreement between the Company and Sunil Bhonsle dated September 29, 2016 [17]
10.14	Employment Agreement between the Company and Marc Rubin dated September 29, 2016 [17]
10.15	Venture Loan and Security Agreement, dated July 27, 2017, by and between Titan Pharmaceuticals, Inc. and Horizon Technology Finance Corporation [18]
10.16	Amendment of Venture Loan and Security Agreement, dated February 2, 2018, by and between Titan Pharmaceuticals, Inc. and Horizon Technology Finance Corporation [19]
10.17	Amended and Restated Venture Loan and Security Agreement, dated March 21, 2018, by and between Titan Pharmaceuticals, Inc., Horizon Technology Finance Corporation and L. Molteni & C. Dei Frattelli Alitti Società Di Esercizio S.P.A. [20]
10.18*	Asset Purchase, Supply and Support Agreement dated March 21, 2018, by and between Titan Pharmaceuticals, Inc. and L. Molteni & C. Dei Frattelli Alitti Società Di Esercizio S.P.A.[20]
10.19	Rights Agreement dated March 21, 2018, by and between Titan Pharmaceuticals, Inc. and L. Molteni & C. Dei Frattelli Alitti Società Di Esercizio S.P.A. [20]
10.20	Termination and Transition Services Agreement dated May 25, 2018 by and between Titan Pharmaceuticals, Inc. and Braeburn Pharmaceuticals, Inc. [21]
10.21**	Amendment to Asset Purchase, Supply and Support Agreement dated August 3, 2018 [22]
10.22 **	Distribution and Sublicense Agreement dated February 1, 2016 as amended by agreement dated August 2, 2018 between Titan Pharmaceuticals, Inc. and Knight Therapeutics Inc.
10.23	Amendment to lease for Registrant's facilities dated March 21, 2016
10.24	Amendment to Employment Agreement with Sunil Bhonsle dated August 9, 2018
10.25	Amendment to Employment Agreement with Marc Rubin dated August 9, 2018
14.1	Code of Business Conduct and Ethics [13]
31.1	Certification of the Principal Executive and Financial Officer pursuant to Rule 13(a)-14(a) of the Securities Exchange Act of 1934
32.1	Certification of the Principal Executive and Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extensionalculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy ExtensionPresentation Linkbase Document

(1) Incorporated by reference from the Registrant's Registration Statement on Form S-3 (File No. 333-21126).
(2) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.
(3) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.
(4) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005.
(5) Incorporated by reference from the Registrant's Registration Statement on Form 10.
(6) Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2010.
(7) Incorporated by reference from the Registrant's Current Report on Form 8-K filed on April 10, 2012.
(8) Incorporated by reference from the Registrant's Current Report on Form 8-K/A filed on February 28, 2013.
(9) Incorporated by reference from the Registrant's Current Report on Form 8-K dated May 29, 2013.
(10) Incorporated by reference from the Registrant's Current Report on Form 8-K dated July 5, 2013.
(11) Incorporated by reference from the Registrant's Current Report on Form 8-K dated November 13, 2013.
(12) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013.
(13) Incorporated by reference from the Registrant's Registration Statement on Form S-1/A dated September 30, 2014.
(14) Incorporated by reference from the Registrant's Current Report on Form 8-K dated September 28, 2015.
(15) Incorporated by reference from the Registrant's Current Report on Form 8-K dated August 3, 2016.
(16) Incorporated by reference from the Registrant's Current Report on Form 8-K dated September 1, 2016.
(17) Incorporated by reference from the Registrant's Current Report on Form 8-K dated October 3, 2016.
(18) Incorporated by reference from the Registrant's Current Report on Form 8-K dated July 27, 2017.
(19) Incorporated by reference from the Registrant's Current Report on Form 8-K dated February 7, 2018.
(20) Incorporated by reference from the Registrant's Current Report on Form 8-K dated March 26, 2018.
(21) Incorporated by reference from the Registrant's Current Report on Form 8-K dated May 30, 2018.
(22) Incorporated by reference from the Registrant's Current Report on Form 8-K dated August 3, 2018.
* Confidential treatment has been granted with respect to portions of this exhibit.
** Confidential treatment has been requested with respect to portions of this exhibit.

SIGNATURES

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

TITAN PHARMACEUTICALS, INC.

Dated: August 14, 2018

By: /s/ Sunil Bhonsle
Name: **Sunil Bhonsle**
Title: **President and Chief Executive Officer**
(Principal Executive and Principal Financial Officer)

Exhibit 10.11

TITAN PHARMACEUTICALS, INC.

SECOND AMENDED AND RESTATED

2015 OMNIBUS EQUITY INCENTIVE PLAN

TITAN PHARMACEUTICALS, INC.
SECOND AMENDED AND RESTATED
2015 OMNIBUS EQUITY INCENTIVE PLAN

ARTICLE I
PURPOSE

The purpose of this Titan Pharmaceuticals, Inc. 2015 Omnibus Equity Incentive Plan (the "Plan") is to benefit Titan Pharmaceuticals, Inc., a Delaware corporation (the "Company") and its stockholders, by assisting the Company to attract, retain and provide incentives to key employees and directors of, and consultants to, the Company and its Affiliates, and to align the interests of such service providers with those of the Company's stockholders. Accordingly, the Plan provides for the granting of Non-qualified Stock Options, Incentive Stock Options, Restricted Stock Awards, Restricted Stock Unit Awards, Stock Appreciation Rights, Performance Stock Awards, Performance Unit Awards, Unrestricted Stock Awards, Distribution Equivalent Rights or any combination of the foregoing.

ARTICLE II
DEFINITIONS

The following definitions shall be applicable throughout the Plan unless the context otherwise requires:

2.1 "Affiliate" shall mean any corporation which, with respect to the Company, is a "subsidiary corporation" within the meaning of Section 424(f) of the Code or other entity in which the Company has a controlling interest in such entity or another entity which is part of a chain of entities in which the Company or each entity has a controlling interest in another entity in the unbroken chain of entities ending with the applicable entity.

2.2 "Award" shall mean, individually or collectively, any Option, Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, Performance Unit Award, Stock Appreciation Right, Distribution Equivalent Right or Unrestricted Stock Award.

2.3 "Award Agreement" shall mean a written agreement between the Company and the Holder with respect to an Award, setting forth the terms and conditions of the Award.

2.4 "Board" shall mean the Board of Directors of the Company.

2.5 "Base Value" shall have the meaning given to such term in Section 14.2.

2.6 "Cause" shall mean (i) if the Holder is a party to an employment or service agreement with the Company or an Affiliate which agreement defines "Cause" (or a similar term), "Cause" shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, "Cause" shall mean termination by the Company or an Affiliate of the employment (or other service relationship) of the Holder by reason of the Holder's (A) intentional failure to perform reasonably assigned duties, (B) dishonesty or willful misconduct in the performance of the Holder's duties, (C) involvement in a transaction which is materially adverse to the Company or an Affiliate, (D) breach of fiduciary duty involving personal profit, (E) willful violation of any law, rule, regulation or court order (other than misdemeanor traffic violations and misdemeanors not involving misuse or misappropriation of money or property), (F) commission of an act of fraud or intentional misappropriation or conversion of any asset or opportunity of the Company or an Affiliate, or (G) material breach of any provision of the Plan or the Holder's Award Agreement or any other written agreement between the Holder and the Company or an Affiliate, in each case as determined in good faith by the Board, the determination of which shall be final, conclusive and binding on all parties.

2.7 "Change of Control" shall mean: (i) for a Holder who is a party to an employment or consulting agreement with the Company or an Affiliate which agreement defines "Change of Control" (or a similar term), "Change of Control" shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, "Change of Control" shall mean the satisfaction of any one or more of the following conditions (and the "Change of Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

(a) Any person (as such term is used in paragraphs 13(d) and 14(d)(2) of the Exchange Act, hereinafter in this definition, "Person"), other than the Company or an Affiliate or an employee benefit plan of the Company or an Affiliate, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities;

(b) The closing of a merger, consolidation or other business combination (a "Business Combination") other than a Business Combination in which holders of the Shares immediately prior to the Business Combination have substantially the same proportionate ownership of the common stock of the surviving corporation immediately after the Business Combination as immediately before;

(c) The closing of an agreement for the sale or disposition of all or substantially all of the Company's assets to any entity that is not an Affiliate;

(d) The approval by the holders of shares of Shares of a plan of complete liquidation of the Company, other than a merger of the Company into any subsidiary or a liquidation as a result of which persons who were stockholders of the Company immediately prior to such liquidation have substantially the same proportionate ownership of shares of common stock of the surviving corporation immediately after such liquidation as immediately before; or

(e) Within any twenty-four (24) month period, the Incumbent Directors shall cease to constitute at least a majority of the Board or the board of directors of any successor to the Company; provided, however, that any director elected to the Board, or nominated for election, by a majority of the Incumbent Directors then still in office, shall be deemed to be an Incumbent Director for purposes of this paragraph (e), but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, entity or "group" other than the Board (including, but not limited to, any such assumption that results from paragraphs (a), (b), (c), or (d) of this definition).

2.8 "Code" shall mean the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to any section and any regulation under such section.

2.9 "Committee" shall mean a committee comprised of two (2) or more members of the Board who are selected by the Board as provided in Section 4.1.

2.10 "Company" shall have the meaning given to such term in the introductory paragraph, including any successor thereto.

2.11 "Consultant" shall mean any non-Employee (individual or entity) advisor to the Company or an Affiliate who or which has contracted directly with the Company or an Affiliate to render bona fide consulting or advisory services thereto.

2.12 "Director" shall mean a member of the Board or a member of the board of directors of an Affiliate, in either case, who is not an Employee.

2.13 "Distribution Equivalent Right" shall mean an Award granted under Article XIII of the Plan which entitles the Holder to receive bookkeeping credits, cash payments and/or Share distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of Shares during the period the Holder held the Distribution Equivalent Right.

2.14 "Distribution Equivalent Right Award Agreement" shall mean a written agreement between the Company and a Holder with respect to a Distribution Equivalent Right Award.

2.15 "Effective Date" shall mean August 24, 2015 or such later date that the Plan is approved by the stockholders of the Company.

2.16 "Employee" shall mean any employee, including any officer, of the Company or an Affiliate.

2.17 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

2.18 "Fair Market Value" shall mean, as of any specified date, the closing sales price of the Shares for such date (or, in the event that the Shares are not traded on such date, on the immediately preceding trading date) on the NASDAQ Stock Market ("NASDAQ"), as reported by NASDAQ, or such other domestic or foreign national securities exchange on which the Shares may be listed. If the Shares are not listed on NASDAQ or on a national securities exchange, but are quoted on the OTC Bulletin Board or by the National Quotation Bureau, the Fair Market Value of the Shares shall be the mean of the highest bid and lowest asked prices per Share for such date. If the Shares are not quoted or listed as set forth above, Fair Market Value shall be determined by the Board in good faith by any fair and reasonable means (which means may be set forth with greater specificity in the applicable Award Agreement). The Fair Market Value of property other than Shares shall be determined by the Board in good faith by any fair and reasonable means consistent with the requirements of applicable law.

2.19 "Family Member" of an individual shall mean any child, stepchild, grandchild, parent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or employee of the Holder), a trust in which such persons have more than fifty percent (50%) of the beneficial interest, a foundation in which such persons (or the Holder) control the management of assets, and any other entity in which such persons (or the Holder) own more than fifty percent (50%) of the voting interests.

2.20 "Holder" shall mean an Employee, Director or Consultant who has been granted an Award or any such individual's beneficiary, estate or representative, who has acquired such Award in accordance with the terms of the Plan, as applicable.

2.21 "Incentive Stock Option" shall mean an Option which is intended by the Committee to constitute an "incentive stock option" and conforms to the applicable provisions of Section 422 of the Code.

2.22 "Incumbent Director" shall mean, with respect to any period of time specified under the Plan for purposes of determining whether or not a Change of Control has occurred, the individuals who were members of the Board at the beginning of such period.

2.23 "Non-qualified Stock Option" shall mean an Option which is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.24 "Option" shall mean an Award granted under Article VII of the Plan of an option to purchase Shares and shall include both Incentive Stock Options and Non-qualified Stock Options.

2.25 "Option Agreement" shall mean a written agreement between the Company and a Holder with respect to an Option.

2.26 "Performance Criteria" shall mean the criteria selected by the Committee for purposes of establishing the Performance Goal(s) for a Holder for a Performance Period.

2.27 "Performance Goals" shall mean, for a Performance Period, the written goal or goals established by the Committee for the Performance Period based upon the Performance Criteria, which may be related to the performance of the Holder, the Company or an Affiliate.

2.28 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of the Performance Goals shall be measured for purposes of determining a Holder's right to, and the payment of, a Qualified Performance-Based Award.

2.29 "Performance Stock Award" or "Performance Stock" shall mean an Award granted under Article XII of the Plan under which, upon the satisfaction of predetermined Performance Goals, Shares are paid to the Holder.

2.30 "Performance Stock Agreement" shall mean a written agreement between the Company and a Holder with respect to a Performance Stock Award.

2.31 "Performance Unit" shall mean a Unit awarded to a Holder pursuant to a Performance Unit Award.

2.32 "Performance Unit Award" shall mean an Award granted under Article XI of the Plan under which, upon the satisfaction of predetermined Performance Goals, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

2.33 "Performance Unit Agreement" shall mean a written agreement between the Company and a Holder with respect to a Performance Unit Award.

2.34 "Plan" shall mean this Titan Pharmaceuticals 2015 Omnibus Equity Incentive Plan, as amended from time to time, together with each of the Award Agreements utilized hereunder.

2.35 "Qualified Performance-Based Award" shall mean an Award that is intended to qualify as "performance-based" compensation under Section 162(m) of the Code.

2.36 "Restricted Stock Award" and "Restricted Stock" shall mean an Award granted under Article VIII of the Plan of Shares, the transferability of which by the Holder is subject to Restrictions.

2.37 "Restricted Stock Agreement" shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

2.38 "Restricted Stock Unit Award" and "RSUs" shall refer to an Award granted under Article X of the Plan under which, upon the satisfaction of predetermined individual service-related vesting requirements, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

2.39 "Restricted Stock Unit Agreement" shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

2.40 "Restriction Period" shall mean the period of time for which Shares subject to a Restricted Stock Award shall be subject to Restrictions, as set forth in the applicable Restricted Stock Agreement.

2.41 "Restrictions" shall mean the forfeiture, transfer and/or other restrictions applicable to Shares awarded to an Employee, Director or Consultant under the Plan pursuant to a Restricted Stock Award and set forth in a Restricted Stock Agreement.

2.42 "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, as such may be amended from time to time, and any successor rule, regulation or statute fulfilling the same or a substantially similar function.

2.43 "Shares" or "Stock" shall mean the common stock of the Company, par value $0.001 per share.

2.44 "Stock Appreciation Right" or "SAR" shall mean an Award granted under Article XIV of the Plan of a right, granted alone or in connection with a related Option, to receive a payment equal to the increase in value of a specified number of Shares between the date of Award and the date of exercise.

2.45 "Stock Appreciation Right Agreement" shall mean a written agreement between the Company and a Holder with respect to a Stock Appreciation Right.

2.46 "Tandem Stock Appreciation Right" shall mean a Stock Appreciation Right granted in connection with a related Option, the exercise of some or all of which results in termination of the entitlement to purchase some or all of the Shares under the related Option, all as set forth in Article XIV.

2.47 "Ten Percent Stockholder" shall mean an Employee who, at the time an Option is granted to him or her, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of any parent corporation or subsidiary corporation thereof (both as defined in Section 424 of the Code), within the meaning of Section 422(b)(6) of the Code.

2.48 "Termination of Service" shall mean a termination of a Holder's employment with, or status as a Director or Consultant of, the Company or an Affiliate, as applicable, for any reason, including, without limitation, Total and Permanent Disability or death, except as provided in Section 6.4. In the event Termination of Service shall constitute a payment event with respect to any Award subject to Code Section 409A, Termination of Service shall only be deemed to occur upon a "separation from service" as such term is defined under Code Section 409A and applicable authorities.

2.49 "Total and Permanent Disability" of an individual shall mean the inability of such individual to engage in any substantial gainful activity by reason of any medically determinable 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 twelve (12) months, within the meaning of Section 22(e)(3) of the Code.

2.50 "Unit" shall mean a bookkeeping unit, which represents such monetary amount as shall be designated by the Committee in each Performance Unit Agreement, or represents one Share for purposes of each Restricted Stock Unit Award.

2.51 "Unrestricted Stock Award" shall mean an Award granted under Article IX of the Plan of Shares which are not subject to Restrictions.

2.52 "Unrestricted Stock Agreement" shall mean a written agreement between the Company and a Holder with respect to an Unrestricted Stock Award.

ARTICLE III
EFFECTIVE DATE OF PLAN

The Plan shall be effective as of the Effective Date.

ARTICLE IV
ADMINISTRATION

4.1 Composition of Committee. The Plan shall be administered by the Committee, which shall be appointed by the Board. If necessary, in the Board's discretion, to comply with Rule 16b-3 under the Exchange Act and Section 162(m) of the Code, the Committee shall consist solely of two (2) or more Directors who are each (i) "outside directors" within the meaning of Section 162(m) of the Code ("Outside Directors"), (ii) "non-employee directors" within the meaning of Rule 16b-3 ("Non-Employee Directors") and (iii) "independent" for purposes of any applicable listing requirements; provided, however, that the Board or the Committee may delegate to a committee of one or more members of the Board who are not (x) Outside Directors, the authority to grant Awards to eligible persons who are not (A) then "covered employees" within the meaning of Section 162(m) of the Code and are not expected to be "covered employees" at the time of recognition of income resulting from such Award, or (B) persons with respect to whom the Company wishes to comply with the requirements of Section 162(m) of the Code, and/or (y) Non-Employee Directors, the authority to grant Awards to eligible persons who are not then subject to the requirements of Section 16 of the Exchange Act. If a member of the Committee shall be eligible to receive an Award under the Plan, such Committee member shall have no authority hereunder with respect to his or her own Award.

4.2 Powers. Subject to the other provisions of the Plan, the Committee shall have the sole authority, in its discretion, to make all determinations under the Plan, including but not limited to (i) determining which Employees, Directors or Consultants shall receive an Award, (ii) the time or times when an Award shall be made (the date of grant of an Award shall be the date on which the Award is awarded by the Committee), (iii) what type of Award shall be granted, (iv) the term of an Award, (v) the date or dates on which an Award vests (including acceleration of vesting), (vi) the form of any payment to be made pursuant to an Award, (vii) the terms and conditions of an Award (including the forfeiture of the Award, and/or any financial gain, if the Holder of the Award violates any applicable restrictive covenant thereof), (viii) the Restrictions under a Restricted Stock Award, (ix) the number of Shares which may be issued under an Award, (x) Performance Goals applicable to any Award and certification of the achievement of such goals, and (xi) the waiver of any Restrictions or Performance Goals, subject in all cases to compliance with applicable laws. In making such determinations the Committee may take into account the nature of the services rendered by the respective Employees, Directors and Consultants, their present and potential contribution to the Company's (or the Affiliate's) success and such other factors as the Committee in its discretion may deem relevant.

4.3 Additional Powers. The Committee shall have such additional powers as are delegated to it under the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective Award Agreements executed hereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the intent of the Plan, to determine the terms, restrictions and provisions of each Award and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any Award Agreement in the manner and to the extent the Committee shall deem necessary, appropriate or expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive and binding on the Company and all Holders.

4.4 Committee Action. Subject to compliance with all applicable laws, action by the Committee shall require the consent of a majority of the members of the Committee, expressed either orally at a meeting of the Committee or in writing in the absence of a meeting. No member of the Committee shall have any liability for any good faith action, inaction or determination in connection with the Plan.

ARTICLE V
SHARES SUBJECT TO PLAN AND LIMITATIONS THEREON

5.1 Authorized Shares and Award Limits. The Committee may from time to time grant Awards to one or more Employees, Directors and/or Consultants determined by it to be eligible for participation in the Plan in accordance with the provisions of Article VI. Subject to Article XV, the aggregate number of Shares that may be issued under the Plan shall not exceed Three Million Five Hundred Thousand (3,500,000) Shares. Shares shall be deemed to have been issued under the Plan solely to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses, expires, is canceled, is terminated unexercised or ceases to be exercisable for any reason, or the rights of its Holder terminate, any Shares subject to such Award shall again be available for the grant of a new Award. Notwithstanding any provision in the Plan to the contrary, the maximum number of Shares that may be subject to Awards granted to any one person during any calendar year, shall be Five Hundred Thousand (500,000) Shares (subject to adjustment in the same manner as provided in Article XV with respect to Shares subject to Awards then outstanding). The limitation set forth in the preceding sentence shall be applied in a manner which shall permit compensation generated in connection with the exercise of Options or Stock Appreciation Rights to constitute "performance-based" compensation for purposes of Section 162(m) of the Code, including, but not limited to, counting against such maximum number of Shares, to the extent required under Section 162(m) of the Code, any Shares subject to Options or Stock Appreciation Rights that are canceled or re-priced.

5.2 Types of Shares. The Shares to be issued pursuant to the grant or exercise of an Award may consist of authorized but unissued Shares, Shares purchased on the open market or Shares previously issued and outstanding and reacquired by the Company.

ARTICLE VI
ELIGIBILITY AND TERMINATION OF SERVICE

6.1 Eligibility. Awards made under the Plan may be granted solely to individuals or entities who, at the time of grant, are Employees, Directors or Consultants. An Award may be granted on more than one occasion to the same Employee, Director or Consultant, and, subject to the limitations set forth in the Plan, such Award may include, a Non-qualified Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, an Unrestricted Stock Award, a Distribution Equivalent Right Award, a Performance Stock Award, a Performance Unit Award, a Stock Appreciation Right, a Tandem Stock Appreciation Right, or any combination thereof, and solely for Employees, an Incentive Stock Option.

6.2 Termination of Service. Except to the extent inconsistent with the terms of the applicable Award Agreement and/or the provisions of Section 6.3 or 6.4, the following terms and conditions shall apply with respect to a Holder's Termination of Service with the Company or an Affiliate, as applicable:

(a) The Holder's rights, if any, to exercise any then exercisable Options and/or Stock Appreciation Rights shall terminate:

(i) If such termination is for a reason other than the Holder's Total and Permanent Disability or death, ninety (90) days after the date of such Termination of Service;

(ii) If such termination is on account of the Holder's Total and Permanent Disability, one (1) year after the date of such Termination of Service; or

(iii) If such termination is on account of the Holder's death, one (1) year after the date of the Holder's death.

Upon such applicable date the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in or with respect to any such Options and Stock Appreciation Rights. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide for a different time period in the Award Agreement, or may extend the time period, following a Termination of Service, during which the Holder has the right to exercise any vested Non-qualified Stock Option or Stock Appreciation Right, which time period may not extend beyond the expiration date of the Award term.

(b) In the event of a Holder's Termination of Service for any reason prior to the actual or deemed satisfaction and/or lapse of the Restrictions, vesting requirements, terms and conditions applicable to a Restricted Stock Award and/or Restricted Stock Unit Award, such Restricted Stock and/or RSUs shall immediately be canceled, and the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock and/or RSUs. Notwithstanding the immediately preceding sentence, the Committee, in its sole discretion, may determine, prior to or within thirty (30) days after the date of such Termination of Service that all or a portion of any such Holder's Restricted Stock and/or RSUs shall not be so canceled and forfeited.

6.3 Special Termination Rule. Except to the extent inconsistent with the terms of the applicable Award Agreement, and notwithstanding anything to the contrary contained in this Article VI, if a Holder's employment with, or status as a Director of, the Company or an Affiliate shall terminate, and if, within ninety (90) days of such termination, such Holder shall become a Consultant, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been a Consultant for the entire period during which such Award or portion thereof had been outstanding. Should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her employment or Director status had terminated until such time as his or her Consultant status shall terminate, in which case his or her Award, as it may have been reduced in connection with the Holder's becoming a Consultant, shall be treated pursuant to the provisions of Section 6.2, provided, however, that any such Award which is intended to be an Incentive Stock Option shall, upon the Holder's no longer being an Employee, automatically convert to a Non-qualified Stock Option. Should a Holder's status as a Consultant terminate, and if, within ninety (90) days of such termination, such Holder shall become an Employee or a Director, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been an Employee or a Director, as applicable, for the entire period during which such Award or portion thereof had been outstanding, and, should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her Consultant status had terminated until such time as his or her employment with the Company or an Affiliate, or his or her Director status, as applicable, shall terminate, in which case his or her Award shall be treated pursuant to the provisions of Section 6.2.

6.4 Termination of Service for Cause. Notwithstanding anything in this Article VI or elsewhere in the Plan to the contrary, and unless a Holder's Award Agreement specifically provides otherwise, in the event of a Holder's Termination of Service for Cause, all of such Holder's then outstanding Awards shall expire immediately and be forfeited in their entirety upon such Termination of Service.

ARTICLE VII
OPTIONS

7.1 Option Period. The term of each Option shall be as specified in the Option Agreement; provided, however, that except as set forth in Section 7.3, no Option shall be exercisable after the expiration of ten (10) years from the date of its grant.

7.2 Limitations on Exercise of Option. An Option shall be exercisable in whole or in such installments and at such times as specified in the Option Agreement.

7.3 Special Limitations on Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Stock Option is granted) of Shares with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all plans of the Company and any parent corporation or subsidiary corporation thereof (both as defined in Section 424 of the Code) which provide for the grant of Incentive Stock Options exceeds One Hundred Thousand Dollars ($100,000) (or such other individual limit as may be in effect under the Code on the date of grant), the portion of such Incentive Stock Options that exceeds such threshold shall be treated as Non-qualified Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of a Holder's Options, which were intended by the Committee to be Incentive Stock Options when granted to the Holder, will not constitute Incentive Stock Options because of such limitation, and shall notify the Holder of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an Employee if, at the time the Incentive Stock Option is granted, such Employee is a Ten Percent Stockholder, unless (i) at the time such Incentive Stock Option is granted the Option price is at least one hundred ten percent (110%) of the Fair Market Value of the Shares subject to the Incentive Stock Option, and (ii) such Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the date of grant. No Incentive Stock Option shall be granted more than ten (10) years from the Effective Date. The designation by the Committee of an Option as an Incentive Stock Option shall not guarantee the Holder that the Option will satisfy the applicable requirements for "incentive stock option" status under Section 422 of the Code.

7.4 Option Agreement. Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the other provisions of the Plan as the Committee from time to time shall approve, including, but not limited to, provisions intended to qualify an Option as an Incentive Stock Option. An Option Agreement may provide for the payment of the Option price, in whole or in part, by the delivery of a number of Shares (plus cash if necessary) that have been owned by the Holder for at least six (6) months and having a Fair Market Value equal to such Option price, or such other forms or methods as the Committee may determine from time to time, in each case, subject to such rules and regulations as may be adopted by the Committee. Each Option Agreement shall, solely to the extent inconsistent with the provisions of Sections 6.2, 6.3, and 6.4, as applicable, specify the effect of Termination of Service on the exercisability of the Option. Moreover, without limiting the generality of the foregoing, a Non-qualified Stock Option Agreement may provide for a "cashless exercise" of the Option, in whole or in part, by (a) establishing procedures whereby the Holder, by a properly-executed written notice, directs (i) an immediate market sale or margin loan as to all or a part of Shares to which he is entitled to receive upon exercise of the Option, pursuant to an extension of credit by the Company to the Holder of the Option price, (ii) the delivery of the Shares from the Company directly to a brokerage firm and (iii) the delivery of the Option price from sale or margin loan proceeds from the brokerage firm directly to the Company, or (b) reducing the number of Shares to be issued upon exercise of the Option by the number of such Shares having an aggregate Fair Market Value equal to the Option price (or portion thereof to be so paid) as of the date of the Option's exercise. An Option Agreement may also include provisions relating to: (i) subject to the provisions hereof, accelerated vesting of Options, including but not limited to, upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Option Agreements need not be identical.

7.5 Option Price and Payment. The price at which an Share may be purchased upon exercise of an Option shall be determined by the Committee; provided, however, that such Option price (i) shall not be less than the Fair Market Value of an Share on the date such Option is granted (or 110% of Fair Market Value for an Incentive Stock Option held by Ten Percent Stockholder, as provided in Section 7.3), and (ii) shall be subject to adjustment as provided in Article XV. The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company. The Option price for the Option or portion thereof shall be paid in full in the manner prescribed by the Committee as set forth in the Plan and the applicable Option Agreement, which manner, with the consent of the Committee, may include the withholding of Shares otherwise issuable in connection with the exercise of the Option. Separate share certificates shall be issued by the Company for those Shares acquired pursuant to the exercise of an Incentive Stock Option and for those Shares acquired pursuant to the exercise of a Non-qualified Stock Option.

7.6 Stockholder Rights and Privileges. The Holder of an Option shall be entitled to all the privileges and rights of a stockholder of the Company solely with respect to such Shares as have been purchased under the Option and for which share certificates have been registered in the Holder's name.

7.7 Options and Rights in Substitution for Stock or Options Granted by Other Corporations. Options may be granted under the Plan from time to time in substitution for stock options held by individuals employed by entities who become Employees, Directors or Consultants as a result of a merger or consolidation of the employing entity with the Company or any Affiliate, or the acquisition by the Company or an Affiliate of the assets of the employing entity, or the acquisition by the Company or an Affiliate of stock or shares of the employing entity with the result that such employing entity becomes an Affiliate.

7.8 Prohibition Against Re-Pricing. Except to the extent (i) approved in advance by holders of a majority of the shares of the Company entitled to vote generally in the election of directors, or (ii) as a result of any Change of Control or any adjustment as provided in Article XV, the Committee shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise price under any outstanding Option or Stock Appreciation Right, or to grant any new Award or make any payment of cash in substitution for or upon the cancellation of Options and/or Stock Appreciation Rights previously granted.

ARTICLE VIII
RESTRICTED STOCK AWARDS

8.1 Award. A Restricted Stock Award shall constitute an Award of Shares to the Holder as of the date of the Award which are subject to a "substantial risk of forfeiture" as defined under Section 83 of the Code during the specified Restriction Period. At the time a Restricted Stock Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Award may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Restricted Stock Award shall not be changed except as permitted by Section 8.2.

8.2 Terms and Conditions. At the time any Award is made under this Article VIII, the Company and the Holder shall enter into a Restricted Stock Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. Shares awarded pursuant to a Restricted Stock Award shall be represented by a share certificate registered in the name of the Holder of such Restricted Stock Award. If provided for under the Restricted Stock Agreement, the Holder shall have the right to vote Shares subject thereto and to enjoy all other stockholder rights, including the entitlement to receive dividends on the Shares during the Restriction Period, except that (i) the Holder shall not be entitled to delivery of the share certificate until the Restriction Period shall have expired, (ii) the Company shall retain custody of the share certificate during the Restriction Period (with a share power endorsed by the Holder in blank), (iii) the Holder may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the Shares during the Restriction Period and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Award. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the Restriction Period. Such additional terms, conditions or restrictions shall, to the extent inconsistent with the provisions of Sections 6.2, 6.3 and 6.4, as applicable, be set forth in a Restricted Stock Agreement made in conjunction with the Award. Such Restricted Stock Agreement may also include provisions relating to: (i) subject to the provisions hereof, accelerated vesting of Awards, including but not limited to accelerated vesting upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Restricted Stock Agreements need not be identical. All Shares delivered to a Holder as part of a Restricted Stock Award shall be delivered and reported by the Company or the Affiliate, as applicable, to the Holder at the time of vesting.

8.3 Payment for Restricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Shares received pursuant to a Restricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Shares received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

ARTICLE IX
UNRESTRICTED STOCK AWARDS

9.1 Award. Shares may be awarded (or sold) to Employees, Directors or Consultants under the Plan which are not subject to Restrictions of any kind, in consideration for past services rendered thereby to the Company or an Affiliate or for other valid consideration.

9.2 Terms and Conditions. At the time any Award is made under this Article IX, the Company and the Holder shall enter into an Unrestricted Stock Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate.

9.3 Payment for Unrestricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Shares received pursuant to an Unrestricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Shares received pursuant to an Unrestricted Stock Award, except to the extent otherwise required by law.

ARTICLE X
RESTRICTED STOCK UNIT AWARDS

10.1 Award. A Restricted Stock Unit Award shall constitute a promise to grant Shares (or cash equal to the Fair Market Value of Shares) to the Holder at the end of a specified Restriction Period. At the time a Restricted Stock Unit Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Unit Award may have a different Restriction Period, in the discretion of the Committee. A Restricted Stock Unit shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares prior to the time the Holder shall receive a distribution of Shares pursuant to Section 10.3.

10.2 Terms and Conditions. At the time any Award is made under this Article X, the Company and the Holder shall enter into a Restricted Stock Unit Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Restricted Stock Unit Agreement shall set forth the individual service-based vesting requirement which the Holder would be required to satisfy before the Holder would become entitled to distribution pursuant to Section 10.3 and the number of Units awarded to the Holder. Such conditions shall be sufficient to constitute a "substantial risk of forfeiture" as such term is defined under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Unit Awards in the Restricted Stock Unit Agreement, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the applicable vesting period. The terms and conditions of the respective Restricted Stock Unit Agreements need not be identical.

10.3 Distributions of Shares. The Holder of a Restricted Stock Unit shall be entitled to receive a cash payment equal to the Fair Market Value of an Share, or one Share, as determined in the sole discretion of the Committee and as set forth in the Restricted Stock Unit Agreement, for each Restricted Stock Unit subject to such Restricted Stock Unit Award, if the Holder satisfies the applicable vesting requirement. Such distribution shall be made no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the calendar year in which the Restricted Stock Unit first becomes vested (i.e., no longer subject to a "substantial risk of forfeiture").

ARTICLE XI
PERFORMANCE UNIT AWARDS

11.1 Award. A Performance Unit Award shall constitute an Award under which, upon the satisfaction of predetermined individual and/or Company (and/or Affiliate) Performance Goals based on selected Performance Criteria, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder. At the time a Performance Unit Award is made, the Committee shall establish the Performance Period and applicable Performance Goals. Each Performance Unit Award may have different Performance Goals, in the discretion of the Committee. A Performance Unit Award shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares.

11.2 Terms and Conditions. At the time any Award is made under this Article XI, the Company and the Holder shall enter into a Performance Unit Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Performance Unit Agreement the Performance Period, Performance Criteria and Performance Goals which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to payment pursuant to Section 11.3, the number of Units awarded to the Holder and the dollar value or formula assigned to each such Unit. Such payment shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Unit Awards, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the applicable performance period. The terms and conditions of the respective Performance Unit Agreements need not be identical.

11.3 Payments. The Holder of a Performance Unit shall be entitled to receive a cash payment equal to the dollar value assigned to such Unit under the applicable Performance Unit Agreement if the Holder and/or the Company satisfy (or partially satisfy, if applicable under the applicable Performance Unit Agreement) the Performance Goals set forth in such Performance Unit Agreement. If necessary to satisfy the requirements of Code Section 162(m), if applicable, the achievement of such Performance Goals shall be certified in writing by the Committee prior to any payment. All payments shall be made no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year to which such performance goals and objectives relate.

ARTICLE XII
PERFORMANCE STOCK AWARDS

12.1 Award. A Performance Stock Award shall constitute a promise to grant Shares (or cash equal to the Fair Market Value of Shares) to the Holder at the end of a specified Performance Period subject to achievement of specified Performance Goals. At the time a Performance Stock Award is made, the Committee shall establish the Performance Period and applicable Performance Goals based on selected Performance Criteria. Each Performance Stock Award may have different Performance Goals, in the discretion of the Committee. A Performance Stock Award shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares unless and until the Holder shall receive a distribution of Shares pursuant to Section 11.3.

12.2 Terms and Conditions. At the time any Award is made under this Article XII, the Company and the Holder shall enter into a Performance Stock Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Performance Stock Agreement the Performance Period, selected Performance Criteria and Performance Goals which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to the receipt of Shares pursuant to such Holder's Performance Stock Award and the number of Shares subject to such Performance Stock Award. Such distribution shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code. If such Performance Goals are achieved, the distribution of Shares (or the payment of cash, as determined in the sole discretion of the Committee), shall be made no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year to which such goals and objectives relate. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Stock Awards, including, but not limited to, rules pertaining to the effect of the Holder's Termination of Service prior to the expiration of the applicable performance period. The terms and conditions of the respective Performance Stock Agreements need not be identical.

12.3 Distributions of Shares. The Holder of a Performance Stock Award shall be entitled to receive a cash payment equal to the Fair Market Value of a Share, or one Share, as determined in the sole discretion of the Committee, for each Performance Stock Award subject to such Performance Stock Agreement, if the Holder satisfies the applicable vesting requirement. If necessary to satisfy the requirements of Code Section 162(m), if applicable, the achievement of such Performance Goals shall be certified in writing by the Committee prior to any payment. Such distribution shall be made no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year to which such performance goals and objectives relate.

ARTICLE XIII
DISTRIBUTION EQUIVALENT RIGHTS

13.1 Award. A Distribution Equivalent Right shall entitle the Holder to receive bookkeeping credits, cash payments and/or Share distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of Shares during the specified period of the Award.

13.2 Terms and Conditions. At the time any Award is made under this Article XIII, the Company and the Holder shall enter into a Distribution Equivalent Rights Award Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Distribution Equivalent Rights Award Agreement the terms and conditions, if any, including whether the Holder is to receive credits currently in cash, is to have such credits reinvested (at Fair Market Value determined as of the date of reinvestment) in additional Shares or is to be entitled to choose among such alternatives. Such receipt shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code and, if such Award becomes vested, the distribution of such cash or Shares shall be made no later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year in which the Holder's interest in the Award vests. Distribution Equivalent Rights Awards may be settled in cash or in Shares, as set forth in the applicable Distribution Equivalent Rights Award Agreement. A Distribution Equivalent Rights Award may, but need not be, awarded in tandem with another Award (other than an Option or a SAR), whereby, if so awarded, such Distribution Equivalent Rights Award shall expire, terminate or be forfeited by the Holder, as applicable, under the same conditions as under such other Award.

13.3 Interest Equivalents. The Distribution Equivalent Rights Award Agreement for a Distribution Equivalent Rights Award may provide for the crediting of interest on a Distribution Rights Award to be settled in cash at a future date (but in no event later than by the fifteenth (15^{th}) day of the third (3^{rd}) calendar month next following the end of the Company's fiscal year in which such interest is credited and vested), at a rate set forth in the applicable Distribution Equivalent Rights Award Agreement, on the amount of cash payable thereunder.

ARTICLE XIV
STOCK APPRECIATION RIGHTS

14.1 Award. A Stock Appreciation Right shall constitute a right, granted alone or in connection with a related Option, to receive a payment equal to the increase in value of a specified number of Shares between the date of Award and the date of exercise.

14.2 Terms and Conditions. At the time any Award is made under this Article XIV, the Company and the Holder shall enter into a Stock Appreciation Right Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Stock Appreciation Right Agreement the terms and conditions of the Stock Appreciation Right, including (i) the base value (the "Base Value") for the Stock Appreciation Right, which shall be not less than the Fair Market Value of a Share on the date of grant of the Stock Appreciation Right, (ii) the number of Shares subject to the Stock Appreciation Right, (iii) the period during which the Stock Appreciation Right may be exercised; provided, however, that no Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of its grant, and (iv) any other special rules and/or requirements which the Committee imposes upon the Stock Appreciation Right. Upon the exercise of some or all of the portion of a Stock Appreciation Right, the Holder shall receive a payment from the Company, in cash or in the form of Shares having an equivalent Fair Market Value or in a combination of both, as determined in the sole discretion of the Committee, equal to the product of:

(a) The excess of (i) the Fair Market Value of an Share on the date of exercise, over (ii) the Base Value, multiplied by,

(b) The number of Shares with respect to which the Stock Appreciation Right is exercised.

14.3 Tandem Stock Appreciation Rights. If the Committee grants a Stock Appreciation Right which is intended to be a Tandem Stock Appreciation Right, the Tandem Stock Appreciation Right shall be granted at the same time as the related Option, and the following special rules shall apply:

(a) The Base Value shall be equal to or greater than the per Share exercise price under the related Option;

(b) The Tandem Stock Appreciation Right may be exercised for all or part of the Shares which are subject to the related Option, but solely upon the surrender by the Holder of the Holder's right to exercise the equivalent portion of the related Option (and when a Share is purchased under the related Option, an equivalent portion of the related Tandem Stock Appreciation Right shall be canceled);

(c) The Tandem Stock Appreciation Right shall expire no later than the date of the expiration of the related Option;

(d) The value of the payment with respect to the Tandem Stock Appreciation Right may be no more than one hundred percent (100%) of the difference between the per Share exercise price under the related Option and the Fair Market Value of the Shares subject to the related Option at the time the Tandem Stock Appreciation Right is exercised, multiplied by the number of the Shares with respect to which the Tandem Stock Appreciation Right is exercised; and

(e) The Tandem Stock Appreciation Right may be exercised solely when the Fair Market Value of the Shares subject to the related Option exceeds the per Share exercise price under the related Option.

ARTICLE XV
RECAPITALIZATION OR REORGANIZATION

15.1 Adjustments to Shares. The shares with respect to which Awards may be granted under the Plan are Shares as presently constituted; provided, however, that if, and whenever, prior to the expiration or distribution to the Holder of Shares underlying an Award theretofore granted, the Company shall effect a subdivision or consolidation of the Shares or the payment of an Share dividend on Shares without receipt of consideration by the Company, the number of Shares with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding Shares, shall be proportionately increased, and the purchase price per Share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding Shares, shall be proportionately reduced, and the purchase price per Share shall be proportionately increased. Notwithstanding the foregoing or any other provision of this Article XV, any adjustment made with respect to an Award (x) which is an Incentive Stock Option, shall comply with the requirements of Section 424(a) of the Code, and in no event shall any adjustment be made which would render any Incentive Stock Option granted under the Plan to be other than an "incentive stock option" for purposes of Section 422 of the Code, and (y) which is a Non-qualified Stock Option, shall comply with the requirements of Section 409A of the Code, and in no event shall any adjustment be made which would render any Non-qualified Stock Option granted under the Plan to become subject to Section 409A of the Code.

15.2 Recapitalization. If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise or satisfaction, as applicable, of a previously granted Award, the Holder shall be entitled to receive (or entitled to purchase, if applicable) under such Award, in lieu of the number of Shares then covered by such Award, the number and class of shares and securities to which the Holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Holder had been the holder of record of the number of Shares then covered by such Award.

15.3 Other Events. In the event of changes to the outstanding Shares by reason of an extraordinary cash dividend, reorganization, merger, consolidation, combination, split-up, spin-off, exchange or other relevant change in capitalization occurring after the date of the grant of any Award and not otherwise provided for under this Article XV, any outstanding Awards and any Award Agreements evidencing such Awards shall be adjusted by the Board in its discretion in such manner as the Board shall deem equitable or appropriate taking into consideration the applicable accounting and tax consequences, as to the number and price of Shares or other consideration subject to such Awards. In the event of any adjustment pursuant to Sections 15.1, 15.2 or this Section 15.3, the aggregate number of Shares available under the Plan pursuant to Section 5.1 (and the Code Section 162(m) limit set forth therein) may be appropriately adjusted by the Board, the determination of which shall be conclusive. In addition, the Committee may make provision for a cash payment to a Holder or a person who has an outstanding Award. The number of Shares subject to any Award shall be rounded to the nearest whole number.

15.4 Powers Not Affected. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or of the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change of the Company's capital structure or business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Shares or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

15.5 No Adjustment for Certain Awards. Except as hereinabove expressly provided, the issuance by the Company of shares of any class or securities convertible into shares of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect previously granted Awards, and no adjustment by reason thereof shall be made with respect to the number of Shares subject to Awards theretofore granted or the purchase price per Share, if applicable.

ARTICLE XVI
AMENDMENT AND TERMINATION OF PLAN

The Plan shall continue in effect, unless sooner terminated pursuant to this Article XVI, until the tenth (10^{th}) anniversary of the date on which it is adopted by the Board (except as to Awards outstanding on that date). The Board in its discretion may terminate the Plan at any time with respect to any shares for which Awards have not theretofore been granted; provided, however, that the Plan's termination shall not materially and adversely impair the rights of a Holder with respect to any Award theretofore granted without the consent of the Holder. The Board shall have the right to alter or amend the Plan or any part hereof from time to time; provided, however, that without the approval by a majority of the votes cast at a meeting of stockholders at which a quorum representing a majority of the shares of the Company entitled to vote generally in the election of directors is present in person or by proxy, no amendment or modification of the Plan may (i) materially increase the benefits accruing to Holders, (ii) except as otherwise expressly provided in Article XV, materially increase the number of Shares subject to the Plan or the individual Award Agreements specified in Article V, (iii) materially modify the requirements for participation in the Plan, or (iv) amend, modify or suspend Section 7.7 (re-pricing prohibitions) or this Article XVI. In addition, no change in any Award theretofore granted may be made which would materially and adversely impair the rights of a Holder with respect to such Award without the consent of the Holder (unless such change is required in order to cause the benefits under the Plan to qualify as "performance-based" compensation within the meaning of Section 162(m) of the Code or to exempt the Plan or any Award from Section 409A of the Code).

ARTICLE XVII
MISCELLANEOUS

17.1 No Right to Award. Neither the adoption of the Plan by the Company nor any action of the Board or the Committee shall be deemed to give an Employee, Director or Consultant any right to an Award except as may be evidenced by an Award Agreement duly executed on behalf of the Company, and then solely to the extent and on the terms and conditions expressly set forth therein.

17.2 No Rights Conferred. Nothing contained in the Plan shall (i) confer upon any Employee any right with respect to continuation of employment with the Company or any Affiliate, (ii) interfere in any way with any right of the Company or any Affiliate to terminate the employment of an Employee at any time, (iii) confer upon any Director any right with respect to continuation of such Director's membership on the Board, (iv) interfere in any way with any right of the Company or an Affiliate to terminate a Director's membership on the Board at any time, (v) confer upon any Consultant any right with respect to continuation of his or her consulting engagement with the Company or any Affiliate, or (vi) interfere in any way with any right of the Company or an Affiliate to terminate a Consultant's consulting engagement with the Company or an Affiliate at any time.

17.3 Other Laws; No Fractional Shares; Withholding. The Company shall not be obligated by virtue of any provision of the Plan to recognize the exercise of any Award or to otherwise sell or issue Shares in violation of any laws, rules or regulations, and any postponement of the exercise or settlement of any Award under this provision shall not extend the term of such Award. Neither the Company nor its directors or officers shall have any obligation or liability to a Holder with respect to any Award (or Shares issuable thereunder) (i) that shall lapse because of such postponement, or (ii) for any failure to comply with the requirements of any applicable law, rules or regulations, including but not limited to any failure to comply with the requirements of Section 409A of this Code. No fractional Shares shall be delivered, nor shall any cash in lieu of fractional Shares be paid. The Company shall have the right to deduct in cash (whether under this Plan or otherwise) in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations. In the case of any Award satisfied in the form of Shares, no Shares shall be issued unless and until arrangements satisfactory to the Company shall have been made to satisfy any tax withholding obligations applicable with respect to such Award. Subject to such terms and conditions as the Committee may impose, the Company shall have the right to retain, or the Committee may, subject to such terms and conditions as it may establish from time to time, permit Holders to elect to tender, Shares (including Shares issuable in respect of an Award) to satisfy, in whole or in part, the amount required to be withheld.

17.4 No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any corporate action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Employee, Director, Consultant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

17.5 Restrictions on Transfer. No Award under the Plan or any Award Agreement and no rights or interests herein or therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Holder except by will or by the laws of descent and distribution. An Award may be exercisable during the lifetime of the Holder only by such Holder or by the Holder's guardian or legal representative.

17.6 Beneficiary Designations. Each Holder may, from time to time, name a beneficiary or beneficiaries (who may be contingent or successive beneficiaries) for purposes of receiving any amount which is payable in connection with an Award under the Plan upon or subsequent to the Holder's death. Each such beneficiary designation shall serve to revoke all prior beneficiary designations, be in a form prescribed by the Company and be effective solely when filed by the Holder in writing with the Company during the Holder's lifetime. In the absence of any such written beneficiary designation, for purposes of the Plan, a Holder's beneficiary shall be the Holder's estate.

17.7 Rule 16b-3. It is intended that the Plan and any Award made to a person subject to Section 16 of the Exchange Act shall meet all of the requirements of Rule 16b-3. If any provision of the Plan or of any such Award would disqualify the Plan or such Award under, or would otherwise not comply with the requirements of, Rule 16b-3, such provision or Award shall be construed or deemed to have been amended as necessary to conform to the requirements of Rule 16b-3.

17.8 Section 162(m). The following conditions shall apply if it is intended that the requirements of Section 162(m) of the Code be satisfied such that Awards under the Plan which are made to Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall constitute "performance-based" compensation within the meaning of Section 162(m) of the Code: Any Performance Goal(s) applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than ninety (90) days after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for "performance-based" compensation under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined in the regulations under Section 162(m) of the Code) at the time established. The Performance Criteria to be utilized under the Plan to establish Performance Goals shall consist of objective tests based on one or more of the following: earnings or earnings per share, cash flow or cash flow per share, operating cash flow or operating cash flow per share revenue growth, product revenue growth, financial return ratios (such as return on equity, return on investment and/or return on assets), share price performance, stockholder return, equity and/or value, operating income, operating margins, earnings before interest, taxes, depreciation and amortization, earnings, pre- or post-tax income, economic value added (or an equivalent metric), profit returns and margins, credit quality, sales growth, market share, working capital levels, comparisons with various share market indices, year-end cash, debt reduction, assets under management, operating efficiencies, strategic partnerships or transactions (including co-development, co-marketing, profit sharing, joint venture or other similar arrangements), and/or financing and other capital raising transaction. Performance criteria may be established on a Company-wide basis or with respect to one or more Company business units or divisions or subsidiaries; and either in absolute terms, relative to the performance of one or more similarly situated companies, or relative to the performance of an index covering a peer group of companies. When establishing Performance Goals for the applicable Performance Period, the Committee may exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items, and the cumulative effects of accounting changes, and as identified in the Company's financial statements, notes to the Company's financial statements or management's discussion and analysis of financial condition and results of operations contained in the Company's most recent annual report filed with the U.S. Securities and Exchange Commission pursuant to the Exchange Act. Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals are achieved within the applicable Performance Period, as determined by the Committee. If any provision of the Plan would disqualify the Plan or would not otherwise permit the Plan to comply with Section 162(m) of the Code as so intended, such provision shall be construed or deemed amended to conform to the requirements or provisions of Section 162(m) of the Code. The Committee may postpone the exercising of Awards, the issuance or delivery of Shares under any Award or any action permitted under the Plan to prevent the Company or any subsidiary from being denied a federal income tax deduction, provided that such deferral satisfies the requirements of Section 409A of the Code. For purposes of the requirements of Treasury Regulation Section 1.162-27(e)(4)(i), the maximum aggregate amount that may be paid in cash during any calendar year to any one person (measured from the date of any payment) with respect to one or more Awards payable in cash shall be Ten Million Dollars ($10,000,000)].

17.9 Section 409A. Notwithstanding any other provision of the Plan, the Committee shall have no authority to issue an Award under the Plan with terms and/or conditions which would cause such Award to constitute non-qualified "deferred compensation" under Section 409A of the Code unless such Award shall be structured to be exempt from or comply with all requirements of Code Section 409A. The Plan and all Award Agreements are intended to comply with the requirements of Section 409A of the Code (or to be exempt therefrom) and shall be so interpreted and construed and no amount shall be paid or distributed from the Plan unless and until such payment complies with all requirements of Code Section 409A. It is the intent of the Company that the provisions of this Agreement and all other plans and programs sponsored by the Company be interpreted to comply in all respects with Code Section 409A, however, the Company shall have no liability to the Holder, or any successor or beneficiary thereof, in the event taxes, penalties or excise taxes may ultimately be determined to be applicable to any payment or benefit received by the Holder or any successor or beneficiary thereof.

17.10 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred thereby in connection with or resulting from any claim, action, suit, or proceeding to which such person may be made a party or may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid thereby in settlement thereof, with the Company's approval, or paid thereby in satisfaction of any judgment in any such action, suit, or proceeding against such person; provided, however, that such person shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-laws, by contract, as a matter of law, or otherwise.

17.11 Other Benefit Plans. No Award, payment or amount received hereunder shall be taken into account in computing an Employee's salary or compensation for the purposes of determining any benefits under any pension, retirement, life insurance or other benefit plan of the Company or any Affiliate, unless such other plan specifically provides for the inclusion of such Award, payment or amount received. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees, in cash or property, in a manner which is not expressly authorized under the Plan.

17.12 Limits of Liability. Any liability of the Company with respect to an Award shall be based solely upon the contractual obligations created under the Plan and the Award Agreement. None of the Company, any member of the Board nor any member of the Committee shall have any liability to any party for any action taken or not taken, in good faith, in connection with or under the Plan.

17.13 Governing Law. Except as otherwise provided herein, the Plan shall be construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

17.14 Severability of Provisions. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Plan, and the Plan shall be construed and enforced as if such invalid or unenforceable provision had not been included in the Plan.

17.15 No Funding. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to ensure the payment of any Award. Prior to receipt of Shares or a cash distribution pursuant to the terms of an Award, such Award shall represent an unfunded unsecured contractual obligation of the Company and the Holder shall have no greater claim to the Shares underlying such Award or any other assets of the Company or Affiliate than any other unsecured general creditor.

17.16 Headings. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

Exhibit 10.22

EXECUTION VERSION

**CONFIDENTIAL TREATMENT REQUESTED.
INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN
REQUESTED IS OMITTED AND MARKED WITH "[*******]" OR OTHERWISE
CLEARLY INDICATED. AN UNREDACTED VERSION OF THIS DOCUMENT HAS
ALSO BEEN PROVIDED TO THE SECURITIES AND EXCHANGE COMMISSION.**

DISTRIBUTION AND SUBLICENSE AGREEMENT

THIS DISTRIBUTION AND SUBLICENSE AGREEMENT (this "**Agreement**"), dated as of February 1, 2016 (the "**Effective Date**"), by and between **BRAEBURN PHARMACEUTICALS, INC.**, a corporation formed under the laws of Delaware ("**Braeburn**"), and **KNIGHT THERAPEUTICS INC.**, a corporation incorporated under the laws of Canada ("**Knight**").

RECITALS

WHEREAS reference is made to that certain License Agreement, dated as of December 14, 2012, by and between Titan Pharmaceuticals, Inc. ("**Titan**") and Braeburn, as amended by that certain first amendment dated May 28, 2013, as further amended by that certain second amendment dated July 2, 2013, as further amended by that certain third amendment dated November 12, 2013, and as assigned to Braeburn pursuant to that certain letter of assignment, dated May 28, 2015, from Braeburn Pharmaceuticals BVBA SPRL and acknowledged by Titan (as amended, the "**Titan Agreement**");

WHEREAS pursuant to the terms and conditions of the Titan Agreement, Braeburn owns or licenses all right, title and interest in and to certain patents, trademark(s) and Know-How relating to Braeburn's buprenorphine subdermal implant known as Probuphine;

WHEREAS Knight wishes to be appointed by Braeburn as exclusive distributor to offer to sell and sell the Sublicensed Products in the Territory and Braeburn is willing to grant such exclusive appointment; and

WHEREAS Knight wishes to procure the Sublicensed Products from Braeburn and Braeburn wishes to supply the Sublicensed Products to Knight, and the Parties agree to enter into a separate Supply Agreement providing therefor, as more particularly described herein.

NOW THEREFORE in consideration of the mutual promises and covenants contained herein, the Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

1.1 **Definitions.** The following terms as used hereinafter in this Agreement shall have the meaning set forth in this Section:

"**Accounting Standards**" means, with respect to Knight, IFRS, and with respect to Braeburn, US GAAP, in each case, as generally and consistently applied by such Party. Each Party shall promptly notify the other in the event that it changes the Accounting Standards pursuant to which its records are maintained, it being understood that each Party may only use internationally recognized accounting principles (e.g., IFRS or US GAAP) in general use for public company accounting and reporting in Canada, with respect to Knight, or the United States, with respect to Braeburn.

"**Adverse Experience**" means adverse drug experiences, as defined by 21 CFR Section 314.80 or any comparable law in the Territory, including any noxious and unintended response to a drug which occurs at doses normally used or tested for the diagnosis, treatment, or prevention of a disease or the modification of an organic function and any untoward medical occurrence in a patient or clinical investigation subject administered a pharmaceutical product and which does not necessarily have to have a causal relationship with the treatment.

"**Affiliate**" of a Party means (i) any corporation or business entity of which at least fifty percent (50%) of the securities or other ownership interests representing the equity, the voting stock or general partnership interest are owned, controlled or held, directly or indirectly, by a Party; (ii) any corporation or business entity which, directly or indirectly, owns, controls or holds at least fifty percent (50%) (or the maximum ownership interest permitted by law) of the securities or other ownership interests representing the equity, voting stock or general partnership interest of a Party; (iii) any corporation or business entity of which, directly or indirectly, an entity described in the immediately preceding subsection (ii) controls or holds at least fifty percent (50%) (or the maximum ownership interest permitted by law) of the securities or other ownership interests representing the equity, voting stock or general partnership interest of such corporation or entity; or (iv) any corporation or business entity of which a Party has the right to acquire, directly or indirectly, at least fifty percent (50%) of the securities or other ownership interests representing the equity, voting stock or general partnership interest thereof. Notwithstanding the foregoing, Apple Tree Partners IV, L.P., ATP III, G.P., and their portfolio companies, other than Braeburn and its subsidiaries, shall not be deemed to be Affiliates of Braeburn under this Agreement unless and until this Agreement, the Sublicensed Product, any Subsequent Indication or any ROFN Product or any rights or obligations related hereto or thereto are assigned, transferred or conveyed to any of them.

"**Agreement**" has the meaning set forth in the initial paragraph of this Agreement.

"**Applicable Laws**" means any law, regulation, rule, guidance, order, judgment or decree having the force of law applicable to the Parties and their activities under this Agreement.

"**Audit Disagreement**" has the meaning set forth in Section 6.5(a)(ii).

"**Braeburn**" has the meaning set forth in the initial paragraph of this Agreement.

"**Braeburn Indemnified Party**" has the meaning set forth in Section 9.6.

"**Braeburn Know-How**" means all unpatented information and Data that are as of the Effective Date or become during the Term Controlled by Braeburn, including discoveries, Improvements, processes, formulas, inventions, Know-How and trade secrets, to the extent necessary or useful for the development, manufacture, and/or Commercialization of a Sublicensed Product. Braeburn Know-How does not include any Patent Rights. Braeburn Know-How also includes all marketing authorizations and marketing approvals granted by Regulatory Authorities (e.g., approved NDAs, INDs and related applications and other forms of marketing authorization) to and Controlled by Braeburn for the marketing of Sublicensed Products. Such marketing authorizations and marketing approvals shall be deemed embodiments of Data and Braeburn Know-How.

"**Braeburn Marks**" means the marks owned or licensed by Braeburn set forth in Schedule A and any other marks Braeburn may adopt from time to time, for use for the Sublicensed Products which shall be deemed to automatically be incorporated into Schedule A.

"**Braeburn Patents**" means all Patent Rights in the Territory that are as of the Effective Date or become during the Term Controlled by Braeburn and that generically or specifically claim, or would be reasonably necessary for, the making, having made, use, offer for sale, sale or importation of the Sublicensed Products or claim any Improvements.

"**Business Day**" means any day other than (i) Saturday or Sunday or (ii) a day that is a legal holiday in either of Montreal, Québec or New York, New York, or (iii) any other day on which banks in either of Montreal, Québec or New York, New York are required to be closed.

"**Calendar Quarter**" means the three (3) month periods ending on March 31, June 30, September 30 and December 31 in each Calendar Year.

"**Calendar Year**" means, in respect of any particular year, the one (1) year period beginning on January 1 and ending on December 31.

"**Commercialize**" means marketing, using, distributing, Promoting, offering for sale, and selling the Sublicensed Products.

"**Commercialization Plan**" means the plan relating to the Promotion and sale of Sublicensed Product for the Initial Indication and, as applicable, each Subsequent Indication, which shall set forth in reasonable detail at least the following: (a) activities and estimated timelines relating to the Launch of Sublicensed Product in the Territory, including a description of the educational, marketing, commercialization and other Promotion activities and materials related to the Sublicensed Product (including a summary of sales efforts to be dedicated to the Promotion of the Sublicensed Product,); (b) a budget estimating costs to be incurred in performing such activities, in the aggregate, by Calendar Quarter and by Calendar Year; and (c) sales forecasts for the first three (3) Calendar Years commencing in the Calendar Year in which Launch is projected to occur, including forecasted Permitted Deductions.

"**Commercially Reasonable Efforts**" means, with respect to (a) Knight, that degree of skill, effort, expertise, and resources normally used (including the promptness in which such efforts and resources would be applied) consistent with standards generally accepted in the pharmaceutical industry, including with respect to the diligent commercialization of pharmaceutical products of similar market and profit potential at a similar stage in development or product life as the Sublicensed Products; and (b) Braeburn, that degree of skill, effort, expertise, and resources normally used (including the promptness in which such efforts and resources would be applied) consistent with standards generally accepted in the pharmaceutical industry.

"**Competitive Product**" means any pharmaceutical product that (i) contains buprenorphine (in any form or formulation, including any pharmaceutically acceptable salts, esters, solvates, hydrates, polymorphs, crystal forms, prodrugs and tautomers) as an active ingredient and (ii) is intended for a treatment duration of six months or more.

"**Confidential Information**" has the meaning set forth in Section 10.1.

"**Control**" means, with respect to any material, information, or intellectual property right, that a Party (i) owns or (ii) has a license to, and, in each case, has the ability to grant to the other Party access, a license, or a sublicense (as applicable) to the foregoing on the terms and conditions set forth in this Agreement without violating the terms of any then-existing agreement or other arrangement with any Third Party.

"**Data**" means any and all research data, pharmacology data, preclinical data, clinical data, medical chemistry, commercial, marketing, process development, manufacturing and other data or information, including investigator reports (both preliminary and final), statistical analyses, expert opinions and reports, and safety data, in each case generated from clinical or non-clinical studies, research or testing specifically related or directed to the Sublicensed Product(s), together with all documentation submitted, or required to be submitted, to a Regulatory Authority in association with a Regulatory Submission or similar application for a Sublicensed Product (excluding any Drug Master Files (DMFs), Chemistry, Manufacturing and Control (CMC) data, or similar documentation).

"**Data Package**" has the meaning set forth in Section 2.9(a).

"**Effective Date**" means the date specified in the initial paragraph of this Agreement.

"**EMA**" has the meaning set forth in Section 3.5(a).

"**Excluded Transaction**" has the meaning set forth in Section 2.9(d).

"**FDA**" means the United States Food and Drug Administration and any successor agency having substantially the same functions.

"**Field**" means the Initial Indication and/or any Subsequent Indications for Sublicensed Products in the Territory.

"**Final Royalty Period**" has the meaning set forth in Section 6.3(c).

"**Final Royalty True-Up Report**" has the meaning set forth in Section 6.3(c).

"**First Commercial Sale**" means the first sale to a Third Party of a Sublicensed Product in the Territory for value after Regulatory Approval has been obtained in the Territory.

"**Force Majeure**" has the meaning set forth in Section 13.6.

"**Government List**" has the meaning set forth in Section 9.2(k).

"**Governmental Authority**" means any domestic or foreign entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission, court, tribunal, judicial body or instrumentality of any union of nations, federation, nation, state, municipality, county, locality or other political subdivision thereof.

"**Health Canada**" means Health Canada and any successor agency having substantially the same functions.

"**IFRS**" means, at any time, the International Financial Reporting Standards, promulgated by the International Accounting Standards Board, as amended, supplemented or replaced from time to time, and in general use for public company accounting and reporting in Canada.

"**Improvements**" means all modifications, alterations, improvements, any reformulation or line extension, other advances, enhancements, inventions and Know-How, patentable or otherwise, made, created, developed, discovered, conceived or reduced to practice by or on behalf of a Party and/or any of its Affiliates during the Term, that apply to Sublicensed Products, including developments in the manufacture, formulation, ingredients, preparation, presentation, means of delivery or administration, dosage, Indication, methods of use or packaging and/or sale of Sublicensed Products, including a process for manufacturing a Sublicensed Product, an intermediate used in such process, a formulation of a Sublicensed Product, or a use or Indication of a Sublicensed Product. Notwithstanding anything in the preceding sentence, an Improvement shall not include Regulatory Approval to Commercialize a Sublicensed Product for a Subsequent Indication.

"**Independent Expert**" has the meaning set forth in Section 6.5(a)(ii).

"**Indication**" means any human disease or condition, or sign or symptom of a human disease or condition.

"**Initial Indication**" means the use of a Sublicensed Product for the treatment of opioid addiction.

"**Initial Term**" has the meaning set forth in Section 11.1.

"**Invention**" has the meaning set forth in Section 8.1.

"**Knight**" has the meaning set forth in the initial paragraph of this Agreement.

"**Knight Indemnified Party**" has the meaning set forth in Section 9.5.

"**Knight Offer**" has the meaning set forth in Section 2.9(b).

"**Knight Sales Force**" means the professional trained sales force employed or retained (as consultants, contract sales force or otherwise) by Knight to support its obligations under this Agreement.

"**Knight Waiver Notice**" has the meaning set forth in Section 2.9(b).

"**Know-How**" means any non-public information, ideas, Data, inventions, works of authorship, trade secrets, technology, or materials, including formulations, molecules, assays, reagents, compounds, compositions, human or animal tissue, samples or specimens, and combinations or components thereof, whether or not proprietary or patentable, and whether stored or transmitted in oral, documentary, electronic or other form, including all Regulatory Submissions.

"**Launch**" means the First Commercial Sale of a Sublicensed Product in the Territory.

"**Losses**" means any and all damages of any kind whatsoever (including all incidental, consequential, statutory and treble damages), awards, deficiencies, settlement amounts, defaults, assessments, fines, dues, penalties, judgments (including penalties imposed by any Governmental Authority), costs, fees, liabilities, obligations, taxes, liens, losses, lost profits and expenses (including court costs, interest and reasonable fees of attorneys, accountants and other experts) and other monetary obligations arising out of or resulting from claims or judgments, arbitral awards, including amounts paid in settlement of claims, judgments, legal (including judicial, arbitral and administrative) proceedings and the like, incurred or otherwise payable to Third Parties.

"**NDA Transfer Date**" means the NDA Transfer Date as such term is defined in the Titan Agreement.

"**Net Sales**" means the total gross amount invoiced (such amount, "**Gross Sales**") for all commercial sales of Sublicensed Products to Third Parties in the Territory by Knight, its Affiliates or its or their sublicensees, less the following deductions actually allowed, granted or reserved in accordance with IFRS (collectively, the "Permitted Deductions"):

i. credits or allowances for damaged or spoiled Sublicensed Product, returns, Recalls or rejections of such Sublicensed Product, and to the extent granted or allowed with respect to the then-current Calendar Year, retroactive price adjustments;

ii. normal and customary trade, cash and quantity discounts, allowances and credits for such Sublicensed Product;

iii. sales, excise or similar taxes, tariffs and duties paid or allowed, or other governmental charges imposed upon the importation, use or sale of such Sublicensed Product in the Territory;

iv. fees paid to Third Party distributors and legally allowed chargebacks, rebates or similar payments to customers with respect to such Sublicensed Product, including managed health care organizations, wholesalers, distributors, buying groups, retailers, health care insurance carriers, pharmacy benefit management companies, health maintenance organizations or other institutions or health care organizations or to any Governmental Authority or Regulatory Authority, including, but not limited to any federal, state/provincial, local and other governments, their agencies and purchasers and reimbursers; and

v. special packaging costs, freight, postage, shipping and insurance charges related to delivery of such Sublicensed Product.

Sales or other transfers between Knight, its Affiliates or its or their sublicensees and any dispositions of such Sublicensed Product for pre-clinical or clinical testing required in connection with obtaining Regulatory Approval of Sublicensed Product, in each case, without charge, shall be excluded from the computation of Net Sales and no payments will be payable to Braeburn on such sales or transfers except where such Affiliates or sublicensees are end users, but Net Sales shall include the subsequent sales to Third Parties by such Affiliates.

Any of the Permitted Deductions shall be taken as a deduction in the Calendar Quarter in which the payment is accrued by such entity and there shall be no double-counting in determining Permitted Deductions. For purposes of determining Net Sales, a Sublicensed Product shall be deemed to be sold when paid or invoiced in accordance with Knight's Accounting Standards. No more than one royalty payment shall be due with respect to a sale of a particular Sublicensed Product. In the event that Knight, its Affiliate or its or their sublicensees sells the Sublicensed Product as part of a bundle or group sale with other products not covered by this Agreement, and Knight, its Affiliate or its or their sublicensees provides a discount, allowance or rebate to the purchaser of the Sublicensed Product based on the aggregate amount invoiced for all products sold, such discount, allowance or rebate shall be allocated to each of the products pro rata based on the gross amount invoiced for each such product less all other Permitted Deductions specifically related to each such product, provided that Sublicensed Products do not bear a disproportionate portion of such deductions.

"**Non-Renewal Notice**" has the meaning set forth in Section 11.1.

"**OFAC**" has the meaning set forth in Section 9.2(k).

"**Party**" means either Braeburn or Knight and "**Parties**" means both Braeburn and Knight.

"**Patent Rights**" means any of the following, whether existing now or in the future, in the Territory: (i) patents and patent applications (including provisional applications); (ii) all patent applications filed either from such patents or patent applications or from an application claiming priority from either of these, including continuations, continuations-in-part, divisionals, converted provisionals, continued prosecution applications, and substitute applications; (iii) any patents issued based on or claiming priority to any such patent applications in (i) and (ii); (iv) any and all extensions or restorations by existing or future extension or restoration mechanisms, including adjustments, revalidations, renewals, reissues, reexaminations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications in (i), (ii) and (iii); (v) any similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patents of addition to any of such foregoing patents or patent applications; and (vi) any other patents and patent applications that dominate the foregoing patents.

"**Patriot Act Offense**" has the meaning set forth in Section 9.2(k).

"**Promotion**" means those activities normally undertaken by a pharmaceutical company to implement promotion plans and strategies aimed at encouraging the appropriate use of a particular prescription pharmaceutical product under a common trademark, up to the point of offering a product for sale, in each case, in accordance with Applicable Law. When used as a verb, "Promote" means to engage in such activities.

"**Quality Agreement**" has the meaning set forth in Section 7.2.

"**Recall**" has the meaning set forth in Section 5.6.

"**Regulatory Approval**" means with respect to a pharmaceutical or biological product or medical device in a country or regulatory jurisdiction, any and all approvals, licenses, permits, certifications, registrations or authorizations from the relevant Regulatory Authority in such regulatory jurisdiction that is specific to such product and necessary for the Promotion and commercial sale of such product in such country or regulatory jurisdiction (including pricing and/or reimbursement approval in any country in which pricing and/or reimbursement approval is required by Applicable Laws).

"**Regulatory Authority**" means, in a particular country or regulatory jurisdiction, any applicable Governmental Authority involved in granting Regulatory Approval and/or, to the extent required in such country or regulatory jurisdiction, pricing or reimbursement approval of a Sublicensed Product in such country or regulatory jurisdiction.

"**Regulatory Submissions**" means all applications, filings, dossiers, modifications, amendments, supplements, revisions, reports, submissions, authorizations and approvals, and any reports or amendments necessary to maintain Regulatory Approvals.

"**Renewal Term**" has the meaning set forth in Section 11.1.

"**ROFN Negotiation Period**" has the meaning set forth in Section 2.9(a).

"**ROFN Product**" means a product, other than a Sublicensed Product, Controlled by Braeburn or its Affiliates during the Term, rights to which have not been licensed or sublicensed in the Territory to a Third Party prior to the Term.

"**Royalties**" has the meaning set forth in Section 6.1.

"**Royalty Report**" has the meaning set forth in Section 6.3(a).

"**Royalty True-Up**" has the meaning set forth in Section 6.3(a)(iii).

"**SDEA**" means the Safety Data Exchange Agreement to be entered into by the Parties in accordance with the terms and conditions of this Agreement and the Titan Agreement.

"**Sublicensed Product**" means that certain buprenorphine subdermal implant licensed by Braeburn and known as of the Effective Date as Probuphine for use in the Field, including all Improvements thereto.

"**Sublicensed Product Label(ing)**" has the same meaning as defined in the United States Food, Drug, and Cosmetic Act of 1938, as amended, and the rules and regulations promulgated thereunder, or any successor act, as the same shall be in effect from time to time, and as interpreted by the FDA, and any analogous Applicable Laws as interpreted by an applicable Regulatory Authority in the Territory.

"**Sublicensed Product NDS**" means a New Drug Submission that is submitted to Health Canada to apply for Regulatory Approval of a Sublicensed Product for the Initial Indication.

"**Sublicensed Product Trademark(s)**" means the Probuphine trademark, owned by Titan, and licensed to Braeburn under the Titan Agreement, and all related domain names and other trademark related rights, and/or any other trademark that Braeburn may apply to register in the Territory if such alternate trademark is selected for use in the Promotion of a Sublicensed Product by the Parties under this Agreement.

"**Subsequent Indication**" means the use of a Sublicensed Product for the treatment of an Indication that is not the Initial Indication. For clarity, references herein to a "Subsequent Indication in the Territory" mean a Subsequent Indication as set forth in a Regulatory Approval for Sublicensed Products in the Territory, and Knight's rights and obligations hereunder with respect to Subsequent Indications following Launch refer to Subsequent Indications as set forth in a Regulatory Approval for Sublicensed Products in the Territory.

"**Supply Agreement**" has the meaning set forth in Section 7.1.

"**Supply Price**" has the meaning set forth in Section 6.2.

"Term" means the Initial Term and any Renewal Term, as applicable**.**

"Territory" means Canada.

"**Third Party**" means any person other than the Parties and their Affiliates.

"**Third Party Claims**" has the meaning set forth in Section 9.5.

"**Third Party Offer**" has the meaning set forth in Section 2.9(b).

"**Third Party Transaction**" has the meaning set forth in Section 2.9(b).

"**Third Party Transaction Notice**" has the meaning set forth in Section 2.9(b).

"**Titan**" has the meaning set forth in the recitals to this Agreement.

"**Titan Agreement**" has the meaning set forth in the recitals to this Agreement.

"**US GAAP**" means, at any time, then-applicable United States generally accepted accounting principles.

1.2 **Other Definitional and Agreement References**. References to any agreement, contract, statute, act, or regulation are to that agreement, contract, statute, act, or regulation as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

1.3 **Ambiguities**. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

1.4 **Sections and Headings**. The term "Section" refers to the specified Section of this Agreement, unless otherwise specified. Headings and captions of the Sections hereof are for convenience only and are not to be used in the interpretation of this Agreement.

1.5 **United States Dollars**. References in this Agreement to "Dollars" or "$" shall mean the legal tender of United States, unless otherwise noted. Except as otherwise provided in this Agreement, all payments required to be made by or on behalf of a Party under this Agreement shall be paid in United States Dollars, and to the extent necessary, shall be converted into United States Dollars using the spot rate of exchange for conversion into United States Dollars as published in The Wall Street Journal on the Business Day prior to the date any such payment is made.

1.6 **Date References**. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

1.7 **Gender and Person**. Words of one gender include the other gender. Unless the context otherwise requires, references to a "person" in this Agreement include any individual, corporation, company, partnership, joint venture, trust, governmental body, authority, or other entity.

1.8 **Include, Includes, Including**. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import.

1.9 **Knowingly**. The term "knowingly" as used in this Agreement means actual knowledge or reasonable reason to suspect.

1.10 **No Strict Construction**. This Agreement has been prepared jointly and shall not be strictly construed against either Party.

1.11 **Number of Days**. Whenever this Agreement refers to a number of days, unless otherwise specified, such number shall refer to calendar days.

1.12 **Party References**. Reference to any Party includes the successors and permitted assigns of that Party.

1.13 **Singular/Plural**. Words using the singular or plural number also include the plural or singular number, respectively.

2. GRANT OF RIGHTS

2.1 **Effectiveness**. This Agreement shall be effective as of the Effective Date, but the Parties agree and acknowledge that certain rights and obligations under this Agreement shall not become effective until the NDA Transfer Date. Notwithstanding the foregoing, the Parties agree and acknowledge that following the Effective Date, Knight may, to the extent permitted under the Titan Agreement, undertake such activities as are reasonably necessary to prepare for the NDA Transfer Date, provided that Knight shall keep Braeburn reasonably informed with respect to any such activities, and Braeburn shall reasonably cooperate with and assist Knight in any such activities.

2.2 **General**. Pursuant to Section 2.6 of the Titan Agreement, this Agreement is subject to, and Knight agrees that it shall be bound by, the terms and conditions of the Titan Agreement, including the provisions relating to payments set forth in Article 6 of the Titan Agreement. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of the Titan Agreement, the terms and conditions of the Titan Agreement shall govern and control.

2.3 **Appointment; Sublicense**. Subject to the terms and conditions of this Agreement and the Titan Agreement, Braeburn, on behalf of itself and its Affiliates, hereby (a) appoints Knight as its exclusive distributor of Sublicensed Products in the Territory and in the Field for the Term, and (b) grants to Knight, and Knight hereby accepts, for the Term, and for the Territory and in the Field, an exclusive sublicense under the Braeburn Patents and Braeburn Know-How to Commercialize the Sublicensed Products. For the avoidance of doubt, references to "Sublicensed Products" in this Section 2.3 include the Sublicensed Products for the Initial Indication, any Subsequent Indications, and Sublicensed Products with any Improvements.

2.4 **Sublicensing**. Subject to the terms and conditions of this Agreement and the Titan Agreement, Knight may sublicense its rights granted hereunder to any Affiliate of Knight or any Third Party, or use any sub-distributors or Third Party contractors to exercise its rights or fulfill its obligations hereunder. Knight shall advise Braeburn in advance of any proposed sublicense and consider in good faith Braeburn's comments with respect thereto. Without limiting the foregoing, and notwithstanding anything else contained herein to the contrary, Knight may not make, grant, enter into or otherwise commit to any sublicense of its rights granted hereunder, including to any Affiliate, prior to the NDA Transfer Date without the prior written consent of Braeburn. All sublicense agreements, distribution or other arrangements or agreements shall be subject to and consistent with the terms and conditions of this Agreement and the Titan Agreement, and any sublicensees, distributors or other party shall be bound by the terms and conditions of this Agreement and the Titan Agreement, including the provisions relating to payments set forth in Article 6 of the Titan Agreement. Knight assumes full responsibility for any actions taken or any failures to act by any sublicensee, distributor or other person and any of the expenses, costs, or fees incurred by any sublicensee, distributor or other person. In the event Knight grants a sublicense to an Affiliate, any payment due to Braeburn under this Agreement must be received in its full amount by Braeburn in the United States, and in United States Dollars, without any tax withholding or tax deduction therefrom, except as provided under Section 13.1.

2.5 **No Implied Licenses**. All rights not specifically granted to Knight herein are reserved and retained by Braeburn, including, without limitation, with respect to the period between the Effective Date and the NDA Transfer Date. Neither Party grants to the other Party any right or license to use any of its intellectual property, Know-How or other proprietary information, materials or technology, or to practice any of its patent, trademark, or trade dress rights, except as expressly set forth in this Agreement. Except as otherwise permitted in this Agreement, Knight shall not grant any license to, or permit or authorize, any Third Party to Promote Sublicensed Products in the Territory without the prior written consent of Braeburn.

2.6 **Restriction on Knight Sales**. Knight shall not, either directly or indirectly (including through any Affiliate, representative, agent or sublicensee) knowingly: (i) sell or otherwise dispose of Sublicensed Products to any Third Party outside the Territory; (ii) sell or otherwise dispose of Sublicensed Products to any Third Party within the Territory for the purpose of sale or other disposition to any Third Party outside the Territory; (iii) knowingly distribute any Sublicensed Products for sale or use outside the Territory; or (iv) supply any Third Party that has distributed or offered to distribute Sublicensed Products outside the Territory after Knight has knowledge that said Third Party has distributed or offered to distribute Sublicensed Products outside the Territory. If Knight knows or has reason to suspect that a Third Party to whom Knight sells or otherwise disposes of Sublicensed Products is engaged in the sale or distribution of Sublicensed Products for use outside the Territory, then Knight shall (A) within two (2) Business Days after gaining knowledge of, or reason to suspect, such activities notify Braeburn thereof and provide all information in Knight's possession that Braeburn may reasonably request concerning such activities, and (B) take all reasonable steps (including cessation of sales, directly or indirectly, to such Third Party) necessary to limit such sale or other disposition for use outside the Territory. All inquiries or orders received by Knight for Sublicensed Product to be delivered outside the Territory shall be referred to Braeburn. Knight shall use Commercially Reasonable Efforts to cause each of its Affiliates, representatives, agents and sublicensees (other than Braeburn) to comply with the obligations of Knight under this Section 2.6. For the avoidance of doubt, references to "Sublicensed Products" in this Section 2.6 include the Sublicensed Products for the Initial Indication, any Subsequent Indications, and Sublicensed Products with any Improvements.

2.7 **Restriction on Braeburn Sales.** Braeburn shall not knowingly: (i) solicit or accept orders for distribution of Sublicensed Products to a Third Party for sale or distribution in the Territory; (ii) distribute any Sublicensed Products for sale or use in the Territory; or (iii) supply any Third Party that has distributed or offered to distribute Sublicensed Products in the Territory after Braeburn has knowledge that said Third Party has distributed or offered to distribute Sublicensed Products obtained from Braeburn in the Territory. For the avoidance of doubt, references to "Sublicensed Products" in this Section 2.7 include the Sublicensed Products for the Initial Indication, any Subsequent Indications, and Sublicensed Products with any Improvements.

2.8 **Performance by Affiliates**. The Parties agree that their respective rights and obligations may be exercised or performed by any of their Affiliates; provided, however, that each Party shall (a) provide prior written notice to the other Party of such exercise or performance by any such Affiliate, (b) be fully responsible and liable for the actions and omissions of such Affiliate(s) in the exercise or performance of such rights and obligations, and (c) ensure that such Affiliate(s) comply with the terms and conditions of this Agreement.

2.9 **Right of First Negotiation.**

(a) If, at any time during the Term, Braeburn or any of its Affiliates intends to license or sublicense its right to develop or Commercialize a ROFN Product in the Territory (or any part thereof) to any Third Party in order to permit such Third Party to develop or Commercialize the ROFN Product in the Territory (but not including any Excluded Transaction), then prior to negotiating with any Third Party to license or sublicense such development or commercialization right, Braeburn shall first notify Knight of its intent, provide to Knight a copy of material data with respect to the development and commercialization of such ROFN Product in Braeburn's possession and Control not previously provided to Knight and that shall be reasonably sufficient to assess the ROFN Product (the "**Data Package**"), and shall, unless Knight notifies Braeburn in writing during the ROFN Negotiation Period that it is not interested in acquiring rights to a particular ROFN Product (a "**Knight Waiver Notice**"), negotiate solely and in good faith with Knight for a period commencing upon the date Knight receives the Data Package from Braeburn and expiring forty-five (45) days thereafter (the "**ROFN Negotiation Period**") with respect to mutually agreeable binding financial terms ("**Binding Financial Terms")** for the acquisition by Knight, by license, sublicense, or otherwise, of the right to develop or Commercialize the ROFN Product in the Territory (or the applicable part thereof). The Parties agree and acknowledge that such commercially reasonable terms and conditions may be substantially different from the terms and conditions of this Agreement. All information provided by Braeburn to Knight pursuant to this Section 2.9 shall constitute Confidential Information of Braeburn.

(b) If Knight delivers a Knight Waiver Notice regarding a ROFN Product, then Braeburn may subsequently offer a Third Party, or solicit offers from Third Parties for, and take any action in furtherance of (including providing information, participating in discussions, and/or engaging advisors or agents), a license, sublicense or other transfer of its rights to develop or Commercialize such ROFN Product in the Territory (or any part thereof) (a "**Third Party Offer**"), and Braeburn shall have no further obligations to Knight regarding such ROFN Product.

(c) If Knight does not provide a Knight Waiver Notice and the Parties do not sign a letter related the Binding Financial Terms with respect to the development or commercialization of a ROFN Product during the ROFN Negotiation Period, then Braeburn may subsequently offer a Third Party, or solicit offers from Third Parties for, and take any action in furtherance of (including providing information, participating in discussions, and/or engaging advisors or agents), a license, sublicense or other transfer of its rights to develop or Commercialize such ROFN Product in the Territory (or any part thereof) (a "**Third Party Offer**"); provided, that Braeburn may not accept or enter into any agreement with any Third Party with respect to a Third Party Offer (a "**Third Party Transaction**") without first (i) notifying Knight in writing of any proposed Third Party Transaction, which notice shall include, in reasonable detail, the material terms and conditions thereof (a "**Third Party Transaction Notice**"), and (ii) providing Knight a period of five (5) Business Days to propose, in reasonable detail, terms and conditions for the acquisition by Knight, by license, sublicense, or otherwise, of the right to develop or Commercialize such ROFN Product in the Territory that are, as a, at least favorable to Braeburn as the proposed Third Party Transaction (a "**Knight Offer**"). In the event Knight delivers a Knight Offer within such five (5) Business Day period, Braeburn shall negotiate in good faith with Knight for a period of not less than ten (10) Business Days with respect to the Knight Offer, and during such period Braeburn may not enter into a Third Party Transaction unless Knight withdraws the Knight Offer. If Knight withdraws the Knight Offer or the Parties do not enter into a written agreement with respect to the Knight Offer within such ten (10) Business Day period, then Braeburn shall be free to enter into such Third Party Transaction, or any other transaction involving Braeburn's rights to develop or Commercialize the ROFN Product in the Territory and Braeburn shall have no obligation to provide Knight any further opportunity to offer a new proposal for the acquisition by Knight of the ROFN product.

(d) Notwithstanding anything contained herein to the contrary, it is agreed and acknowledged that the rights and obligations of Knight and Braeburn under this Section 2.9 shall apply only to potential licenses or sublicenses of Braeburn's right to develop or Commercialize a ROFN Product in the Territory (or any part thereof) without a grant of rights with respect to the ROFN Product in any other country or jurisdiction (or any part thereof). For clarity, the rights and obligations of Knight and Braeburn under this Section 2.9 shall not apply to (i) any sale or change of control of Braeburn or any of its Affiliates, (ii) any sale or transfer of all or substantially all of the assets, business or operations of Braeburn or any of its Affiliates, or all or substantially all of the business or operations of Braeburn or any of its Affiliates relating to any ROFN Product, or (iii) any license, sublicense or other transfer of Braeburn's right to develop or Commercialize a ROFN Product that relates to a geographic territory that includes the Territory and at least one other country (each of (i)-(iii), without limitation, an "**Excluded Transaction**").

2.10 **Non-Competition.**

(a) During the Term, Knight will not Promote, or permit its Affiliates to Promote, market or sell a Competitive Product in the Territory, or acquire, or permit its Affiliates to acquire, directly or indirectly any rights or interest in or to any Competitive Product that is being Promoted, marketed or sold in the Territory, if such Competitive Product has Regulatory Approval for, or is otherwise not prohibited by a Regulatory Authority from being marketed for, either the Initial Indication or a Subsequent Indication other than Sublicensed Product sublicensed to Knight under this Agreement. Notwithstanding anything in the preceding sentence, Knight shall only be prohibited from Promoting, marketing or selling a Competitive Product for a Subsequent Indication if there is FDA Regulatory Approval for such Subsequent Indication prior to such time as Knight begins to Promote, market or sell such Competitive Product.

(b) During the Term, Braeburn will not Promote, or permit its Affiliates to Promote, market or sell a Competitive Product in the Territory, or acquire, or permit its Affiliates to acquire, directly or indirectly any rights or interest in or to any Competitive Product that is being Promoted, marketed or sold in the Territory.

(c) Subject to Section 2.9, nothing in this Section 2.10 shall prevent either party from marketing, in the Territory, pharmaceutical products other than Sublicensed Products and Competitive Products, including pharmaceutical products that contain buprenorphine with a treatment duration of one week or one month.

3. **REGULATORY AND DEVELOPMENT**

Following the NDA Transfer Date:

3.1 **General**. Subject to the terms and conditions of this Agreement, Knight shall during the Term use Commercially Reasonable Efforts to obtain and maintain Regulatory Approval in the Territory for the Sublicensed Products for (a) the Initial Indication and (b) any Subsequent Indication that receives Regulatory Approval in any jurisdiction. Without limiting the foregoing, Knight shall file or cause to be filed with Health Canada a Sublicensed Product NDS with respect to the Sublicensed Products and the Initial Indication the later of i) ten (10) months from receiving the complete FDA dossier from Braeburn or ii) ten (10) weeks from having received the GMP approval from Health Canada.. Knight will be solely responsible for all costs associated with, or required for the approval of, the Sublicensed Products by Health Canada and other applicable Regulatory Authorities in the Territory. Knight shall notify Braeburn of all Regulatory Submissions relating to a Sublicensed Product in the Territory, and provide Braeburn with (i) a written semiannual report summarizing in reasonable detail Knight's activities and progress related to the development of the Sublicensed Products in the Territory, including information regarding the status of Regulatory Submissions filed and intended to be filed with Regulatory Authorities and Regulatory Approvals in the Territory, (ii) a copy of any annual reports submitted to Regulatory Authorities by or on behalf of Knight with respect to the Sublicensed Products in connection with the periodic reporting requirements set forth by Applicable Laws, and (iii) such other information as may be reasonably requested by Braeburn or required under the Titan Agreement. Knight shall use the FDA Regulatory Submissions it receives from Braeburn as the basis of the Sublicensed Product NDS and Knight shall be responsible for the filing and maintenance fees in connection therewith. For the avoidance of doubt, under no circumstance shall Knight be responsible for conducting any additional clinical or non-clinical studies (or any costs associated therewith) with respect to the Sublicensed Product and it shall not be considered to be commercially reasonable to require Knight to do so.

3.2 **Regulatory Submissions**. With respect to the Commercialization of the Sublicensed Products in the Territory:

(a) Unless otherwise required by Applicable Law, any Regulatory Approvals and all Regulatory Submissions relating to Sublicensed Products in the Territory shall be filed, owned and held in the name of Knight.

(b) Knight shall be solely responsible, at its expense, and shall use Commercially Reasonable Efforts to timely prepare, file, prosecute, and maintain all Regulatory Submissions relating to Sublicensed Products in the Territory, including any reports or amendments necessary to maintain Regulatory Approvals, and for seeking any revisions of the conditions of each Regulatory Approval.

(c) Knight shall have sole authority and responsibility and shall use Commercially Reasonable Efforts to develop, modify, seek and/or obtain any necessary Regulatory Approvals of any Sublicensed Product Labeling, packaging, advertising or other promotional or informational materials used in connection with Sublicensed Products in the Territory, and Promotional Materials and for determining whether the same requires Regulatory Approval. Braeburn shall provide to Knight copies of all material FDA Regulatory Submissions in its possession and Control reasonably related to the Sublicensed Products.

(d) Knight will be the primary contact with the Regulatory Authorities in the Territory and shall be solely responsible for all communications with such Regulatory Authorities that relate to any Regulatory Submission relating to Sublicensed Products in the Territory prior to and after any Regulatory Approval.

(e) Subject to the terms and conditions of this Agreement, Knight may file any submissions that are intended to change or modify Sublicensed Product Labeling or prescribing information approved by the applicable Regulatory Authority for, or the Indications of, Sublicensed Products in the Territory provided that, except as required by Applicable Laws, it provides to Braeburn a draft of such submission at least fifteen (15) Business Days prior to planned submission to the applicable Regulatory Authority and gives prompt and reasonable consideration to any comments Braeburn may have.

(f) To the extent Braeburn reasonably believes that a filing or submission relating to Sublicensed Products in the Territory is required by Applicable Laws in order to sell or continue selling the Sublicensed Products, Braeburn shall notify Knight in writing. If Knight decides not to prepare such filing or submission, it shall promptly notify Braeburn of such decision and Braeburn shall, acting reasonably, be entitled to prepare such filing or submission, at Knight's sole cost and expense (provided that such costs and expenses are commercially reasonable given such filing requirements), to be filed or submitted by Knight; provided that Braeburn shall use good faith efforts to include any comments of Knight in such filing or submission.

(g) Knight shall permit Braeburn to access, and shall provide Braeburn on a timely basis with the right to cross-reference and use in exercising its rights and performing its obligations hereunder with respect to Sublicensed Products in the Territory and for Braeburn to use in connection with the development and commercialization of Sublicensed Products outside of the Territory, any and all Regulatory Submissions related to the Sublicensed Products Controlled by Knight. At the request of Braeburn and to the extent legally permitted and in accordance with the terms and conditions of this Agreement, Knight shall notify the appropriate Regulatory Authorities, as applicable, of Braeburn's right to reference such Regulatory Submissions in regulatory submissions filed by Braeburn in accordance with this Agreement.

(h) Braeburn shall permit Knight to access, and shall provide Knight on a timely basis with the right to cross-reference and use in exercising its rights and performing its obligations hereunder with respect to Sublicensed Products in the Territory (including for Knight to use in connection with its Commercialization of Sublicensed Products in the Territory), any and all Regulatory Submissions related to the Sublicensed Products Controlled by Braeburn. At the request of Knight and to the extent legally permitted and in accordance with the terms and conditions of this Agreement, Braeburn shall notify the appropriate Regulatory Authorities in the Territory of Knight's right to reference such Regulatory Submissions in regulatory submissions filed by Knight in accordance with this Agreement.

3.3 **Regulatory Correspondence**. Each Party shall notify the other Party within twenty-four (24) hours of its receipt of information that: (i) raises any concern regarding the safety of any Sublicensed Product(s); (ii) concerns suspected or actual tampering, counterfeiting or contamination or other similar problems with respect to any Sublicensed Product(s); (iii) is reasonably likely to lead to a Recall or market withdrawal of any Sublicensed Product(s); or (iv) concerns any ongoing or potential investigation, inspection, detention, seizure or injunction by a Regulatory Authority involving any Sublicensed Product(s). Each Party shall provide the other Party with copies of any such information. In the event that a Party receives any material regulatory letter requiring a response, the other Party will cooperate fully with the receiving Party in preparing such response and will promptly provide the receiving Party with any data or information reasonably required by the receiving Party in preparing any such response.

3.4 **Other Covenants of Knight**. In addition to its other obligations, commitments and undertakings set out in this Agreement, Knight agrees to:

(a) assume all expenses related to the Commercialization of the Sublicensed Products in the Territory;

(b) use Commercially Reasonable Efforts to obtain pricing and, if applicable, reimbursement approval for the Sublicensed Products in the Territory;

(c) determine the actual selling price of the Sublicensed Products to customers in the Territory; and

(d) prepare an annual marketing and sales plan relating to the Sublicensed Products in the Territory.

3.5 **Other Covenants of Braeburn**. In addition to its other obligations, commitments and undertakings set out in this Agreement, Braeburn agrees to:

(a) provide Knight with all relevant documentation relating to the submissions for Regulatory Approval to the FDA or the European Medicines Agency ("**EMA**") for the Sublicensed Products within one (1) month from such FDA or EMA submissions;

(b) where applicable, provide reasonable assistance to Knight with Regulatory Submissions concerning Sublicensed Products in the Territory;

(c) provide full assistance and cooperation with respect to securing intellectual property protection in the Territory for the Sublicensed Products;

(d) assume the reasonable costs of intellectual property filings, procurement and maintenance for all intellectual property applications and registrations associated with the Sublicensed Products in the Territory**]**;

(e) not assign the intellectual property associated with Sublicensed Products to any Third Party; and

(f) coordinate Launch activities with Knight, including pharmacovigilance, pricing, reimbursement, positioning and health care conferences; and

(g) promptly provide copies of marketing and sales materials related to the Sublicensed Products used by Braeburn in the United States.

3.6 For avoidance of doubt, in the event that the Initial Indication does not receive Regulatory Approval, Knight shall continue to benefit from the rights granted hereunder with respect to Subsequent indications.

3.7 For the avoidance of doubt, except as expressly provided herein, Knight's rights and obligations under this Section 3 shall apply to any Subsequent Indication as contemplated by Section 3.1; provided, that any such rights and obligations with respect to Subsequent Indications following Launch shall apply only to Subsequent Indications that receive Regulatory Approval in the Territory

4. **TRADEMARKS**

4.1 **Trademark License**. Subject to the terms and conditions of this Agreement, Braeburn hereby grants to Knight, for the Term, an exclusive, fully paid, right and license to use the Braeburn Marks and Sublicensed Product Trademarks on or in connection with the Commercialization of Sublicensed Products in the Territory following the NDA Transfer Date. All representations of the Braeburn Mark(s) and Sublicensed Product Trademark(s) that Knight intends to use, if not previously approved by Braeburn, will first be submitted to Braeburn for approval, such approval not to be unreasonably withheld, conditioned or delayed.

4.2 **Ownership**. Knight acknowledges that the Braeburn Marks and Sublicensed Product Trademarks are owned or licensed by Braeburn. The Braeburn Marks and Sublicensed Product Trademarks shall be and remain the sole and exclusive property of Braeburn. Knight shall not contest the ownership of the Braeburn Marks or the Sublicensed Product Trademarks or the validity of any registration relating thereto or assist any Third Party in doing so. Knight agrees, at the request of Braeburn, to execute any and all proper and reasonable documents appropriate to assist Braeburn in obtaining and maintaining Braeburn's rights in and to the Braeburn Marks and Sublicensed Product Trademarks.

4.3 **Sublicensed Products to Bear Mark**. All packaging materials, package inserts, labels, labeling, and marketing, sales, advertising and Promotional Materials relating to Sublicensed Products distributed by Knight under this Agreement shall bear the Braeburn Marks and Sublicensed Product Trademarks together with a notice that the such marks are used under license from Braeburn, subject to the approval of such labeling by appropriate Governmental Authorities. Knight shall submit to Braeburn, for prior approval, which shall not be unreasonably withheld, conditioned or delayed, all materials bearing the Braeburn Marks and/or Sublicensed Product Trademarks that Knight intends to use with respect to Sublicensed Products.

4.4 **Enforcement**. Braeburn and Knight shall cooperate with each other and use Commercially Reasonable Efforts to protect the Braeburn Marks and Sublicensed Product Trademarks from infringement by Third Parties. Without limiting the foregoing, each Party shall promptly notify the other Party of any known, threatened or suspected infringement, imitation or unauthorized use of or unfair competition relating to the Braeburn Marks and Sublicensed Product Trademarks and shall share with the other Party all information available to it regarding such infringement. Braeburn shall have the first right to determine in its discretion whether to and to what extent to institute, prosecute and/or defend any action or proceedings involving or affecting any rights relating to the Braeburn Marks and Sublicensed Product Trademarks in the Territory. Upon Braeburn's reasonable request, Knight shall cooperate with and assist Braeburn in any of Braeburn's enforcement efforts with respect to the Braeburn Marks and Sublicensed Product Trademarks in the Territory. If Braeburn determines not to take action against any actual or suspected infringement of the Sublicensed Product Trademark in the Territory within ninety (90) days after having become aware of such infringement, then Knight shall have the right, but not the obligation, to bring or assume control of any action against the allegedly infringing Third Party as Knight determines may be necessary in its sole discretion, to the extent permitted under the Titan Agreement. In the event that Knight brings or assumes control of any such action, then Braeburn agrees to reasonably assist Knight in connection therewith. The Parties shall share equally in all costs and expenses reasonably incurred by either of them in connection with any such action and, following each Party's recovery of its respective costs and expenses, the Parties will share equally in all money damages, if any, recovered in connection with such action.

4.5 **No Similar Mark**. Neither Knight nor any of its Affiliates or sublicensees will, without Braeburn's prior written consent, register or use in connection with the Commercialization of any product other than a Sublicensed Product under the Braeburn Marks or the Sublicensed Product Trademarks or any trade-mark that is confusingly similar to the Braeburn Marks or the Sublicensed Product Trademarks.

5. COMMERCIALIZATION

5.1 **General**.

(a) Subject to the terms and conditions of this Agreement, Knight shall during the Term use Commercially Reasonable Efforts to Commercialize and Promote the Sublicensed Products in the Territory following the Regulatory Approval in the Territory.

(b) Without limiting the generality of the foregoing, and in accordance with the Commercialization Plan, Knight shall (i) Launch Sublicensed Product for the Initial Indication and each Subsequent Indication in the Territory in each case no later than **[*******]** after receipt of Regulatory Approval; (ii) expend, in connection with such Launch of Sublicensed Product, such amounts as are commercially reasonable in connection with the marketing and Promotion of Sublicensed Products in the Territory, with the objective of maximizing the commercial potential and promoting the therapeutic profile and benefits of the Sublicensed Products; and (iii) devote marketing and sales resources and other personnel to such commercialization consistent with such Commercially Reasonable Efforts.

5.2 **Commercialization Plan and Promotional Materials and Activities**.

(a) Promotional Materials shall be subject to Braeburn's approval, such approval not to be unreasonably withheld, conditioned or delayed. Knight will prepare an initial Commercialization Plan, which will be provided to Braeburn no later than one-hundred and twenty (120) days prior to estimated receipt of Regulatory Approval for the Sublicensed Product for the Initial Indication in the Territory, as mutually agreed by the Parties. Knight shall also provide to Braeburn (i) updates of the Commercialization Plan at least forty-five (45) days prior to the estimated Launch of the Sublicensed Product for the Initial Indication and, if applicable, each Subsequent Indication, and thereafter on an annual basis or as necessary to reflect any significant amendments to the Commercialization Plan last provided to Braeburn under this Section 5.2(a), (ii) updated information regarding the expected and actual date of Launch for the Initial Indication and each Subsequent Indication, and (iii) any sales or tracking reports received by Knight from Third Parties with respect to the Sublicensed Products. Notwithstanding anything to the contrary in this Agreement, Braeburn may share the Commercialization Plan and the foregoing information with Titan to the extent required by the Titan Agreement.

(b) all Promotional Materials used by Knight will indicate that a Sublicensed Product is sold under license from Titan and Braeburn. Knight shall limit its statements, discussions and claims regarding Sublicensed Products, including those as to safety and efficacy, to those that are consistent with the Sublicensed Product Labeling and the Promotional Materials. Knight shall not distort claims of safety or efficacy in the Promotion of the Sublicensed Products.

(c) Knight shall be solely responsible for preparing all Regulatory Submissions with Regulatory Authorities in the Territory regarding approval of all Promotional Materials that require such approval.

(d) Knight and its sublicensees and Third Party contractors shall be responsible for responding to medical questions or inquiries from members of the medical and paramedical professions and consumers in or relating to the Territory regarding Sublicensed Products, including the distribution of standard medical information letters resulting from the marketing activities of the Knight Sales Force. The Knight Sales Force shall be trained using Braeburn's training materials, except as otherwise required by Applicable Laws in the Territory. Braeburn shall refer all medical inquiries that it receives related to the Territory to Knight. Knight shall provide copies of the responses given, all in accordance with Applicable Laws, including regulations and policies of Health Canada or the applicable Regulatory Authority, to Braeburn. Braeburn shall, at Knight's request, from time to time, assist Knight with the formulation of responses to such inquiries, including the content of any frequently asked questions materials. If mutually agreed by the Parties, the Parties shall establish a centralized database to document and track medical inquiries. Braeburn shall provide information and access to data, records and reports reasonably requested by Knight to fulfill its obligations under this Section 5.2(d).

(e) Knight covenants that the Knight Sales Force shall (i) limit its claims of efficacy and safety for the Sublicensed Products in the Territory to those that are consistent with the prescribing information approved by the applicable Regulatory Authority for Sublicensed Products in the Territory; (ii) not add, delete or modify claims of efficacy and safety in the Promotion of Sublicensed Products under this Agreement from those claims of efficacy and safety that are consistent with the prescribing information approved by the applicable Regulatory Authority and with Applicable Law; (iii) use the Promotional Materials in accordance with this Section 5.3; and (iv) Promote Sublicensed Products under this Agreement in accordance with Applicable Laws, and in compliance with the then current industry standards concerning interactions with healthcare professionals.

5.3 **Safety Data Exchange Agreement**.

(a) The Parties agree to develop and commit to a SDEA that allows them to fulfill their respective regulatory and pharmacovigilance obligations relating to Adverse Experience reporting to Regulatory Authorities in accordance with Applicable Laws. Such SDEA will be completed within ninety (90) days after the Effective Date and prior to Launch. Knight shall be responsible for the timely filing with the applicable Regulatory Authority of all Adverse Experience reports in the Territory. The SDEA shall provide for the exchange of safety information between the Parties sufficient to enable each Party to comply with its legal obligations to report to the applicable Regulatory Authority, for Braeburn to comply with the Titan Agreement, and include any measures necessary for each Party to comply with Applicable Laws. Each Party shall promptly provide the other Party with copies of all such reports, analyses, summaries and all submissions to the applicable Regulatory Authority. The Adverse Experience procedures utilized in the preparation and filing of such reports will incorporate the provisions set forth in Section 5.3(b).

(b) Prior to Launch, Knight will establish a system for the reporting of Adverse Experiences by patients, physicians and others that is customary for the Territory and that complies with all Applicable Laws. The costs of such reporting and of all services provided by any Third Party contractor in connection with Adverse Experiences hereunder shall be borne by Knight. Knight or a Third Party contractor will timely collect reasonable information about the Adverse Experiences, initiate and conduct reasonably required investigations, interact with Braeburn if physical or other testing of a Sublicensed Product appears to be reasonably required, determine the nature of the Adverse Experience based on data and reports it has obtained, and issue any reports, analyses or summaries of its activities as may be required by Applicable Laws. Copies of such reports will be promptly provided to Braeburn.

(c) All safety related reports and correspondence shall be addressed to such safety representative as may be designated by Braeburn and Knight.

5.4 **Quality Complaint Reporting.** Knight shall be solely responsible for collecting and responding to any product quality complaint relating to the Sublicensed Products received from a customer in or relating to the Territory and resulting from use in the Field. Knight shall investigate and provide Braeburn, in a timely manner, with reports resulting from such investigations. If Braeburn receives a product quality complaint relating to the Sublicensed Products from a customer in or relating to the Territory resulting from use in the Field, it shall promptly notify Knight of such complaint, and Knight will investigate and promptly report the investigation results to Braeburn and be solely responsible for communication and response, if any, to any customer(s) in the Territory. Furthermore, Braeburn shall also be responsible for investigating and reporting the investigation results to Knight respecting any product quality complaints related to the manufacturing of the Sublicensed Products.

5.5 **Other Information**. In addition to the foregoing information to be provided, each Party shall provide to the other Party with any: (i) information relating to the efficacy and/or safety of the Sublicensed Products, including any Recall of the Sublicensed Products; (ii) complaints from customers, healthcare professionals or competitors in or relating to the Territory and relating to the Sublicensed Products; (iii) information relating to any potential liability to any Third Party in or relating to the Territory that is reasonably likely to arise for either Party in connection with the manufacture, or Commercialization of the Sublicensed Products in or for the Territory; (iv) information relating to any inspections, inquiries, issues raised or actions taken by any Governmental Authority in or related to the Territory; and (v) any other information necessary or reasonably desirable to enable each Party to comply with any Applicable Laws in the Territory or elsewhere.

5.6 **Recall**. If any Regulatory Authority in the Territory issues or requests a recall, market withdrawal or other corrective action (a "**Recall**") of a Sublicensed Product, or if either Party determines that an event, incident or circumstance has occurred that may indicate the need for a Recall in the Territory, the Party notified of such Recall, or the Party that desires such Recall, will advise the other Party thereof by telephone or fax within twenty-four (24) hours of (i) its receipt of notice from a Regulatory Authority requiring or requesting a Recall or (ii) such Party's determination that a Recall is indicated, and Braeburn and Knight shall convene a joint telephonic meeting to discuss such Recall request within twenty-four (24) hours of such notification. Knight shall include any reasonable recommendation from Braeburn as to the manner of conducting the Recall, provided that such recommendation is agreeable to the applicable Regulatory Authority and in accordance with the Applicable Laws. Except as otherwise provided in the foregoing, Knight shall make all decisions with respect to the execution of any Recall related to a Sublicensed Product in the Territory, including communicating directly with the applicable Regulatory Authorities. At Knight's request, Braeburn shall provide, at its cost reasonable assistance in conducting any such Recall, including providing all pertinent records that Knight may reasonably request to assist in effecting such action. Neither Party shall have any obligation to reimburse or otherwise compensate the other Party or its Affiliates for any consequential damages, lost profits or income that may arise in connection with any Recall with respect to the Sublicensed Products.

5.7 **NDA Transfer Date**. Notwithstanding anything contained herein to the contrary, to the extent that certain rights of Knight under this Article 5 (or the exercise by Knight of such rights, including the filing by Knight of any Regulatory Submission or communication by Knight with any Regulatory Authority) (a) would require, to the extent provided in the Titan Agreement, Titan's prior review, consent, or participation, as applicable, or (b) do not vest in Braeburn under the Titan Agreement in or in relation to the Territory until the NDA Transfer Date, such rights shall not vest in Knight until the NDA Transfer Date.

6. PRICES AND PAYMENTS

6.1 **Royalties**. In consideration of the rights granted by Braeburn hereunder, during the Term, Knight will pay to Braeburn the following royalties ("**Royalties**"):

(a) Base royalty: **[*******]**% of Net Sales on all annual Net Sales up to $**[*******]**

(b) Tier 1: **[*******]**% of Net Sales on all annual Net Sales exceeding $**[*******]**but below $**[*******]**

(c) Tier 2: **[*******]**% of net Sales on all annual Net Sales exceeding $**[*******]**but below $**[*******]**

(d) Tier 3: **[*******]**% of Net Sales on all annual Net Sales exceeding $**[*******]**

provided, that if at any time beginning two (2) years following Launch, Braeburn is paying royalties to Titan under the Titan Agreement in the amount of **[*******]** percent (**[*******]**%) of net sales (as described in the Titan Agreement), then the Base royalty and the Tier 1 royalty shall be increased to **[*******]**percent **[*******]**%) of Net Sales, such increase to occur coinciding with any date on which Braeburn owes the above-referenced royalty to Titan and provided further that following the NDA Transfer Date, Braeburn shall contact Titan to seek to discuss the ability to keep Canadian sales made by Knight as a separate royalty rate calculation. To the extent royalty rights are successfully renegotiated with Titan, Knight's royalty rates shall remain as contemplated by (a) through (d) above."

6.2 **Supply Price**. Knight will pay Braeburn under the Supply Agreement a supply price for each final packaged kit containing four Sublicensed Product implant rods and applicator in an amount equal to $**[*******]**per kit (the "**Supply Price**"). Nothing other than the final packaged kit manufactured and/or supplied by Braeburn hereunder or under the Supply Agreement and included in the Supply Price is required by Knight to fully commercialize the Sublicensed Product in the Territory. In the event Braeburn changes the format of the packaging or number of rods contained within each final packaged kit, the Supply Price will be recalculated to reflect an amount equal to $**[*******]**per rod. In the event there are greater-than-anticipated cost increases for the manufacture of Sublicensed Products, Braeburn will be entitled to increase the Supply Price provided that Braeburn consults with Knight in relation to the reasons for its intended price increase and it delivers to Knight at least six (6) months advance written notice of a proposed increase in price and is able to demonstrate based on reasonable documentary evidence that the proposed price increase corresponds to an increase in the prices of raw materials and/or production and/or manufacturing processes that necessitate an increase of the Supply Price ("**Supply Price Increase**").

6.3 **Reports and Payments.**

(a) Within twenty (20) calendar days after the end of each Calendar Quarter following Launch that begins or ends during the Term, Knight shall furnish to Braeburn a written report (each, a "**Royalty Report**") showing:

(i) all Net Sales during (A) such Calendar Quarter, including a reconciliation to Gross Sales and a breakdown of all estimated Permitted Deductions from the gross amount invoiced to arrive at Net Sales, and (B) the Calendar Year to date through the end of such Calendar Quarter; and

(ii) a calculation of Royalties for such Calendar Quarter; and

(iii) if the actual Net Sales and/or Permitted Deductions for a previous Calendar Quarter differ from the amounts previously reported to Braeburn, a reconciliation of such difference (increase or decrease), and a calculation of the adjustment to the Royalties payable with respect to such preceding Calendar Quarter as a result of such review (a "**Royalty True-Up**").

(b) Each such Royalty Report shall be accompanied by payment of the Royalties due under Section 6.1, plus or minus any adjustment of Royalties previously paid, calculated in accordance with the immediately preceding clause (a)(iii) of this Section 6.3, as applicable.

(c) Within ninety (90) days after the Calendar Quarter during which this Agreement terminates or expires (the "**Final Royalty Period**"), Knight shall furnish to Braeburn a final Royalty True-Up with respect to such Calendar Quarter (the "**Final Royalty True-Up Report**"). If the Final Royalty True-Up Report indicates that additional Royalties are payable with respect to the Final Royalty Period, such Final Royalty True-Up Report shall be accompanied by payment of such additional Royalties. If the Final Royalty True-Up Report indicates that Royalties were overpaid with respect to the Final Royalty Period, Braeburn shall pay to Knight an amount equal to such overpayment within thirty (30) days following the delivery of the Final Royalty True-Up to Braeburn. If Braeburn disagrees with the Final Royalty True-Up Report, Braeburn shall notify Knight within fifteen (15) days after receipt thereof and such disagreement shall be resolved pursuant to Section 6.5 below.

(d) Knight shall keep and shall require its Affiliates and its or their sublicensees to keep complete and accurate records in connection with the purchase, use and/or sale by or for it of Sublicensed Products hereunder in sufficient detail to permit accurate determination of all amounts necessary for calculation and verification of all payment obligations set forth in this Article 6.

(e) Without limiting any Party's remedies hereunder, in the event payments required to be made under this Section 6.3 or any other provision of this Agreement are not made on or prior to the required payment date, the amount of the late payment shall bear interest at the per annum rate of two percent (2%) over the then-current thirty (30)-day LIBOR rate, or the maximum rate allowable by Applicable Law, whichever is lower.

(f) Except as otherwise defined herein, all financial calculations by either Party under this Agreement shall be calculated in accordance with its Accounting Standards. All payments due by one Party to the other Party under this Agreement shall be payable in United States Dollars, except as otherwise set forth in this Agreement. In addition, all calculations herein shall give pro-rata effect to and shall proportionally adjust (by giving effect to the number of applicable days in such Calendar Quarter) for any Calendar Quarter that is shorter than a standard Calendar Quarter or any Calendar Year (or twelve month period) that is shorter than four consecutive full Calendar Quarters or twelve consecutive months, as applicable.

6.4 **Record Retention**. Knight will maintain complete and accurate books, records, and accounts in sufficient detail to confirm the accuracy of any payments required under this Agreement and the Royalty Reports delivered under Section 6.3, which books, records, and accounts will be retained until three (3) years after the end of the period to which such books, records, and accounts pertain.

6.5 **Audits**.

(a) **Independent Audit.**

(i) During the Term and for three (3) years thereafter, Braeburn, upon prior written notice to Knight and at a mutually agreeable time, but in no event more than once in any twelve (12) month period, may request, and Knight shall permit, an independent certified public accounting firm of internationally recognized standing selected by Braeburn and reasonably acceptable to the Knight, to have access during normal business hours to the records of Knight as may be reasonably necessary to verify any payment made or due hereunder and the accuracy of the reports, including the Royalty Report; provided, however, that any audit conducted under this Section 6.5 may only be for any Calendar Year or Calendar Years (or any portion thereof) ending not more than thirty-six (36) months prior to the date of such request. The accounting firm shall disclose to Braeburn only whether the payments and reports are correct or incorrect, the specific details concerning any discrepancies (including, if applicable, the accuracy of the calculation of Net Sales, and the resulting effect of such calculations on the amounts payable by Knight under this Agreement), but no other information shall be disclosed to Braeburn.

(ii) If there is a dispute between the Parties following any audit performed pursuant to Section 6.5(a)(i), either Party may refer the issue (an "**Audit Disagreement**") to a second independent certified public accounting firm of internationally recognized standing (the "**Independent Expert**") for resolution. In the event an Audit Disagreement is submitted for resolution by either Party, the Parties shall comply with the following procedures: (A) the Party submitting the Audit Disagreement for resolution shall provide written notice to the other Party that it is invoking the procedures of this Section 6.5(a)(ii); (B) within five (5) Business Days of the giving of such notice, the Parties shall jointly select an independent internationally recognized accounting firm to act as the Independent Expert to resolve such Audit Disagreement; (C) the Audit Disagreement submitted for resolution shall be described by the Parties to such Independent Expert, which description may be in written form, within ten (10) Business Days of the selection of such Independent Expert; (D) such Independent Expert shall render a decision on the matter as soon as practicable; and (E) the decision of such Independent Expert shall be final and binding on the Parties and shall not be subject to Article 12 or Section 13.11 unless such Audit Disagreement involves good faith allegations of fraud or willful breach of this Agreement.

(b) If, pursuant to Section 6.5(a)(i) or 6.5(a)(ii), as applicable, an accounting firm concludes that additional amounts were owed during a Calendar Year, Knight shall pay the additional amounts plus interest as set forth in Section 6.3(e) above on the amount of such additional payments, within ten (10) calendar days of the date such accounting firm's written report so concluding is delivered to Knight. In the event such accounting firm concludes that amounts were overpaid by Knight during such period, Braeburn shall, to the extent such overpayment was known to Braeburn, repay Knight the amount of such overpayment plus interest as set forth in Section 6.3(e) above on the amount of such overpayment, within ten (10) days after the date such accounting firm's written report so concluding is delivered to Braeburn, or, to the extent such overpayment was not known to Braeburn, Knight may reduce subsequent payment(s) to Braeburn under this Agreement by the amount of such overpayment. The fees charged by such accounting firm(s) shall be paid by Braeburn; provided, however, that, (i) if an error in favor of Braeburn of more than five percent (5%) of the payments due hereunder for the period being reviewed is discovered, or (ii) if Knight requested an Independent Expert under Section 6.5(a)(ii) and an error in favor of Braeburn is discovered, then, in either case, the fees and expenses of the accounting firm(s) shall be paid by Knight.

(c) Each Party shall treat all financial information subject to review under this Section 6.5 in accordance with the confidentiality provisions of Article 10.

6.6 **Payment Method**. All payments due to Braeburn hereunder will be paid in United States Dollars by wire transfer to an account designated by Braeburn.

7. MANUFACTURE AND SUPPLY

7.1 **Manufacture and Supply by Braeburn**. During the Term, Knight agrees to obtain exclusively from Braeburn all Knight's requirements of the Sublicensed Products for the Territory at the Supply Price and otherwise on the terms and subject to the conditions of a manufacturing and supply agreement in customary form for the pharmaceutical industry to be mutually agreed between the Parties following the Effective Date (the "**Supply Agreement**"); provided, that the Parties shall negotiate in good faith and use Commercially Reasonable Efforts to execute and deliver the Supply Agreement within three (3) months of the NDA Transfer Date. Subject to the execution and delivery of the Supply Agreement, Braeburn agrees to supply Knight with all of its requirements of Sublicensed Products for Commercialization in the Territory during the Term. For the avoidance of doubt, Braeburn may, at its discretion, use the services of a Third Party to manufacture and/or package some or all of the Sublicensed Products supplied to Knight under the Supply Agreement.

7.2 **Quality Agreement**. To the extent Braeburn manufactures Sublicensed Products supplied to Knight under the Supply Agreement, as required under Applicable Laws, or as reasonably requested by a Party, the Parties shall enter into a separate quality agreement in customary form for the pharmaceutical industry mutually agreed by the Parties regarding the supply, quality control and quality assurance of Sublicensed Products supplied to Knight under the Supply Agreement (the "**Quality Agreement**").

7.3 **Conflicts**. Except as may be expressly set forth in the Supply Agreement or Quality Agreement, in the event of any conflict or inconsistency between the terms and conditions of the Supply Agreement or Quality Agreement, on the one hand, and this Agreement, on the other hand, the Supply Agreement or Quality Agreement, as applicable, shall govern and control with respect to all matters relating to the manufacturing, supply, quality control and quality assurance of or relating to the Sublicensed Products supplied to Knight under the Supply Agreement, and this Agreement shall govern and control with respect to all other matters.

8. INTELLECTUAL PROPERTY

8.1 **Ownership**. As between the Parties, Braeburn shall have and retain all right, title and interest in or Control over, as applicable, all Braeburn Patents, inventions, discoveries, and Braeburn Know-How concerning Sublicensed Products, including formulations thereof, or methods of making or using same which have been made, conceived, reduced to practice or generated by its employees, agents, or other persons acting under its authority prior to the Effective Date. As between the Parties, during the Term, except as otherwise provided in and subject to the terms and conditions of this Agreement, Braeburn shall have and retain all rights, title and interest in all inventions, discoveries and know-how relating to Sublicensed Products, including formulations thereof, or methods of making or using same, or Improvements thereof (collectively, "**Inventions**"), that are made, conceived, reduced to practice or generated, whether solely or jointly, by Braeburn's employees, agents, or other persons acting under its authority and/or by Knight's employees or agents, or, to the extent Knight becomes aware of any such Inventions, by other persons acting under its authority. Knight shall notify Braeburn promptly of any Inventions that are made, conceived, reduced to practice or generated solely by Knight's employees, agents, or other persons acting under its authority. To the extent required by Applicable Law, Knight shall assign or otherwise transfer all rights, title and interest in any of the foregoing Inventions to Braeburn, and Knight agrees, at the request of Braeburn, to execute any and all proper documents appropriate to assist Braeburn in obtaining and maintaining Braeburn's rights in and to the foregoing Inventions.

8.2 **Patent Prosecution**. Braeburn shall have the first right to prosecute and maintain the Braeburn Patents and any patent application(s) or patent(s) arising from this Agreement, using patent counsel selected by Braeburn, and shall be responsible for the payment of all prosecution and maintenance costs. Braeburn shall not abandon prosecution or maintenance of any or all patents or patent applications directly related to the Sublicensed Products in the Territory without notifying Knight in a timely manner of Braeburn's intention and reason therefore and providing Knight with reasonable opportunity to comment upon such abandonment and to assume responsibility for prosecution or maintenance of such Patent Rights. To the extent allowed under the Titan Agreement, in the event that Braeburn abandons prosecution or maintenance of any or all patents or patent applications directly related to the Sublicensed Products in the Territory, Knight may assume prosecution and filing responsibility for such Patent Rights in the Territory, at its sole expense, and thereafter such patent rights will be owned solely and exclusively by Knight.

8.3 **Notification of Third Party Infringement**. Each Party shall promptly disclose to the other in writing, and share within five (5) Business Days all available information known to the Party in connection with any actual, suspected, alleged, or threatened infringement or misappropriation of any Braeburn Patent, or any actual, suspected, alleged or threatened infringement or passing off of the Braeburn Mark, in the Territory, of which such Party becomes aware. The Parties will thereafter consult and cooperate to determine a course of action, including the commencement of legal action by any Party.

8.4 **Response to Third Party Infringement**.

(a) Braeburn shall have the first right, but not any obligation, to initiate and respond to any actual or threatened infringement of a Braeburn Patent, the Braeburn Mark or of any unfair trade practices, trade dress imitation, passing off of counterfeit goods, or like offenses in the Territory relating to the Sublicensed Products. If Braeburn elects to respond to any actual or threatened infringement by initiating a proceeding, Braeburn shall use legal counsel of its choice at its expense and shall have full control over the conduct of such proceeding, including whether to initiate any legal proceeding and/or the settlement thereof. Braeburn may settle or compromise any such proceeding without the consent of Knight; provided, however, that if such settlement adversely affects Knight's rights under this Agreement, or Knight's ability to Commercialize the Sublicensed Products within the Territory, or otherwise requires Knight to admit wrongdoing, fault, or liability, Braeburn will not settle or compromise any such proceeding without the consent of Knight, such consent not to be unreasonably withheld, conditioned or delayed.

(b) If, within a period of sixty (60) days after the first notice of infringement is provided under Section 8.4, Braeburn elects not to initiate and respond to any actual or threatened infringement of a Braeburn Patent, a Braeburn Mark or of any unfair trade practices, trade dress imitation, passing off of counterfeit goods, or like offenses in the Territory relating to the Sublicensed Products, then Knight shall have the right, but not the obligation, to take action, at its sole expense and to the extent permitted under the Titan Agreement, in which case Knight shall have full control over the conduct of such proceeding and Knight may settle or compromise any such proceeding without the consent of Braeburn; provided, however, that if such settlement adversely affects Braeburn's intellectual property rights or its rights under this Agreement, or Braeburn's ability to Commercialize the Sublicensed Products outside the Territory, results in any monetary payment by or financial loss to Braeburn or otherwise requires Braeburn to admit wrongdoing, fault, or liability, Knight will not settle or compromise any such proceeding without the consent of Braeburn, such consent not to be unreasonably withheld, conditioned or delayed. Knight shall be solely responsible for any legal costs or damages awards made in any proceeding that is initiated by Knight in the event that Braeburn elects not to respond to any actual or threatened infringement.

8.5 **Cooperation**. Each Party shall cooperate reasonably, at its expense, in any enforcement effort initiated by the other Party. The Parties nor their Affiliates shall contest any joinder in any proceeding sought to be brought by the other Party if such joinder is required by Applicable Law. For any legal action or defense described in Section 8.4 above, in the event that any Party is unable to initiate, prosecute or defend such action solely in its own name, the other Party will join such action voluntarily and will execute all documents necessary for the Party to defend, prosecute and maintain such action. In connection with any such action, the Parties will cooperate fully and will provide each other with any information or assistance that either reasonably may request.

8.6 **Recovery**. Except as otherwise agreed to by the Parties as part of a cost-sharing arrangement, any monetary award recovered from a Third Party in connection with any proceeding described in Section 8.4 above shall be shared as follows:

(a) the Party that initiated and prosecuted or maintained the defense of, the action shall recoup all of its costs and expenses (including all court and reasonable attorneys' fees) incurred in connection with the action, whether the recovery is by settlement or otherwise;

(b) the other Party then shall, to the extent possible, recover its reasonably documented costs and expenses (including reasonable outside attorneys' fees) incurred in connection with the action;

(c) if Braeburn initiated and prosecuted, or maintained the defense of, the action, the amount of any recovery remaining then shall be retained by Braeburn; and

(d) if Knight initiated and prosecuted, or maintained the defense of, the action, the amount of any recovery remaining shall be retained by Knight, net of an amount that shall be paid to Braeburn equal to the Royalties that would have been payable to Braeburn if such remainder of the recovery or settlement proceeds constituted Net Sales.

8.7 **Infringement of Third Party IP**.

(a) If either Party becomes aware that its activities performed hereunder may constitute actual or alleged infringement or misappropriation of the intellectual property rights of a Third Party in the Territory, it shall promptly notify the other Party and the Parties shall discuss a strategy to defend or mitigate against any actual or alleged infringement.

(b) Braeburn shall have the first right, but not the obligation, to defend any action in the Territory related to the intellectual property rights of any Third Party or to initiate and prosecute legal action related to the intellectual property rights of any Third Party at its own expense and in the name of Braeburn and/or Knight. Knight shall render, at its expense, all assistance reasonably requested in connection with any action taken by Braeburn. However, the control of such action, including whether to initiate any legal proceeding and/or the settlement thereof, shall solely be under the control of Braeburn; provided, however, that if such settlement adversely affects Knight's rights under this Agreement, or Knight's ability to Commercialize the Sublicensed Products within the Territory, or otherwise requires Knight to admit wrongdoing, fault, or liability, Braeburn will not settle or compromise any such proceeding without the consent of Knight, such consent not to be unreasonably withheld, conditioned or delayed.

(c) If Braeburn elects not to defend an infringement action in the Territory as provided in Section 8.4(b), and Knight elects to do so, the cost of any agreed-upon course of action, including the costs of any legal action commenced or any infringement action defended, shall be borne solely by Knight; provided, however, that if such settlement adversely affects Braeburn's intellectual property rights or its rights under this Agreement, or Braeburn's ability to Commercialize the Sublicensed Products outside the Territory, results in any monetary payment by or financial loss to Braeburn or otherwise requires Braeburn to admit wrongdoing, fault, or liability, Knight will not settle or compromise any such proceeding without the consent of Braeburn, such consent not to be unreasonably withheld, conditioned or delayed.

(d) For any such legal action or defense, in the event that any Party is unable to initiate, prosecute, or defend such action solely in its own name, the other Party will join such action voluntarily and will execute all documents necessary for the Party to prosecute, defend and maintain such action. In connection with any such action, the Parties will cooperate fully and will provide each other with any information or assistance that either reasonably may request.

9. REPRESENTATION AND WARRANTIES

9.1 **Braeburn Covenants, Representations and Warranties**. Braeburn covenants, represents and warrants (as the case may be) to Knight as of the Effective Date that:

(a) Braeburn is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

(b) Braeburn has the corporate power and authority to enter into this Agreement and will continue during the Term to have, all of the corporate power and authority necessary to enter into this Agreement and to grant the licenses hereunder.

(c) Braeburn has taken all necessary corporate actions to authorize the execution, delivery and performance of this Agreement.

(d) The Titan Agreement (i) is in full force and effect, enforceable in accordance with its terms, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting creditors' rights and remedies or equitable principles, and (ii) has not been terminated; and Braeburn has not taken any action to terminate the Titan Agreement.

(e) Braeburn shall provide Knight with (i) written notice within five (5) Business Days of any alleged material breach of the Titan Agreement or written (including by email) threat of termination of the Titan Agreement received by Braeburn from Titan thereunder, and (ii) written notice within two (2) Business Days of the adoption of any amendment to the Titan Agreement relating to the Territory or Knight's rights under this Agreement, in each case, in any material respect.

(f) Braeburn has obtained all consents, licenses and authorizations that are necessary to perform its obligations under this Agreement and that such rights will continue to be enforceable during the Term, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting creditors' rights and remedies or equitable principles.

(g) Upon the execution and delivery of this Agreement, this Agreement shall constitute a valid and binding obligation of Braeburn, enforceable against Braeburn in accordance with its terms, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting creditors' rights and remedies or equitable principles.

(h) The performance of Braeburn's obligations under this Agreement will not conflict with its organizational documents, as amended, or result in a breach of any material agreements or contracts to which it is a party.

(i) Braeburn has not and will not, during the term of this Agreement, enter into any material agreements or contracts that would conflict with its obligations under this Agreementand Braeburn has no knowledge of any agreement entered into by Titan which would conflict or restrict the terms hereof;

(j) Braeburn owns or licenses all of the Braeburn Patents licensed to Knight pursuant to this Agreement and the Braeburn Patents licensed or sublicensed to Knight pursuant to this Agreement are all of the patents owned or licensed by Braeburn that are reasonably necessary for Knight to carry out its obligations and exercise its rights under this Agreement.

(k) Braeburn has not received any notice that the manufacture, sale or use of the Sublicensed Products in the Territory infringes upon any intellectual property rights of any Third Party(ies) in the Territory.

(l) Braeburn has not received any notice from a Third Party that any issued Braeburn Patent is invalid or unenforceable for any reason.

(m) To the knowledge of Braeburn, there are no activities being carried out by Third Parties in the Territory that would constitute infringement or misappropriation of the Braeburn Patents or the Braeburn Marks.

(n) Braeburn shall use its Commercially Reasonable Efforts to maintain the Titan Agreement in full force and effect throughout the Term; provided, however, that the Parties agree and acknowledge that it may be commercially reasonable for Braeburn to terminate the Titan Agreement or take actions that result in the termination of the Titan Agreement and provided further that for avoidance of doubt, this Section does not provide Braeburn with any termination right not contemplated by Section 11.2 hereof.

(o) Braeburn has provided Knight all material information in its possession and Control sufficient for Knight to assess the safety and efficacy of the Sublicensed Product, and any side effects, injury, toxicity or sensitivity reactions and incidents associated with all uses, studies, investigations or tests involving the Sublicensed Product (animal or human) throughout the world;

(p) As of the Effective Date, Braeburn is not aware of any material facts not otherwise disclosed to Knight that could reasonably lead Braeburn to conclude that the Sublicensed Product will be unable to receive Regulatory Approval from relevant Governmental Authorities in the Territory.

(q) Neither Braeburn nor, to the knowledge of Braeburn, any Third Party acting by or on behalf of Braeburn in connection with the manufacture, development or Commercialization of the Sublicensed Products has been debarred or is subject to debarment, and Braeburn shall not knowingly engage or use any Third Party in connection with the manufacture, development or Commercialization of the Sublicensed Products that has been debarred; Braeburn agrees to notify Knight in writing promptly if it, or if it has knowledge that, any of its licensors or any entity acting on its behalf in any capacity in connection with the manufacture, development or Commercialization of the Sublicensed Products is debarred or becomes the subject of any threatened or pending action, suit, claim, investigation, legal or administrative proceeding relating to debarment.

9.2 **Knight Covenants, Representations and Warranties**. Knight covenants, represents and warrants to Braeburn (as the case may be) as follows:

(a) Knight is a corporation duly organized, validly existing and in good standing, under the laws of Canada.

(b) Knight has the legal right, authority, and power to enter into this Agreement and will continue during the Term to have, all of the rights necessary to enter into this Agreement and to perform its obligations hereunder.

(c) Knight has taken all necessary action to authorize the execution, delivery, and performance of this Agreement.

(d) Without limiting Knight's obligations to use Commercially Reasonable Efforts to Commercialize the Sublicensed Products under this Agreement, Knight will seek to obtain and, once obtained, maintain all consents, licenses and authorizations that are necessary to perform its obligations under this Agreement.

(e) Upon the execution and delivery of this Agreement, this Agreement shall constitute a valid and binding obligation of Knight, enforceable against Knight in accordance with its terms, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting creditors' rights and remedies or equitable principles.

(f) The performance of Knight's obligations under this Agreement will not conflict with its organizational documents, as amended, or result in a breach of any material agreements or contracts to which any is a party.

(g) Knight has not and will not, during the term of this Agreement, enter into any material agreements or contracts that would be inconsistent with its obligations under this Agreement.

(h) Neither Knight nor its Affiliates and sublicensees will initiate a proceeding to challenge the validity or enforceability of any Braeburn Patent or Braeburn Mark, or directly or indirectly assist any Third Party with respect to any such proceeding.

(i) Knight has utilized its own scientific, marketing and distribution expertise and experience to analyze and evaluate both the scientific and commercial value of Sublicensed Products in the Territory and has solely relied on such analysis and evaluation in deciding to enter into this Agreement.

(j) Neither Knight nor, to the knowledge of Knight, any Third Party acting by or on behalf of Knight in connection with the manufacture, development or Commercialization of the Sublicensed Products has been debarred or is subject to debarment, and Knight shall not knowingly engage or use any Third Party in connection with the manufacture, development or Commercialization of the Sublicensed Products that has been debarred; Knight agrees to notify Braeburn in writing promptly if it, or if it has knowledge that, any of its licensors or any entity acting on its behalf in any capacity in connection with the manufacture, development or Commercialization of the Sublicensed Products is debarred or becomes the subject of any threatened or pending action, suit, claim, investigation, legal or administrative proceeding relating to debarment.

(k) Neither Knight nor, to the knowledge of Knight, any of its equity holders nor any of their respective beneficial owners (a) is listed on any Government Lists (as defined below), (b) is a person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of the Office of Foreign Assets Control ("**OFAC**") or in any enabling legislation or other Presidential Executive Order in respect thereof, (c) has been previously indicted for or convicted of any Patriot Act Offense (as defined below), or (d) is currently under investigation by any governmental authority for alleged criminal activity in connection with any Patriot Act Offense. For purposes hereof, the term "**Patriot Act Offense**" means (i) any violation of the criminal laws of the United States of America, or that would be a criminal violation if committed within the jurisdiction of the United States of America, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism, (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, (D) the Money Laundering Control Act of 1986, or (E) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001; and (ii) the crime of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense under clause (i). For purposes hereof, the term "**Government Lists**" means (x) the Specially Designated Nationals and Blocked Persons Lists maintained by the OFAC, (y) any other list of terrorists, terrorist organizations, or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that is now included in "Government Lists," or (z) any similar lists maintained by the United States Department of State, the United States Department of Commerce, or any other government authority or pursuant to any Executive Order of the President of the United States of America that is now included in Government Lists.

9.3 **WARRANTY DISCLAIMER**. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE LICENSED PRODUCTS OR ANY TECHNOLOGY OR ANY LICENSE GRANTED BY EITHER PARTY HEREUNDER, EVEN IF EITHER PARTY HAS BEEN ADVISED OF SUCH PURPOSE.

9.4 **LIMITATIONS OF LIABILITY**. EXCEPT IN CIRCUMSTANCES OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY A PARTY, A BREACH OF ARTICLE 10, FOR THE PAYMENT OF AN INDEMNIFIED CLAIM UNDER SECTIONS 9.5 OR 9.6 BELOW (BUT ONLY TO THE EXTENT OF SUCH CLAIM), NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR TO ANY THIRD PARTY WHO MAY BENEFIT FROM ANY PROVISION OF THIS AGREEMENT FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES RESULTING FROM LOSS OF USE, LOSS OF PROFITS, INTERRUPTION OR LOSS OF BUSINESS OR OTHER ECONOMIC LOSS) ARISING OUT OF THIS AGREEMENT OR WITH RESPECT TO A PARTY'S PERFORMANCE OR NON-PERFORMANCE HEREUNDER.

9.5 **Indemnification by Braeburn**. Braeburn hereby agrees to defend, indemnify, and hold Knight, its Affiliates and their respective officers, directors, employees, shareholders, members, partners, agents and successors and assigns (each a "**Knight Indemnified Party**") harmless from and against any and all Losses incurred by a Knight Indemnified Party in connection with any and all suits, investigations, claims or demands of Third Parties (collectively, "**Third Party Claims**") in connection with, arising from or resulting from: (i) any breach of this Agreement or any representation, warranty or covenant provided in this Agreement by Braeburn or an Affiliate of Braeburn; (ii) any violation of Applicable Law by Braeburn or its Affiliates; (iii) the gross negligence or willful misconduct of Braeburn; (iv) any claim that the Sublicensed Products supplied hereunder do not comply with the specifications or submissions made in government filings (v) any claim that the sale by Knight or its Affiliates, of the Sublicensed Products infringes on intellectual property rights in the Territory of a Third Party; (vi) any damage to property, personal injury or death arising in any way from a fault or defect in the Sublicensed Product, except to the extent that damage, personal injury or death arises out of the act or omission of Knight or is beyond Braeburn's control; (vii) any claim by Titan that this Agreement breaches, or is inconsistent with, the Titan Agreement; and (viii) any claim arising from any use, within the approved labeling, by any person of any of the Sublicensed Products; in all cases, except to the extent such Third Party Claim for Losses is in connection with, arising from or resulting from: (x) any breach of this Agreement by Knight or a Knight Indemnified Party, (y) any violation of Applicable Law by Knight or a Knight Indemnified Party, or (z) the gross negligence or willful misconduct of Knight or a Knight Indemnified Party.

9.6 **Indemnification by Knight**. Knight hereby agrees to defend, indemnify, and hold Braeburn, its Affiliates and their respective officers, directors, employees, shareholders, members, partners, agents and successors and assigns (each a "**Braeburn Indemnified Party**") harmless from and against any and all Losses incurred by a Braeburn Indemnified Party in connection with any and all Third Party Claims in connection with, arising from or resulting from: (i) any breach of this Agreement or any representation, warranty or covenant provided in this Agreement by Knight or an Affiliate of Knight; (ii) any violation of Applicable Law by Knight or its Affiliates; (iii) any claim or assertion that any representative or other person who is employed by Knight is an employee of Braeburn; (iv) the, use, marketing, sale, Promotion, storage or distribution of Sublicensed Products in the Territory by Knight, its Affiliates or any of its or their respective sublicensees or distributors, including any death, personal injury or other product liability arising out of or related to the Sublicensed Products, excluding any claims by a Third Party (1) that the marketing, sale, Promotion, storage or distribution of Sublicensed Products in the Territory by Knight infringes or misappropriates any patent or other intellectual property or proprietary right of such Third Party or (2) that relate to any damage to property, personal injury or death arising in any way from a fault or defect in the Sublicensed Product; and (v) the gross negligence or willful misconduct of any Knight Indemnified Party in performing any activities in connection with this Agreement; in all cases, except to the extent such Third Party Claim for Losses is in connection with, arising from or resulting from: (x) any breach of this Agreement by Braeburn or an Braeburn Indemnified Party, (y) any violation of Applicable Law by Braeburn or an Braeburn Indemnified Party, or (z) the gross negligence or willful misconduct of Braeburn or an Braeburn Indemnified Party.

9.7 **Indemnification Procedure**. If a Party intends to claim indemnification under this Article 9, such indemnified Party shall promptly notify the other Party of any Third Party Claim in respect of which the indemnified Party intends to claim such indemnification, and the indemnifying Party shall have a first opportunity to assume the sole defense thereof with counsel selected by the indemnifying Party. The indemnified Party shall have the right to retain its own counsel and participate fully in the defense, with the fees and expenses to be paid by the indemnified Party; provided, however, that the indemnifying Party shall have no obligations with respect to any Losses resulting from the indemnified Party's settlement of such Third Party Claim without the prior written consent of the indemnifying Party. The failure or delay to deliver notice to the indemnifying Party, within a reasonable time after the commencement of any such proceeding, if irreparably prejudicial to the indemnifying Party's ability to defend such proceeding, shall relieve the indemnifying Party of any and all liability to the indemnified party under this Article 9. The indemnified Party shall cooperate fully with the indemnifying Party and their legal representatives in the investigation of any loss, claim, damage, or liability covered by this indemnification, and shall mitigate such loss and damages. Any amount payable in order to satisfy an indemnity hereunder shall be paid as soon as reasonably possible after the indemnified Party has incurred an indemnified expense and notified the indemnifying Party thereof.

9.8 **Compliance with Applicable Law**. Each Party shall comply, and shall require their Affiliates and permitted sublicensees to comply, with all Applicable Laws relative to their obligations hereunder.

9.9 **Insurance**.

(a) Both Knight and Braeburn shall maintain, during the Term and for a period of three (3) years after any expiration or termination of this Agreement, a Commercial General Liability Insurance policy or policies (including coverage for Product Liability, Contractual Liability, Bodily Injury, Property Damage and Personal Injury), with minimum limits of Five Million Dollars ($5,000,000) per occurrence and Ten Million Dollars ($10,000,000) in the aggregate. In the case of Knight, such insurance shall insure against all liability arising out of Knight's use, sale, distribution, or marketing of Sublicensed Products in the Territory and shall name Braeburn as an additional insured on all policies. In the case of Braeburn, such insurance shall insure against all liability arising out of Braeburn's manufacture of Sublicensed Products for use, sale, distribution, or marketing in the Territory.

(b) During the Term, Knight shall not permit such insurance to be reduced (other than by payment of Third Party Claims), expired or canceled without reasonable prior written notice, unless outside of the control of Knight, to Braeburn. Upon request, Knight shall provide certificates of insurance to Braeburn evidencing the coverage specified herein. The Parties acknowledge and agree that such insurance shall not be construed to create a limit with respect to their indemnification obligations or liability to the other.

10. CONFIDENTIALITY AND PUBLICITY

10.1 **Non-Disclosure and Non-Use Obligations**. All Confidential Information disclosed by one Party to the other Party hereunder shall be maintained in confidence and shall not be disclosed to any Third Party or used for any purpose except as expressly permitted herein without the prior written consent of the Party that disclosed the Confidential Information to the other Party during the Term and for a period of seven (7) years thereafter. For purposes of this Agreement, "**Confidential Information**" means any and all Know-How, scientific, clinical, regulatory, marketing, financial, technical, non-technical, commercial or other confidential information or data of a confidential nature, whether communicated in writing, orally or by any other means, that is under the protection of one Party and is provided by that Party to the other Party in connection with this Agreement. The foregoing non-disclosure and non-use obligations shall not apply to the extent that such Proprietary Information:

(a) is known by the receiving Party at the time of its receipt, and not through a prior disclosure by the disclosing Party, as documented by business records;

(b) is or becomes properly in the public domain or knowledge without breach by either Party;

(c) is subsequently disclosed to a receiving Party by a Third Party who, to the knowledge of the receiving Party, is lawfully able do so and, to the knowledge of the receiving Party, is not under an obligation of confidentiality to the disclosing Party; or

(d) i s developed by the receiving Party independently of Confidential Information received from the other Party, as documented by research and development records.

10.2 **Permitted Disclosure of Proprietary Information**. Notwithstanding Section 10.1, a Party receiving Confidential Information of another Party may disclose such Confidential Information:

(a) to governmental or other regulatory agencies as required by Applicable Law, in order to file Regulatory Submissions, but such disclosure may be made only to the extent reasonably necessary to file such Regulatory Submissions and in accordance with the terms and conditions of this Agreement or as otherwise requested by the relevant Governmental Authority;

(b) in connection with the performance of this Agreement and solely on a need-to-know basis, to Affiliates; potential or actual collaborators (including potential sublicensees); potential or actual investment bankers, accountants, investors, lenders, or acquirers; or employees, independent contractors (including consultants and clinical investigators) or agents, each of whom prior to disclosure must be bound by written obligations of confidentiality and non-use no less restrictive than the obligations set forth in this Article 10 or to counsel for such Party; provided, however, that the receiving Party shall (i) undertake reasonable precautions to safeguard and protect the confidentiality of the Confidential Information; (ii) remain responsible for any failure by any person who receives Confidential Information pursuant to this Article 10 to treat such Confidential Information as required under this Article 10; and (iii) take all reasonable measures to restrain the receiving Party and any such persons from prohibited or unauthorized disclosure or use in violation of this Article 10;

(c) if required to be disclosed by Applicable Law or court order, provided that notice is promptly delivered to the non-disclosing Party in order to provide an opportunity to challenge or limit the disclosure obligations; or

(d) with respect to Braeburn, to Titan to the extent required by Braeburn to exercise its rights or perform its obligations under the Titan Agreement.

If and whenever any Confidential Information is disclosed in accordance with this Section 10.2, such disclosure shall not cause any such information to cease to be Confidential Information except to the extent that such disclosure results in a public disclosure of such information (other than in breach of this Agreement). Where reasonably possible and subject to Section 10.3, the receiving Party shall notify the disclosing Party of the receiving Party's intent to make such disclosure pursuant to Sections 10.2(a)-(c) sufficiently prior to making such disclosure so as to allow the disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information, and the receiving Party shall cooperate with the disclosing Party in such efforts.

10.3 **Disclosure of Agreement to Governmental Authority**. Without limiting any of the foregoing, it is understood that the Parties or their Affiliates may make disclosure of this Agreement and the terms hereof in any filings required by a Governmental Authority or securities exchange, may file this Agreement as an exhibit to any filing with such Governmental Authority or securities exchange, and may distribute any such filing in the ordinary course of its business; provided however, that the Party seeking such disclosure first provides the other Party a copy of the proposed disclosure, and provided further that (except to the extent that the Party seeking disclosure is required to disclose such information to comply with Applicable Law) if the other Party demonstrates to the reasonable satisfaction of the Party seeking disclosure, within two (2) Business Days of such Party's providing the copy, that the public disclosure of previously undisclosed information will materially adversely affect the development and/or commercialization of a Sublicensed Product, the Party seeking disclosure will remove from the disclosure such specific previously undisclosed information as the other Party shall reasonably request to be removed, or otherwise provide a good faith reason to the other Party why such disclosure was not removed.

10.4 **Other Public Statements**. Except as set forth in this Agreement or as required by Applicable Law, neither Party shall make any press release or other public announcement or other disclosure to a Third Party concerning the existence or terms of this Agreement or relating to Sublicensed Products without the prior written consent of the other Party, which consent shall include agreement upon the nature and text of such announcement or disclosure and shall not be unreasonably withheld, conditioned or delayed. Each Party agrees to provide to the other Party a copy of any public announcement as soon as reasonably practicable under the circumstances prior to its scheduled release. Each Party shall have the right to expeditiously (but in any event within twenty-four (24) hours of receipt) review and recommend changes to any press release or announcement regarding this Agreement or the subject matter of this Agreement; provided, however that such right of review and recommendation shall only apply for the first time that specific information is to be disclosed, and shall not apply to the subsequent disclosure of substantially similar information that has previously been disclosed unless there have been material developments relating to Sublicensed Products since the date of the previous disclosure.

10.5 **No Rights to Use Name of Other Party**. Except as provided herein, neither Party shall use the name, trademark, trade name or logo of the other Party in any publicity, promotion, news release or disclosure relating to this Agreement or its subject matter, without the prior express written permission of the other Party, except as may be required by Applicable Law.

11. TERM AND TERMINATION

11.1 **Term**. Except as expressly provided in Section 2.1, and unless earlier terminated pursuant to Section 11.2(a), this Agreement will take effect on the Effective Date and, unless earlier terminated in accordance with the terms herein, will continue in full force and effect for fifteen (15) years from the date of Launch of the Initial Indication (from the Effective Date until the fifteenth (15^{th}) anniversary of the date of Launch of the Initial Indication, unless earlier terminated, the "**Initial Term**"); provided, that if a Subsequent Indication for the Sublicensed Product received Regulatory Approval in the Territory on or after the fifth (5^{th}) anniversary of the Launch of the Initial Indication, the Parties shall negotiate in good faith with respect to an appropriate extension of the Initial Term. Any such extension shall be mutually agreed in writing. Upon the expiration of the Initial Term and any subsequent Term thereafter, this Agreement shall automatically renew for successive two (2) year periods (each a "**Renewal Term**") unless, at least one hundred eighty (180) days prior to the scheduled expiry of the Initial Term or Renewal Term], either Party provides the other with written notice of its intention not to renew the Agreement (a "**Non-Renewal Notice**"), in which case this Agreement shall expire at the end of the applicable period.

11.2 **Early Termination**. This Agreement may be terminated as follows:

(a) If the NDA Transfer Date has not occurred within six (6) months of the Effective Date, either Party may provide written notice of an intent to terminate this Agreement, provided that if a Party intends to terminate the Agreement, such Party shall first discuss in good faith the reasons for seeking termination and considers potential alternatives to termination, including potential amendments to the Agreement. Termination under this Section 11.2(a) shall not effective be sooner than thirty (30) days from the date of notice.

(b) Either Party may, without prejudice to any other remedies available to it under this Agreement or at Applicable Law or in equity:

(i) immediately terminate this Agreement upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other Party; provided, however, in the case of any involuntary bankruptcy, reorganization, liquidation, receivership or assignment proceeding such right to terminate shall only become effective if such other Party consents to the involuntary proceeding or such proceeding is not dismissed within sixty (60) days after the filing thereof; or

(ii) terminate this Agreement prior to expiration of the Term in the event the other Party is in material default or breach of the performance of its obligations hereunder, and has not cured such breach within (i) thirty (30) days after written notice thereof provided by the non-breaching Party to the breaching Party, in case such breach is a non-payment of any amount due under this Agreement (which shall be deemed a material breach) and (ii) sixty (60) days after written notice thereof provided by the non-breaching Party to the breaching Party for other cases of breach. The termination shall become effective at the end of the (x) thirty (30) day period in case the breach is a non-payment of any amount due under this Agreement if the breaching Party has not cured such breach during such thirty (30) day period, or (y) sixty (60) day period for other cases of breach unless the breaching Party cures such breach during such sixty (60) day period. The right of either Braeburn or Knight to terminate this Agreement as provided in this Section 11.2 shall not be affected in any way by such Party's waiver or failure to take action with respect to any previous breach or default.

(c) Braeburn may, without prejudice to any other remedies available to it under this Agreement or at Applicable Law or in equity, terminate this Agreement:

(i) on thirty (30) days written notice to Knight, if Knight, following Launch, discontinues commercial sale of Sublicensed Product for a period of three (3) months or more for reasons unrelated to Force Majeure, regulatory or safety issues or supply or manufacturing or Sublicensed Product quality issues and subsequently fails to resume sales of a Product within thirty (30) days of having been notified in writing of such failure by Braeburn;

(ii) upon written notice to Knight in the event Knight or any of its Affiliates or sublicensees commences any legal proceeding seeking to challenge or otherwise dispute the validity or ownership of any of the Braeburn Patents or any of the claims therein, or knowingly assists any Third Party to do any of the foregoing, which termination shall be effective on the date set forth in such notice; or

(iii) If Braeburn determines, in its sole discretion, that it is in its best interests to terminate the Titan Agreement pursuant to any one of Sections 12.2(c)(i), 12.2(c)(iii), and 12.2(c)(iv) of the Titan Agreement, then Braeburn shall provide Knight with at least ninety (90) days' prior notice and, during such ninety-day (90-day) period, Braeburn shall discuss with Knight, in good faith, whether the grounds upon which Braeburn judges termination to be in its best interests can be adequately mitigated. If, after discussions with Knight, Braeburn still decides it is in Braeburn's best interests to terminate the Titan Agreement, then Braeburn shall negotiate in good faith with Titan and Knight to determine whether Titan would agree to license rights in the Territory directly to Knight, including a commitment to supply Sublicensed Products to Knight. Notwithstanding the foregoing, Braeburn may not terminate this Agreement under this Section 11.2(c)(iii) prior to three (3) years following the NDA Transfer date and then only upon at least one (1) year prior notice. If Braeburn terminates the Titan agreement pursuant to this Section 11.2(c)(iii), then, notwithstanding the termination of this Agreement, the ROFN outlined in Section 2.9 shall survive for the remainder of the Initial Term.

(d) Either Party may, without prejudice to any other remedies available to it under this Agreement or at Applicable Law or in equity, terminate this Agreement immediately upon written notice to the other Party, if either Party determines in good faith that it is not advisable for Knight to continue to Commercialize any Sublicensed Products in the Territory as a result of a bona fide safety issue regarding any Sublicensed Products.

(e) This Agreement shall automatically terminate in the event the Titan Agreement is terminated prior to the expiration of the Term; provided that Braeburn shall not seek to terminate the Titan Agreement for any reason other than what is contemplated in Section 11.2(c) hereof, or Section 12.2(a) of the Titan Agreement.

11.3 **Effect of Termination**. Upon expiry or termination of this Agreement, all sublicenses and rights granted by Braeburn hereunder shall terminate and:

(a) Knight undertakes to:

(i) except as provided for in Section 11.5, cease any Commercialization of Sublicensed Products in the Territory;

(ii) commence, within thirty (30) days of expiry or termination, and complete as promptly as practicable, the transfer of title to all current and pending Regulatory Submissions and Regulatory Approvals for the Sublicensed Products to Braeburn or its designee and assist Braeburn in submitting appropriate documents to transfer the Regulatory Submissions and Regulatory Approvals for the Sublicensed Products to Braeburn or its designee;

(iii) pay Braeburn all Royalties generated by sales of Sublicensed Products, including any sales in accordance with Section 11.5; and

(iv) promptly transfer to Braeburn or its designee copies of all data, reports, records and materials in Knight's possession or Control that relate to Sublicensed Products and return to Braeburn all relevant records and materials in Knight's possession or Control containing Confidential Information of Braeburn (provided that Knight may keep (a) one (1) copy of such Confidential Information of Braeburn for archival purposes solely for the purpose of compliance with this Agreement and (b) electronic copies stored in automatic computer back-up systems).

(b) Braeburn undertakes to promptly return to Knight all relevant records and materials in Braeburn's possession or Control containing Confidential Information of Knight (provided that Braeburn may keep one (1) copy of such Confidential Information of Knight for archival purposes solely for the purpose of compliance with this Agreement).

11.4 **Survival**. In the event of the expiration or termination of this Agreement for any reason, the following provisions of this Agreement shall survive: Article 1; Sections 6.3(c); 6.4; 6.5; 8.1; 9.3 through 9.9; Articles 10 through 13; and any other terms which, by their nature, require or contemplate performance by the Parties after expiry or termination. In any event, expiration or termination of this Agreement shall not relieve the Parties of any liability which accrued hereunder prior to the effective date of such expiration or termination.

11.5 **Sell-Off of Inventory**. Subject to the payment of all amounts due to Braeburn hereunder, upon expiration or termination of this Agreement, Knight shall be entitled to sell off or otherwise dispose of any of Knight's inventory of Sublicensed Products existing on the date such expiration or termination is effective; provided, however, that, at Braeburn's request, Knight shall promptly return to Braeburn all or any portion of such inventory of Sublicensed Products that has not been sold or used within nine (9) months following such expiration or termination and Braeburn shall reimburse Knight any Supply Price previously paid by Knight for such Sublicensed Products that are returned to Braeburn

12. DISPUTE RESOLUTION

12.1 **Arbitration**. Except as otherwise expressly provided herein, any dispute or claim arising out of or relating to this Agreement, or to the breach, termination, or validity of this Agreement, will be resolved as follows: each Party shall discuss the matter and make reasonable efforts to attempt to resolve the dispute. If the Parties are unable to resolve the dispute, the chief executive officer of each Party, or their designees, will meet within thirty (30) days of a request to attempt to resolve such dispute being made by a Party. If the chief executive officers, or their designees, cannot resolve the dispute through good faith negotiations within sixty (60) days after a Party requests such meeting, then the Parties shall resort to binding arbitration before a single arbitrator, in New York, New York, using the arbitration procedures set forth under the laws of the State of New York. The decision of the arbitrator shall be final and not subject to appeal and the arbitrator may apportion the costs of the arbitration, including the reasonable fees and disbursements of the Parties, between or among the Parties in such manner as the arbitrator considers reasonable. All matters in relation to the arbitration shall be kept confidential to the full extent permitted by law, and no individual shall be appointed as an arbitrator unless he or she agrees in writing to be bound by this provision.

12.2 **Irreparable Harm**. Notwithstanding anything to the contrary in Section 12.1, if either Party in its sole judgment, acting reasonably, believes that any such dispute could cause it irreparable harm, such Party will be entitled to seek temporary equitable relief from a court of competent jurisdiction in order to avoid such irreparable harm during the pendency of the procedure set forth in Section 12.1. For the avoidance of any doubt, nothing in this Article 12 shall preclude, interfere with or modify either Party's rights under Article 11 above with respect to the termination of this Agreement.

13. OTHER PROVISIONS

13.1 **Withholding Tax**. Knight will make all payments to Braeburn under this Agreement without deduction or withholding for taxes except to the extent that any such deduction or withholding is required by Applicable Law in effect at the time of payment. Any tax required to be withheld on amounts payable by Knight under this Agreement will be timely paid by Knight on behalf of Braeburn to the appropriate Governmental Authority, and Knight will furnish Braeburn with the corresponding proof of payment of such tax, as may be required in order to enable Braeburn to request reimbursement or deduction of the withheld amount, or to otherwise comply with its duties. Knight and Braeburn agree to cooperate to legally minimize and reduce such withholding taxes and provide any information or documentation required by any taxing authority.

13.2 **Further Assurances**. Upon request by either Party and at such Party's expense, the other Party shall do such further acts and execute such additional agreements and instruments as may be reasonably necessary to give effect to the purposes of this Agreement.

13.3 **Independent Status**. Each Party's legal relationship under this Agreement to the other Party shall be that of independent contractor, and not partners or joint venturers.

13.4 **Assignment**. This Agreement may not be, directly or indirectly, assigned or otherwise transferred, in whole or in part, by a Party to a Third Party without the prior written consent of the other Party; provided, however, that each Party may assign this Agreement to (a) any of its Affiliate or (b) in connection with its acquisition or the transfer or sale of all or substantially all of its assets or its business to which this Agreement relates, without such consent; provided, further, that the assigning Party shall promptly notify the other Party of any such assignment. The rights and obligations contained herein shall inure to the benefit of each Party's successors and permitted assigns, and shall be binding on and enforceable against the relevant Party's successors and permitted assigns. Any reference in this Agreement to any Party shall be construed accordingly. Any purported assignment not in accordance with this Agreement shall be void.

13.5 **Compliance with Applicable Law**. In connection with their activities under this Agreement, each Party shall comply with, and shall not be in violation of, any Applicable Laws.

13.6 **Force Majeure**. No Party shall be responsible for a failure or delay in performance of any of the obligations hereunder due to any fire, flood, earthquake, explosion, storm, blockage, embargo, war, acts of war (whether war be declared or not), terrorism, insurrection, riot, civil commotion, strike, lockout or other labor disturbance, failure of public utilities or common carriers, act of God or act, omission or delay in acting by any Governmental Authority (such events being defined as "**Force Majeure**"), provided that the Party seeking relief from its obligations advises the other Party forthwith of the Force Majeure. A Party whose performance of obligations has been delayed by Force Majeure shall use Commercially Reasonable Efforts to overcome the effect of the Force Majeure as soon as possible. The other Party will have no right to demand indemnity for damage or assert a breach against such Party, provided, however, that if the event of Force Majeure preventing performance shall continue for more than six (6) months and such underlying cause would not also prevent other parties from performing such obligations, then the Party not subject to the event of Force Majeure may terminate this Agreement with a written notice to the other without any liability hereunder, except the obligation to make payments due to such date and any obligations surviving under Section 11.4.

13.7 **Notices and Amendments**. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or other means of electronic communication or by hand delivery as hereinafter provided. Any such notice, if sent by fax or other means of electronic communication, shall be deemed to have been received on the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notices of change of address shall also be governed by this Section 13.7. Notices and other communications shall be addressed as follows:

(a) In the case of Braeburn:

Braeburn Pharmaceuticals, Inc.
47 Hulfish Street
Suite 441
Princeton, NJ 08542
United States
Attention: General Counsel

with copies (which shall not constitute notice) to:

notices@braeburnpharma.com

and

Hogan Lovells US LLP
100 International Drive
Suite 2000
Baltimore, MD 21202
United States
Attention: Asher Rubin
Fax: +1 410 659 2701
E-mail: asher.rubin@hoganlovells.com

(b) In the case of Knight:

Knight Therapeutics Inc.
376 Victoria Avenue
Suite 220
Westmount, Québec, H3Z 1C3
Canada
Attention: Jeffrey Kadanoff
Fax: +1 514 481 4116
E-mail: jkadanoff@gud-Knight.com

With a copy (which shall not constitute notice) to:

Davies Ward Phillips & Vineberg LLP
1501 McGill College Ave.
Suite 2600
Montreal, Québec H3A 3N9
Canada
Attention: Hillel W. Rosen
Fax: +1 514 841 6400
E-mail: hrosen@dwpv.com

13.8 **Complete Agreement**. This Agreement, together with the SDEA and any quality agreement entered into between the Parties with respect to Sublicensed Products, and all exhibits, schedules and other attachments hereto or thereto, embodies all of the understandings and obligations between the Parties with respect to the Sublicensed Products and supersedes any prior or contemporaneous agreements and understandings, whether written or oral, between the Parties with respect to the subject matter hereof. Any amendments or supplements to this Agreement shall not be valid unless executed in writing by duly authorized officers of both parties.

13.9 **Waiver**. No failure to exercise and no delay in exercising any right or remedy hereunder shall operate as a waiver thereof. Any waiver granted hereunder shall only be applicable the specific acts covered thereby and shall not apply to any subsequent events, acts, or circumstances.

13.10 **Severability**. In the event any portion of this Agreement shall be held illegal, void or ineffective, the remaining portion hereof shall remain in full force and effect. If any of the terms or provisions of this Agreement are in conflict with any applicable statute or rule of law, then such terms or provisions shall be deemed inoperative to the extent that they may conflict therewith and shall be deemed to be modified to conform with such statute or rule of law.

13.11 **Governing Law**. This Agreement all disputes arising out of or relating to this Agreement, or the performance, enforcement, breach or termination hereof or thereof, and any remedies relating thereto, shall be construed, governed by and interpreted in accordance with the laws of the State of New York without regard to any conflict of laws principle thereof that would result in the application of the laws of any other jurisdiction.

13.12 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be considered one and the same Agreement and shall become effective when a counterpart hereof has been signed by each of the Parties and delivered to the other Party.

13.13 **Time of Essence.** Time shall be of the essence of this Agreement and of each provision hereof.

13.14 **English Language**. At the request of the parties, this Agreement has been negotiated in the English language and will be or have been executed in the English language. *Les soussignés ont expressément demandé que ce document et tous les documents annexes soient rédigés en langue anglaise.*

[*Signature page follows*]

IN WITNESS WHEREOF, the Parties have caused this Distribution and Sublicense Agreement to be signed by their duly authorized representatives as of the Effective Date.

BRAEBURN PHARMACEUTICALS, INC.		**KNIGHT THERAPEUTICS INC.**	
By:	/s/ Behshad Sheldon	By:	/s/ Amal Khouri
Name:	Behshad Sheldon	Name:	Amal Khouri
Title:	President and CEO	Title:	VP, Business Development

SCHEDULE A

BRAEBURN MARKS

[To be provided separately]

ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT

THIS ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT (this " Agreement"), dated July __, 2018, is entered into between Titan Pharmaceuticals, Inc., a Delaware corporation ("Titan"), and Knight Therapeutics Inc., a company licensed under the laws of Canada ("Knight").

RECITALS

WHEREAS, Braeburn Pharmaceuticals, Inc., a Delaware corporation ("Braeburn") and Knight were parties to that certain Distribution and Sublicense Agreement dated February 1, 2016 (the "Knight Agreement");

WHEREAS, pursuant to that certain Termination and Transition Services Agreement dated as of May 25, 2018 (as amended, restated, supplemented or otherwise modified in accordance with its terms through the date hereof, the "Termination Agreement"), by and between Titan and Braeburn, Titan assumed the Knight Agreement;

WHEREAS, the parties hereto agree that for purposes of clarification, the Knight Agreement shall be amended to (i) confirm the nature of the rights granted to Knight, (ii) address the references to Braeburn, (iii) change the notice provisions, and (iv) replace Schedule A in accordance with the assignment;

WHEREAS, the parties hereto further agree that the Knight Agreement be amended to address certain economic issues.

NOW, THEREFORE, in consideration of the above premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1) Assignment of License. The parties hereto acknowledge that pursuant to the Termination Agreement, Braeburn has assigned to Titan and Titan has assumed all of Braeburn's rights, title, benefits, interest and privileges arising under, or pursuant to, the Knight Agreement, as amended pursuant to Section 2 of this Agreement. The parties acknowledge that the rights of Knight are those of a direct licensee rather than a sublicensee, that references in the Knight Agreement to the Titan Agreement are no longer applicable and that Knight shall perform all duties and other obligations of Knight arising under the Knight Agreement to the benefit of Titan.

2) Amendment. The Knight Agreement shall be further amended as follows:

a) All references in the Knight Agreement to Braeburn are replaced with Titan;

b) Section 6.1(b) is hereby amended by changing "**[*******]**%" to "**[*******]**%;"

c) Section 13.7(a) is hereby deleted in its entirety and replaced with the following:

In the case of Titan:

Titan Pharmaceuticals, Inc.
400 Oyster Point Boulevard, Suite 505
South San Francisco, CA 94080-1921
United States
Attention: President
E-mail: fstoller@loeb.com

with copies (which shall not constitute notice) to:

Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154
United States
Attention: Fran Stoller
E-mail: fstoller@loeb.com

d) Section 13.7(b) is hereby deleted in its entirety and replaced with the following:

Knight Therapeutics
3400 De Maisonneuve W., Suite 1055
Montreal QC.
H3Z 3B8
Canada
Attention: Samira Sakhia
Fax: +1 514 678 8930
E-mail: ssakhia@gud-Knight.com

With a copy (which shall not constitute notice) to:

Davies Ward Phillips & Vineberg LLP
1501 McGill College Ave.
Suite 2600
Montreal, Québec H3A 3N9
Canada
Attention: Hillel W. Rosen
Fax: +1 514 841 6400
E-mail: hrosen@dwpv.com

e) Schedule A is hereby replaced in its entirety with Schedule A attached hereto.

3) Governing Law. THIS AGREEMENT, AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS AGREEMENT OR AS AN INDUCEMENT TO ENTER INTO THIS AGREEMENT), SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

4) Headings. The heading references herein and the recitals herein have been inserted only for convenience of reference and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

5) Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns and nothing herein is intended or shall be construed to confer upon any person other than the parties hereto and their respective successors and permitted assigns any rights, remedies or claims under, or by any reason of, this Assignment or any term, covenant or condition hereof.

6) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. A copy transmitted via facsimile or e-mail of this Agreement, bearing the signature of any party shall be deemed to be of the same legal force and effect as an original of this Agreement bearing such signature(s) as originally written of such one or more parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its respective duly authorized officer as of the day and year first above written.

TITAN PHARMACEUTICALS, INC.

By: /s/ Sunil Bhonsle
Name: Sunil Bhonsle
Title: Chief Executive Officer

KNIGHT THERAPEUTICS INC.

By: /s/Samira Sakhia
Name: Samira Sakhia
Title: President

Schedule A

TITAN MARKS

Exhibit 10.23

OYSTER POINT MARINA PLAZA

Thirteenth Amendment to Office lease

THIS THIRTEENTH AMENDMENT TO OFFICE LEASE (the "Thirteenth Amendment") is made and entered into as of March 21, 2016, by and between **KASHIWA FUDOSAN AMERICA, INC.,** a California corporation ("Landlord") and **TITAN PHARMACEUTICALS, INC.,** a Delaware corporation ("Tenant").

Recitals

A. Landlord and Tenant have heretofore entered into that certain lease dated February 14, 1996 (the "Lease") for premises originally described as Suite 505 (the "Premises"), initially containing approximately 3,866 rentable square feet of space in the building located at 400 Oyster Point Boulevard, South San Francisco, California (the "Building"), which forms part of the office building complex commonly known as Oyster Point Marina Plaza (the "Complex").

B. The Lease has heretofore been amended by the following instruments (collectively the "Addenda"): (i) First Amendment to Lease dated as of March 25, 1997; (ii) Second Amendment to Lease dated as of May 22, 1998; (iii) Third Amendment to Lease dated as of November 11, 2000; (iv) Fourth Amendment to Lease dated as of April 9, 2001; (v) Fifth Amendment to Lease dated as of December 5, 2001; (vi) Sixth Amendment to Lease dated as of August 1, 2002; (vii) Seventh Amendment to Lease dated as of October 1, 2004; (viii) Eighth Amendment to Lease dated as of May 22, 2007; (ix) Ninth Amendment to Lease dated as of February 11, 2009; (x) Tenth Amendment to Lease dated as of June 15, 2010; (xi) Eleventh Amendment to Lease dated as of January 14, 2013; and (xii) Twelfth Amendment to Lease dated as of June 16, 2013.

C. The parties mutually desire to amend the terms of the Lease to extend the Term and to effect certain related changes, all on and subject to the terms and conditions hereof.

Agreement

Now, therefore, in consideration of the mutual terms and conditions herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1 Summary Table. The Table set forth in ¶ 3 of Twelfth Amendment is hereby superseded and replaced in its entirety by the following table, which shall constitute the Table under § 1.2 of the Lease as heretofore amended for all purposes from and after the Effective Date of this Thirteenth Amendment:

Periods	Suite No.	RSF	USF	Monthly Base Rent	Tenant's Share Bldg	Tenant's Share Complex	Base Year
July 1, 2016, through June 30, 2017	505	9,255	8,048	$ 22,582.20	3.993%	1.992%	2016
July 1, 2017, through June 30, 2018	505	9,255	8,048	$ 23,485.49	3.993%	1.992%	2016
July 1, 2018, through June 30, 2019	505	9,255	8,048	$ 24,424.91	3.993%	1.992%	2016
July 1, 2019, through June 30, 2020	505	9,255	8,048	$ 25,401.91	3.993%	1.992%	2016
July 1, 2020, through June 30, 2021	505	9,255	8,048	$ 25,909.95	3.993%	1.992%	2016

In the event of any conflict between the terms contained in the Table and the terms contained in subsequent paragraphs of this Thirteenth Amendment, the terms of the Table shall control, except as may be expressly varied in any subsequent paragraph of this Thirteenth Amendment.

2 Effect of Amendment. Landlord and Tenant agree that, notwithstanding anything contained in the Lease to the contrary, the provisions set forth herein will be deemed to be part of the Lease and shall supersede, to the extent they differ, any contrary provisions in the Lease as heretofore amended. Terms defined in the Lease shall have the same meanings in this Thirteenth Amendment, unless a different definition is set forth in this Thirteenth Amendment. The term *Lease* as used herein shall be deemed to include the Addenda, each of which may also be referred to separately herein. A true and complete copy of the Lease as heretofore amended is attached hereto as **Exhibit A** and incorporated herein by reference.

3 Effective Date. The amendments and changes specified in this Thirteenth Amendment shall become effective on **July 1, 2016** (the "Effective Date"). Notwithstanding the foregoing, this Thirteenth Amendment shall constitute the fully-binding agreement and contract of the parties from and after the date of the parties' execution and delivery of this Thirteenth Amendment to each other.

4 Premises. The parties acknowledge and agree that the Premises comprise approximately 9,255 rentable square feet of rentable space in the Building, as depicted on the Space Plan attached as **Exhibit B** to the Tenth Amendment.

5 Extension Term Base Year. As specified in the Table above, the Base Year for the purposes calculating Tenant's Share of Increased Operating Expenses and Increased Taxes under Article 4 of the Lease as heretofore amended shall be calendar year 2016 from and after the Effective Date.

6 Modification of Base Rent. The Base Rent for the Premises specified in § 1.5 of the Lease, as heretofore modified in the Addenda, shall be the amounts specified as Monthly Base Rent in the Table above for the various periods and spaces set forth in the Table from and after the Effective Date.

7 Condition of Premises. Except as otherwise expressly provided in this ¶7 with respect to Landlord's preparation of the Premises for Tenant's continued occupancy, Tenant shall accept the Premises, any existing Improvements in the Premises, and the Systems and Equipment serving the same in an "as is" condition on the Effective Date, and Landlord shall have no obligation to improve, alter, remodel, or otherwise modify the Premises in connection with Tenant's continued occupancy of the Premises from and after the Effective Date. The target date for substantial completion of Landlord's Work (as defined below) is July 1, 2016 (the "Target Date").

7.1 Landlord's Preparation. Landlord shall use reasonable diligence in completing and preparing the Premises for Tenant's continued occupancy as provided hereinbelow on or before the Effective Date. The facilities, materials, and work to be furnished, installed, and performed in the Premises by Landlord are referred to as the "Work." Any other installations, materials, and work which may be undertaken by or for the account of Tenant to prepare, equip, decorate, and furnish the Premises for Tenant's continued occupancy are referred to as the "Tenant's Work," which shall include the connection and/or rewiring of Tenant's telephone and data lines. The parties agree that Landlord's Work, to be completed at Landlord's sole cost and expense, shall consist of the following items only, which shall include Title 24 costs if any and moving services necessary for construction of the Work, as shown on the space plan dated March 23, 2016, which is attached hereto as **Exhibit B** and incorporated herein by reference (the "Space Plan"):

(i) construction of two (2) 10' x 15' private offices;
(ii) installation of flatwire electrical in the main conference room;
(iii) refinishing of the front door to the Premises;
(iii) installation of new Building-standard carpet throughout the Premises;

(iv) application of Building-standard new paint throughout the Premises; and
(v) delivery of the Premises with all Systems and Equipment serving the same in good working order and condition.

7.1.1 Interference with Tenant's Business. The parties acknowledge that Tenant shall be in possession of the Premises and shall conduct its business in the Premises during the Work required under this Thirteenth Amendment. Landlord shall have no liability to Tenant, nor shall Tenant's obligations under the Lease be reduced or abated in any manner whatsoever, by reason of any inconvenience, annoyance, interruption, or injury to business arising from Landlord's performance of the Work or from Landlord's making any repairs or changes which Landlord is required or permitted to perform by this Thirteenth Amendment or by any other tenant's lease or required by law to make in or to any portion of the Complex, Property, Building, or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises. Landlord agrees to use reasonable efforts to avoid interference with Tenant's use and occupancy of the Premises during the performance of the Work and agrees to cause the application of paint and any work generating unreasonable noise outside of normal business hours. The parties agree that Landlord shall not be liable for any damages which Tenant may incur during the performance of the Work, except to the extent that Tenant's actual damages are the result of Landlord's negligence or wilfull misconduct. In no circumstances shall Landlord be liable to Tenant for business interruption, lost profits, or compensatory or consequential damages of any kind by virtue of Landlord's Work. Tenant specifically agrees that any interference with Tenant's use or occupancy of the Premises caused by the performance of the Work shall not constitute a constructive eviction.

7.2 Notice of Defects. It shall be conclusively presumed upon Tenant's taking actual possession of the Premises that the same were in satisfactory condition (except for latent defects) as of the date of such taking of possession, unless within thirty (30) days after the Effective Date Tenant shall give Landlord notice in writing specifying the respects in which the Premises were not in satisfactory condition. Landlord agrees to correct any such defect within thirty (30) days from the date of Tenant's written notice.

8 Security Deposit. Tenant's Security Deposit specified in § 5.1 of the Lease as heretofore amended shall remain unchanged in consequence of the parties' execution and delivery of this Thirteenth Amendment to each other.

9 Notices. Landlord's address for notices under the Lease as heretofore amended is hereby amended as follows:

if to Landlord:

KASHIWA FUDOSAN AMERICA, INC.
c/o Cushman & Wakefield of California, Inc.
Attn: Property Manager
400 Oyster Point Boulevard, Suite 117
South San Francisco, CA 94080

copy to:

Metro Properties, LLC, Agent
Attn: Oyster Point Asset Manager
3029 Wilshire Boulevard, Suite 210
Santa Monica, CA 90403

10 Access Inspection Disclosure. Pursuant to California Civil Code § 1938, Landlord hereby notifies Tenant that, as of the date of this Thirteenth Amendment, the Premises have not undergone inspection by a "Certified Access Specialist" to determine whether the Premises meet all applicable construction-related accessibility standards under California Civil Code § 55.53, and the Premises have not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code § 55.53.

11 No Disclosure. Tenant agrees that it shall not disclose any of the matters set forth in this Thirteenth Amendment or disseminate or distribute any information concerning the terms, details, or conditions hereof to any person, firm, or entity without obtaining the express written approval of Landlord.

12 Defined Terms. Terms used herein that are defined in the Lease shall have the meanings therein defined, unless a different definition is set forth in this Thirteenth Amendment. In the event of any conflict between the provisions of the Lease, and this Thirteenth Amendment, the terms of this Thirteenth Amendment shall prevail.

13 Survival. Warranties, representations, agreements, and obligations contained in this Thirteenth Amendment shall survive the execution and delivery of this Thirteenth Amendment and shall survive any and all performances in accordance with this Thirteenth Amendment.

14 Counterparts. This Thirteenth Amendment may be executed in any number of counterparts, which each severally and all together shall constitute one and the same Thirteenth Amendment.

15 Attorneys' Fees. If any party obtains a judgement against any other party or parties by reason of breach of this Thirteenth Amendment, reasonable attorneys' fees and costs as fixed by the court shall be included in such judgement against the losing party or parties.

16 Successors. This Thirteenth Amendment and the terms and provisions hereof shall inure to the benefit of and be binding upon the heirs, successors, and assigns of the parties.

17 Authority. Each of the individuals executing this Thirteenth Amendment represents and warrants that he or she is authorized to execute this Thirteenth Amendment on behalf of the party for whom he or she is executing this Thirteenth Amendment and that by his or her signature such party is legally bound by the terms, covenants, and conditions of this Thirteenth Amendment.

18 Governing Law. This Thirteenth Amendment shall be construed and enforced in accordance with the laws of the State of California.

19 Continuing Validity of Lease. Except as expressly modified herein, the Lease remains in full force and effect.

20 Conflicts. In the event of any conflict between the provisions of this Thirteenth Amendment and those of the Lease or of the Addenda, the terms and conditions of this Thirteenth Amendment shall control.

21 Landlord's Representative. Tenant acknowledges and agrees that, in executing this Thirteenth Amendment, TAK Development, Inc., a California corporation, is acting solely in its capacity as Landlord's authorized attorney-in-fact. TAK Development, Inc. is not acquiring or assuming any legal liability or obligation to any other party executing this Thirteenth Amendment, and any claim or demand of any such other party arising under or with respect to this Thirteenth Amendment shall be made and enforced solely against Landlord.

22 Exhibit. The following exhibit, which is incorporated herein by reference, has been attached to this Thirteenth Amendment by the parties prior to their execution and deliver of the same to each other:

Exhibit A – The Lease
Exhibit B – Space Plan

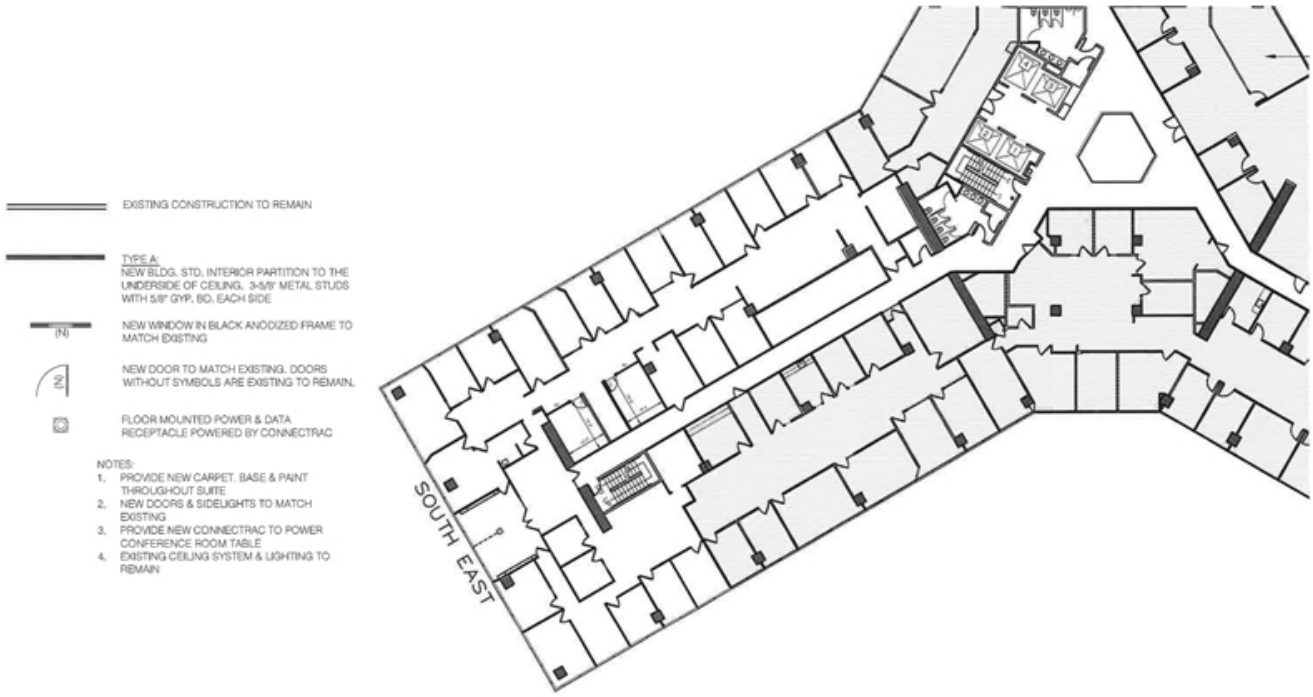
23 Whole Agreement. The mutual obligations of the parties as provided herein are the sole consideration for this Thirteenth Amendment, and no representations, promises, or inducements have been made by the parties other than as appear in this Thirteenth Amendment, which supersedes any previous negotiations. There have been no representations made by the Landlord or understandings made between the parties other than those set forth in this Thirteenth Amendment. This Thirteenth Amendment may not be amended except in writing signed by all the parties.

In Witness whereof, the parties have executed this Thirteenth Amendment as of the date first above written.

Landlord:	*Tenant:*
KASHIWA FUDOSAN AMERICA, INC., a California corporation	**TITAN PHARMACEUTICALS, INC.,** a Delaware corporation
By: **TAK Development, Inc.,** a California corporation Its: Attorney-in-Fact	By: /s/ Sunil Bhonsle Sunil Bhonsle *[name typed]*
By: /s/ Yujin Yamaai Yujin Yamaai, Vice President	Its: CEO & PRESIDENT

Robert L. Delsman
Approved as to Legal Form & Sufficiency
Berkeley, California
2016.04.06 12:17:21 -07'00'

EXHIBIT B



aai
architecture + interior design
SAN JOSE PLEASANTON
www.aaidesign.com

TITAN

SPACE PLAN (2)
400 OYSTER POINT BLVD, STE 505
9,255 RSF
4871.00
N.T.S.
03.17.16

Exhibit 10.24

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT AGREEMENT dated August 9, 2018 between Titan Pharmaceuticals, Inc. (the "Company") and Sunil Bhonsle ("Executive").

WHEREAS, the Company and Executive are parties to an employment agreement dated September 29, 2016 (the "Employment Agreement"); and

WHEREAS, the Company and Executive wish to extend the Employment Agreement to provide for uninterrupted service by the Executive

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows. Capitalized terms not defined herein shall have the meanings set forth in the Employment Agreement.

1 . Term. Section 1.2 of the Employment Agreement is hereby amended by deleting the reference to "two (2) years" and replacing it with "thirty (30) months".

2. Miscellaneous. Except as expressly amended by this Amendment Agreement, the Agreement remains in full force and effect.

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

TITAN PHARMACEUTICALS, INC.

By: /s/ Marc Rubin
Name: Marc Rubin
Title: Executive Chairman

EXECUTIVE

/s/ Sunil Bhonsle
Name: Sunil Bhonsle

Exhibit 10.25

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT AGREEMENT dated August 9, 2018 between Titan Pharmaceuticals, Inc. (the "Company") and Marc Rubin ("Executive").

WHEREAS, the Company and Executive are parties to an employment agreement dated September 29, 2016 (the "Employment Agreement"); and

WHEREAS, the Company and Executive wish to extend the Employment Agreement to provide for uninterrupted service by the Executive

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows. Capitalized terms not defined herein shall have the meanings set forth in the Employment Agreement.

1 . Term. Section 1.2 of the Employment Agreement is hereby amended by deleting the reference to "two (2) years" and replacing it with "thirty (30) months".

2. Miscellaneous. Except as expressly amended by this Amendment Agreement, the Agreement remains in full force and effect.

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

TITAN PHARMACEUTICALS, INC.

By: /s/ Sunil Bhonsle
Name: Sunil Bhonsle
Title: Chief Executive Officer

EXECUTIVE

/s/ Marc Rubin
Name: Marc Rubin

Exhibit 31.1

CERTIFICATION

I, Sunil Bhonsle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titan Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2018

/s/ Sunil Bhonsle
Name: Sunil Bhonsle
Title: President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report on Form 10-Q of Titan Pharmaceuticals, Inc. (the "Company") for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2018

/s/ Sunil Bhonsle
Name: Sunil Bhonsle
Title: President and Chief Executive Officer
(Principal Executive Officer and Principal
Financial Officer)