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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 22, 2016

IMPRIMIS PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-35814**	**45-0567010**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

12264 El Camino Real, Suite 350 **San Diego, CA** (Address of principal executive offices)	**92130** (Zip Code)

Registrant's telephone number, including area code: **(858) 704-4040**

N/A
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

On January 22, 2016, Imprimis Pharmaceuticals, Inc. (the "Company") entered into a note purchase agreement (the "Purchase Agreement") with, and issued an 8.00% Convertible Senior Secured Note in the principal amount of $3,000,000 (the "Note") to, IMMY Funding LLC (the "Purchaser"), an affiliate of Life Sciences Alternative Funding LLC. Pursuant to the terms of the Purchase Agreement, on the date thereof, the Company issued the Note to the Purchaser and, as consideration therefor, the Purchaser paid the Company in cash the full principal amount of the Note. The Company intends to use the proceeds from the issuance of the Note for working capital and general corporate purposes.

Pursuant to the terms of the Note, the Company is obligated to pay interest on the principal amount of the Note monthly in cash at a fixed per-annum rate of 8.00%, and the Company is obligated to repay the full principal amount of the Note in cash on May 11, 2021. The Company is permitted to redeem the Note at any time on or after March 1, 2018 for a cash purchase price equal to 109% of the outstanding principal amount of the Note if redeemed between March 1, 2018 and February 28, 2019, 107% of the outstanding principal amount of the Note if redeemed between March 1, 2019 and February 29, 2020 and 105% of the outstanding principal amount of the Note if redeemed on or after March 1, 2020. The Note is convertible by the holder at any time into 169.4915 shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), per $1,000 outstanding principal amount of the Note, subject to anti-dilution adjustment upon the Company's first equity financing while the Note is outstanding in which it receives gross proceeds of at least $3 million, if such equity financing is completed at a per share price that is less than the conversion rate of the Note, and also subject to adjustment upon stock combinations or splits, certain recapitalizations, stock or cash dividends or other distributions of property or equity rights. Additionally, in the event of certain change of control events affecting the Company, the Company may be required, at the option of the holder of the Note, to repurchase the Note in cash for the greater of 105% of the outstanding principal amount of the Note or the value of the shares of Common Stock issuable upon conversion of the Note.

Pursuant to the terms of the Note, the Company is bound by certain negative covenants setting forth actions that the Company may not take while the Note is outstanding without the consent of the noteholder, including, among others, disposing of certain of the Company's or its subsidiaries' business or property, incurring certain additional indebtedness, entering into certain merger, acquisition or change of control transactions, paying certain dividends or distributions on or repurchasing any of the Company's capital stock, or incurring any lien or other encumbrance on the Company's or its subsidiaries' assets, subject to certain permitted exceptions. Upon the occurrence of an event of default under the Note (subject to cure periods for certain events of default), all amounts owed by the Company thereunder may be declared immediately due and payable by the noteholder. Events of default include, among others, the following: the occurrence of certain bankruptcy events; the failure to make payments under the Note when due; the failure to convert the Note in accordance with its terms; the occurrence of a material adverse change in the business, operations or condition of the Company or any of its subsidiaries; the breach by the Company or its subsidiaries of certain of their material agreements with third parties; the initiation of certain regulatory enforcement actions against the Company or its subsidiaries; the rendering of certain types of fines or judgments against the Company or its subsidiaries; and the occurrence of any event of default under the Loan Agreement (as defined below).

The Company's obligations under the Note are guaranteed on a secured basis by its wholly owned subsidiaries, Pharmacy Creations, L.L.C., South Coast Specialty Compounding, Inc., ImprimisRx PA, Inc., and ImprimisRx TX, Inc. Each of the Company and its subsidiaries has granted the Purchaser a security interest in substantially all of its personal property, rights and assets, including intellectual property rights and equity ownership, to secure the payment of all amounts owed under the Note.

In connection and concurrently with the execution of the Purchase Agreement and the issuance of the Note, the Company and the Purchaser also entered into an amendment (the "Loan Agreement Amendment") to the loan and security agreement dated May 11, 2015 (as so amended, the "Loan Agreement"), pursuant to which the Purchaser loaned to the Company a term loan in the aggregate principal amount of $10,000,000. The Loan Agreement Amendment modifies the terms of the Loan Agreement in order to eliminate the potential borrowing of a second term loan thereunder and to permit the Company to issue the Note. Additionally, the Company and the Purchaser entered into an amendment (the "Warrant Amendment") to the warrant to purchase up to 125,000 shares of Common Stock that was issued to the Purchaser on May 11, 2015 in connection with the Loan Agreement (as so amended, the "Warrant"). The Warrant Amendment modifies the terms of the Warrant in order to reduce the exercise price thereof to $5.90, which is consistent with the initial conversion rate of the Note, and to add an anti-dilution adjustment provision that is consistent with the same such provision in the Note.

The foregoing is only a brief description of the Purchase Agreement, the Note, the Loan Agreement Amendment, and the Warrant Amendment, does not purport to be a complete description of the rights and obligations of the parties thereunder and is qualified in its entirety by reference to the full text of the documents, which are filed as Exhibits 10.1, 10.2, 10.3 and 10.4 to this Current Report on Form 8-K and are incorporated herein by reference.

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

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03 in its entirety.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02 in its entirety.

The offer, sale and issuance of the Note and the shares of Common Stock to be issued upon the conversion of the Note or upon the exercise of the Warrant (collectively, the "Securities") have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The Securities have been and will be sold and issued in reliance upon the exemption from registration afforded by Section 4(a)(2) of the Securities Act based on the following facts: the recipient of the Securities has represented that it is an accredited investor as defined in Rule 501 promulgated under the Securities Act, that it has acquired or will acquire the Securities for investment for its own account and not with a view to the public resale or distribution of the Securities, and that it has the investment experience to evaluate the risks of the investment; the Company used no advertising or general solicitation in connection with the issuance and sale of the Securities; and the Securities have been and will be issued as restricted securities. The Securities may not be offered or sold in the United States absent registration under or exemption from the Securities Act and any applicable state securities laws. This Current Report on Form 8-K is not an offer to sell or the solicitation of an offer to buy the Securities.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	8.00% Convertible Senior Secured Note issued on January 22, 2016 by Imprimis Pharmaceuticals, Inc.
10.2	Note Purchase Agreement dated January 22, 2016 between Imprimis Pharmaceuticals, Inc. and IMMY Funding LLC
10.3	Second Amendment to Loan and Security Agreement dated January 22, 2016 between Imprimis Pharmaceuticals, Inc. and IMMY Funding LLC
10.4	Amendment to Warrant to Purchase Stock dated January 22, 2016 between Imprimis Pharmaceuticals, Inc. and IMMY Funding LLC

SIGNATURES

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

IMPRIMIS PHARMACEUTICALS, INC.

Dated: January 25, 2016

By: */s/ Andrew R. Boll*
Name: Andrew R. Boll
Title: Chief Financial Officer

EXHIBIT INDEX

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IMPRIMIS PHARMACEUTICALS, INC.

8.00% Convertible Senior Secured Note

THE ISSUANCE AND SALE OF NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR (II) UNLESS PURSUANT TO RULE 144 (OR ANY SUCCESSOR THERETO) UNDER THE SECURITIES ACT.

IMPRIMIS PHARMACEUTICALS, INC.

8.00% Convertible Senior Secured Note

Certificate No. A-1

Imprimis Pharmaceuticals, Inc., a Delaware corporation, for value received, promises to pay to IMMY Funding LLC, a Delaware limited liability company, or its registered assigns, the principal sum of three million dollars ($3,000,000.00), and to pay interest thereon, as provided in this Note, until the principal and all accrued and unpaid interest are paid or duly provided for.

Additional provisions of this Note are set forth on the other side of this Note.

[***The Remainder of This Page Intentionally Left Blank; Signature Page Follows***]

IN WITNESS WHEREOF, Imprimis Pharmaceuticals, Inc. has caused this instrument to be duly executed as of the date set forth below.

IMPRIMIS PHARMACEUTICALS, INC.

Date: January 22, 2016

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: Chief Executive Officer

[Signature Page to Convertible Senior Secured Note, Certificate No. A-1]

IMPRIMIS PHARMACEUTICALS, INC.

8.00% Convertible Senior Secured Note

This Note (this "**Note**" and, collectively with any Note issued in exchange therefor or in substitution thereof, the "**Notes**") is issued by Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and designated as its 8.00% Convertible Senior Secured Note.

Section 1. Definitions.

"**Account**" is any "account" as defined in the Uniform Commercial Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to the Company.

"**Additional Interest**" means any interest that accrues on any Note pursuant to **Section 12**.

"**Affiliate**" has the meaning set forth in Rule 144 under the Securities Act.

"**Applicable Percentage**" has the following meaning with respect to a Note subject to Redemption on a Redemption Date: (A) if such Redemption Date is before March 1, 2019, one hundred and nine percent (109%); (B) if such Redemption Date is on or after March 1, 2019 and before March 1, 2020, one hundred and seven percent (107%); and (C) if such Redemption Date is on or after March 1, 2020, one hundred and five percent (105%).

"**Blocked Person**" means (A) any Person listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (B) any Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (C) any Person with which any Holder is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (D) any Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; or (E) any Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"**Board of Directors**" means the board of directors of the Company or a committee of such board duly authorized to act on behalf of such board.

"**Books**" means the Company's or any of its Subsidiaries' books and records, including ledgers, federal and state tax returns, records regarding the Company's or its Subsidiaries' assets or liabilities, the Collateral, business operations or financial condition and all computer programs or storage or any equipment containing such information.

"**Business Day**" means any day other than a Saturday, a Sunday or any day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed.

"**Capital Stock**" of any Person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such Person, but excluding any debt securities convertible into such equity.

"**Cash Equivalents**" means (A) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (B) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; and (C) certificates of deposit maturing no more than one (1) year after issue, *provided* that the account in which any such certificate of deposit is maintained is subject to a Control Agreement (as defined in the Security Agreement) in favor of Collateral Agent.

"**Close of Business**" means 5:00 p.m., New York City time.

"**Collateral**" has the meaning set forth in the Security Agreement.

"**Collateral Agent**" has the meaning set forth in the Security Agreement.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Stock**" means the common stock, $0.001 par value per share, of the Company, subject to **Section 8(I)**.

"**Common Stock Change Event**" has the meaning set forth in **Section 8(I)**.

"**Consultant**" means any natural person that provides *bona fide* services to the Company or any of its Subsidiaries, *provided* that such services (A) are not in connection with the offer or sale of any securities in a capital-raising transaction; and (B) do not directly or indirectly promote or maintain a market for the securities of the Company or any of its Subsidiaries.

"**Contingent Obligation**" means, for any Person, any direct or indirect liability, contingent or not, of that Person for (A) any indebtedness, lease, dividend, letter of credit or other obligation of another, such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (B) any obligations for undrawn letters of credit for the account of that Person; and (C) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; *provided*, *however*, that "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Conversion Consideration**" has the meaning set forth in **Section 8(C)(i)**.

"**Conversion Value**" means, with respect to a Note as of any Trading Day, an amount equal to the product of (A) the principal amount of such Note (expressed in thousands); (B) the Conversion Rate in effect on such Trading Day; and (C) the Last Reported Sale Price per share of Common Stock on such Trading Day.

"**Conversion Date**" means, with respect to a Note, the first Business Day on which the requirements set forth in **Section 8(B)** to convert such Note are satisfied.

"**Conversion Price**" means, as of any time, an amount equal to (A) one thousand dollars ($1,000) *divided by* (B) the Conversion Rate in effect at such time.

"**Conversion Rate**" initially means 169.4915 shares of Common Stock per $1,000 principal amount of Notes, which amount is subject to adjustment pursuant to **Section 8**. Whenever this Note refers to the Conversion Rate as of a particular date without setting forth a particular time on such date, such reference will be deemed to be to the Conversion Rate as of the Close of Business on such date.

"**Copyrights**" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Default**" means any event that is (or, after notice, passage of time or both, would be) an Event of Default.

"**Default Interest**" has the meaning set forth in **Section 4(B)**.

"**Defaulted Amount**" has the meaning set forth in **Section 4(B)**.

"**DOJ**" means the U.S. Department of Justice or any successor thereto or any other comparable Governmental Authority.

"**Effective Price**" has the following meaning with respect to the issuance or sale of any shares of Common Stock or any options, warrants or other rights to purchase or otherwise acquire any shares of Common Stock in a Qualified Financing:

(A) in the case of the issuance or sale of shares of Common Stock, the value of the consideration received or receivable by (or at the direction of) the Company or any of its Affiliates for such shares, expressed as an amount per share of Common Stock; and

(B) in the case of the issuance or sale of any such options, warrants or rights, an amount equal to a fraction whose:

(i) numerator is equal to sum, without duplication, of (x) the value of the aggregate consideration received or receivable by (or at the direction of) the Company or any of its Affiliates for the issuance or sale of such options, warrants or rights; and (y) the value of the minimum aggregate additional consideration payable pursuant to such options, warrants or rights to purchase or otherwise acquire shares of Common Stock; and

(ii) denominator is equal to the maximum number of shares of Common Stock underlying such options, warrants or rights;

provided, *however*, that:

(x) for purposes of clause (B), if such minimum aggregate consideration, or such maximum number of shares of Common Stock, is not determinable at the time such options, warrants or rights are issued or sold, then the initial consideration payable under such options, warrants or rights, or the initial number of shares of Common Stock underlying such options, warrants or rights, as applicable, will be used and each time thereafter when such amount of consideration or number of shares becomes determinable or is otherwise adjusted (including pursuant to "anti-dilution" or similar provisions) will be deemed, for purposes of **Section 8(E)(i)(2)** and without affecting any prior adjustments theretofore made to the Conversion Rate, to be the issuance of additional options, warrants or rights in such Qualified Financing;

(y) for purposes of clause (B), the surrender, extinguishment, maturity or other expiration of any such options, warrants or rights will be deemed not to constitute consideration payable pursuant to such options, warrants or rights to purchase or otherwise acquire shares of Common Stock; and

(z) the "value" of any such consideration will be the fair value thereof, as of the date such shares, options, warrants or rights, as applicable, are issued or sold, determined in good faith by the Company (or, in the case of cash denominated in U.S. dollars, the face amount thereof).

"**Equipment**" means all "equipment" as defined in the Uniform Commercial Code with such additions to such term as may hereafter be made, and includes all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**Equity Financing**" means the Company's issuance or sale of any shares of Common Stock, or any options, warrants or other rights to purchase or otherwise acquire (whether immediately, during specified times, upon the satisfaction of any conditions or otherwise) any shares of Common Stock, in a transaction or series of transactions that is primarily for the purpose of raising capital; *provided*, *however*, that in no case shall an Exempt Issuance be an Equity Financing.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

"**Event of Default**" has the meaning set forth in **Section 12(A)(i)**.

"**Ex-Dividend Date**" means, with respect to an issuance, dividend or distribution on the Common Stock, the first date on which shares of Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such issuance, dividend or distribution (including pursuant to due bills or similar arrangements required by the relevant stock exchange). For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of the Common Stock under a separate ticker symbol or CUSIP number will not be considered "regular way" for this purpose.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Excluded Account**" means accounts of the Company or any of its Subsidiaries used exclusively for payroll, payroll taxes and other employee wage and benefit payments, as identified to the Collateral Agent by the Company as such in the Perfection Certificate (as defined in the Security Agreement) or otherwise by written notice from time to time.

"**Exempt Issuance**" means (A) the Company's issuance of any securities as full or partial consideration in connection with a strategic acquisition or collaboration transaction, including mergers, acquisitions, consolidations, licenses or purchases of all or substantially all of the securities or assets of a corporation or other entity; (B) the Company's issuance or grant of shares of Common Stock or options to purchase shares Common Stock to employees, directors or Consultants of the Company or any of its Subsidiaries, pursuant to plans that have been approved by a majority of the independent members of the Board of Directors or that exist as of the Issue Date; (C) the Company's issuance of securities upon the exercise, exchange or conversion of any securities that are exercisable or exchangeable for, or convertible into, shares of Common Stock and are outstanding as of the Issue Date, *provided* that such exercise, exchange or conversion is effected pursuant to the terms of such securities as in effect on the Issue Date; (D) the Company's issuance of securities pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by a majority of the disinterested members of the Board of Directors; or (E) the Company's issuance of the Notes and any shares of Common Stock upon conversion of the Notes.

"**FDA**" means the U.S. Food and Drug Administration or any successor thereto or any other comparable Governmental Authority.

"**Free Trade Date**" means, with respect to any Note, the date that is one (1) year after the Last Original Issue Date of such Note.

"**Freely Tradable**" means, with respect to any Note, that such Note is (A) eligible to be offered, sold or otherwise transferred pursuant to Rule 144 or otherwise by a Person that is not an Affiliate of the Company, and that has not been an Affiliate of the Company during the immediately preceding three (3) months, without any requirements as to volume, manner of sale, availability of current public information or notice under the Securities Act; (B) not identified by a "restricted" CUSIP or ISIN number at any time after the Free Trade Date of such Note; and (C) not represented by any certificate that bears a Restricted Note Legend at any time after the Free Trade Date of such Note.

"**Fundamental Change**" means any of the following events:

(A) a "person" or "group" (within the meaning of Section 13(d)(3) of the Exchange Act), other than the Company or its wholly owned Subsidiaries, has become the direct or indirect "beneficial owner" (as defined below) of shares of the Company's common equity representing more than fifty percent (50%) of the voting power of all of the Company's common equity;

(B) the consummation of:

(i) any sale, lease or other transfer, in one transaction or a series of transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person; or

(ii) any transaction or series of related transactions in connection with which (whether by means of merger, consolidation, share exchange, combination, reclassification, recapitalization, acquisition, liquidation or otherwise) all of the Common Stock is exchanged for, converted into, acquired for, or constitutes solely the right to receive, other securities, cash or other property, but excluding any merger, consolidation, share exchange, combination or acquisition of the Company with or by another Person pursuant to which the Persons that directly or indirectly "beneficially owned" (as defined below) all classes of the Company's common equity immediately before such transaction directly or indirectly "beneficially own," immediately after such transaction, more than fifty percent (50%) of all classes of common equity of the surviving, continuing or acquiring company or other transferee (or the parent thereof) in substantially the same proportions vis-à-vis each other as immediately before such transaction;

(C) the Company's stockholders approve any plan or proposal for the liquidation or dissolution of the Company; or

(D) the Common Stock ceases to be listed on any of The NASDAQ Capital Market, The NASDAQ Global Market, The NASDAQ Global Select Market or The New York Stock Exchange (or any of their respective successors);

provided, *however*, that a transaction or event described in **clause (A)** or **(B)** above will not constitute a Fundamental Change if at least ninety percent (90%) of the consideration received or to be received by the holders of Common Stock (excluding cash payments for fractional shares or pursuant to dissenters rights), in connection with such transaction or event, consists of shares of common stock listed on any of The NASDAQ Capital Market, The NASDAQ Global Market, The NASDAQ Global Select Market or The New York Stock Exchange (or any of their respective successors), or that will be so listed when issued or exchanged in connection with such transaction or event, and such transaction or event constitutes a Common Stock Change Event whose Reference Property consists of such consideration.

For the purposes of this definition, (x) any transaction or event that constitutes a Fundamental Change under both **clause (A)** and **clause (B)** above will be deemed to constitute a Fundamental Change solely under **clause (B)** above; and (y) whether a Person is a "**beneficial owner**" and whether shares are "**beneficially owned**" will be determined in accordance with Rule 13d-3 under the Exchange Act.

"**Fundamental Change Notice**" has the meaning set forth in **Section 6(E)**.

"**Fundamental Change Repurchase Date**" means the date fixed for the repurchase of any Notes by the Company pursuant to a Repurchase Upon Fundamental Change.

"**Fundamental Change Repurchase Notice**" means a notice (including a notice substantially in the form of the "Fundamental Change Repurchase Notice" attached hereto containing the information, or otherwise complying with the requirements, set forth in **Section 6(F)(i)** and **Section 6(F)(ii)**.

"**Fundamental Change Repurchase Price**" means the cash price payable by the Company to repurchase any Note upon its Repurchase Upon Fundamental Change, calculated pursuant to **Section 6(D)**.

"**Fundamental Change Repurchase Right**" has the meaning set forth in **Section 6(A)**.

"**GAAP**" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body (including the FDA and any state board of pharmacy or state pharmacy licensing authority), court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" means any Person providing a Guaranty in favor of the Holders.

"**Guaranty**" has the meaning set forth in the Security Agreement.

"**Holder**" means a person in whose name a Note is registered on the books of the Company.

The term "**including**" means "including without limitation."

"**Indebtedness**" means (A) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit; (B) obligations evidenced by notes, bonds, debentures or similar instruments; (C) capital lease obligations; and (D) Contingent Obligations.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions or proceedings seeking reorganization, arrangement, or other relief.

"**Insolvent**" means not Solvent.

"**Intellectual Property**" means all of the Company's or any of its Subsidiaries' right, title and interest in and to the following:

(A) its Copyrights, Trademarks and Patents;

(B) any and all trade secrets and trade secret rights, including any rights to unpatented inventions, know-how, operating manuals;

(C) any and all source code;

(D) any and all design rights which may be available to the Company;

(E) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above;

(F) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(G) all licenses, sublicenses or other contracts under which the Company or any of its Subsidiaries is granted rights by third parties in any Intellectual Property asset.

The term "**interest**" includes Stated Interest, Additional Interest and Special Interest, unless the context requires otherwise.

"**Interest Payment Date**" means, with respect to a Note, each first (1st) calendar day of each calendar month, beginning on March 1, 2016. For the avoidance of doubt the Maturity Date is an Interest Payment Date.

"**Inventory**" means all "inventory" as defined in the Uniform Commercial Code in effect on the Issue Date with such additions to such term as may hereafter be made under the Uniform Commercial Code, and includes all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" means any beneficial ownership interest in any Person (including stock, partnership interest or other securities) and any loan, advance or capital contribution to any Person.

"**Issue Date**" means January 22, 2016.

"**Key Person**" means the Company's Chief Executive Officer, who is Mark L. Baum as of the Issue Date.

"**Last Original Issue Date**" means, with respect to any Note, and any Notes issued in exchange therefor or in substitution thereof, the date such Note was originally issued.

"**Last Reported Sale Price**" of the Common Stock for any Trading Day means the closing sale price per share (or, if no closing sale price is reported, the average of the last bid price and the last ask price per share or, if more than one in either case, the average of the average last bid prices and the average last ask prices per share) of Common Stock on such Trading Day as reported in composite transactions for the principal U.S. national or regional securities exchange on which the Common Stock is then listed. If the Common Stock is not listed on a U.S. national or regional securities exchange on such Trading Day, then the Last Reported Sale Price will be the last quoted bid price per share of Common Stock on such Trading Day in the over-the-counter market as reported by OTC Markets Group Inc. or a similar organization. If the Common Stock is not so quoted on such Trading Day, then the Last Reported Sale Price will be the average of the mid-point of the last bid price and the last ask price per share of Common Stock on such Trading Day from a nationally recognized independent investment banking firms selected by the Company.

"**Lien**" has the meaning set forth in the Security Agreement.

"**Loan Documents**" has the meaning set forth in the Security Agreement.

"**Market Disruption Event**" means, with respect to any date, the occurrence or existence, during the one-half hour period ending at the scheduled close of trading on such date on the principal U.S. national or regional securities exchange or other market on which the Common Stock is listed for trading or trades, of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the Common Stock or in any options, contracts or future contracts relating to the Common Stock.

"**Material Adverse Change**" means (A) a material adverse change in the business, operations or condition (financial or otherwise) of the Company of any of its Subsidiaries, when taken as a whole; (B) a material impairment of the prospect of repayment of any portion of the amounts due under the Notes; or (C) a material adverse effect on the Collateral (as defined in the Security Agreement) that is not the result of action or inaction by the Collateral Agent or the Company in connection with filings made or not made with respect to the Collateral. For the avoidance of doubt, the following events, solely in and of themselves, will not constitute a Material Adverse Change: (w) a "going concern" or like qualification or "emphasis of matter" paragraph in an auditor's opinion; (x) the Company or any of its Subsidiaries conducts a mandatory or voluntary recall which could reasonably be expected to result in liability and expense to the Company or any of its Subsidiaries of one million dollars ($1,000,000) or less; (y) the Company or any of its Subsidiaries enters into a settlement agreement with the FDA, the DOJ or any other Governmental Authority that results in aggregate liability as to any single or related series of transactions, incidents or conditions, of one million dollars ($1,000,000) or less; or (z) an action by a Governmental Authority of a type and magnitude substantially similar to those disclosed in the Perfection Certificate (as defined in the Security Agreement) provided to the Collateral Agent prior to the Issue Date, which could not reasonably be expected to cause the Company to discontinue its operations or otherwise result in or cause a Material Adverse Change.

"**Material Agreement**" means any license, agreement or other contractual arrangement with a Person or Governmental Authority whereby the Company or any of its Subsidiaries is reasonably likely to be required to transfer, either in-kind or in cash, prior to the Maturity Date, assets or property valued (book or market) at more than five hundred thousand dollars ($500,000) in the aggregate or any license, agreement or other contractual arrangement conveying rights in or to any Intellectual Property necessary to make, use or sell any Inventory, products or services of the Company or any Subsidiary.

"**Maturity Date**" means May 11, 2021.

"**Note Purchase Agreement**" means that certain Note Purchase Agreement, dated as of the Issue Date, between the Company and IMMY Funding LLC providing for the initial issuance of the Notes.

"**Open of Business**" means 9:00 a.m., New York City time.

"**OFAC Lists**" means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

The term "**or**" is not exclusive.

"**Patents**" means all patents, patent applications and like protections including improvements, divisions, continuations, renewals, reissues, re-examination certificates, utility models, extensions and continuations-in-part of the same.

"**Permitted Indebtedness**" means:

(A) The Company's and the Guarantors' Indebtedness to the Holders under the Notes and the Guaranties, respectively, and to the Collateral Agent under the Security Agreement;

(B) Indebtedness existing on the Issue Date and disclosed on the Perfection Certificate(s) (as defined in the Security Agreement);

(C) Subordinated Debt;

(D) unsecured Indebtedness to trade creditors and in connection with credit cards incurred in the ordinary course of business;

(E) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by the Company or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such Person, *provided* that (i) the aggregate outstanding principal amount of all such Indebtedness does not exceed (x) two million dollars ($2,000,000.00) for construction and improvement efforts of pharmacy and outsourcing facilities in New Jersey and California; and (y) two hundred fifty thousand dollars ($250,000.00) for other capitalized lease obligations and purchase money Indebtedness at any time, and (ii) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made);

(F) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of the Company's business;

(G) provided that the full amount of the Term Loans (as defined in the Security Agreement) have been drawn thereunder, Indebtedness related to secured accounts receivable and inventory financing (i) secured solely by accounts receivable and cash proceeds thereof; (ii) in an aggregate outstanding principal amount that does not exceed two million five hundred thousand dollars ($2,500,000.00); (iii) that is subject to an intercreditor agreement in form and substance satisfactory to the Collateral Agent; and (iv) that subjects borrowings thereunder to a maximum borrowing base for accounts receivable of eighty percent (80%) and a maximum borrowing base for inventory of forty percent (40%);

(H) Indebtedness related to letters of credit related to trade payables and creditors and real estate leases incurred in the Company's ordinary course of business, in an aggregate outstanding principal amount that does not exceed five hundred thousand dollars ($500,000.00);

(I) Indebtedness consisting of deferred compensation owing under the Stock Purchase Agreement, dated as of November 26, 2014 (without any amendment or modification effective after the Issue Date without the Collateral Agent's consent), among the Company, South Coast Specialty Compounding, Inc. (d/b/a Park Compounding) and the seller parties thereto;

(J) Indebtedness consisting of the *bona fide* financing of insurance premiums or self-insurance obligations (which must be commercially reasonable and consistent with insurance practices generally) that does not exceed two hundred and fifty thousand dollars ($250,000.00);

(K) Indebtedness (x) of any Subsidiary of the Company to the Company that is a Permitted Investment, and (y) of any Subsidiary of the Company to another Subsidiary of the Company, provided that, in each case, if any such Indebtedness exceeds two hundred and fifty thousand dollars ($250,000.00) for each transaction or seven hundred and fifty thousand dollars ($750,000.00) in the aggregate, it is, at Collateral Agent's discretion, subordinated to the Company's obligations under the Notes hereunder in form and substance acceptable to Collateral Agent and any notes or other instruments evidencing such Indebtedness are pledged to the Collateral Agent;

(L) deposits or advances received from customers in the ordinary course of business;

(M) Indebtedness consisting of guarantees resulting from endorsement of negotiable instruments for collection by the Company or any of its Subsidiaries in the ordinary course of business; and

(N) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness set forth in **clauses (A)** through **(M)** above, *provided* that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon the Company, or its Subsidiary, as the case may be.

"**Permitted Investments**" means:

(A) Investments disclosed on the Perfection Certificate(s) (as defined in the Security Agreement) and existing on the Issue Date;

(B) (i) Investments consisting of cash and Cash Equivalents; and (ii) any Investments permitted by the Company's investment policy, as amended from time to time, *provided* that such investment policy (and any such amendment thereto) has been approved in writing by the Collateral Agent;

(C) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Company;

(D) Investments consisting of Deposit Accounts (as defined in the Security Agreement) in which the Collateral Agent has a perfected security interest;

(E) Investments in connection with Transfers permitted by **Section 9(A)**;

(F) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business; (ii) loans to employees, officers or directors relating to the purchase of equity securities of the Company or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by the Company's board of directors; and (iii) other loans or arrangements in the ordinary course of the Company's business that do not to exceed in the aggregate for **clauses (i)**, **(ii)** and **(iii)**, (x) two hundred fifty thousand dollars ($250,000.00) in fiscal year 2016; and (y) three hundred fifty thousand dollars ($350,000.00) in each fiscal year thereafter.

(G) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(H) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; *provided*, *however*, that this **clause (H)** will not apply to Investments of the Company in any of its Subsidiaries;

(I) Investments in Subsidiaries, not to exceed five hundred thousand dollars ($500,000.00) per fiscal year;

(J) Investments in joint ventures or strategic alliances in the ordinary course of the Company's business consisting of the licensing of technology, the development of technology or the providing of technical support, in each case as permitted under the Notes (*i.e.*, under a Permitted License), not to exceed five hundred thousand dollars ($500,000.00) per fiscal year; and

(K) Excluded Accounts.

"**Permitted Licenses**" means (A) licenses of over-the-counter software that is commercially available to the public; (B) non-exclusive licenses for the use of the Intellectual Property of the Company or any of its Subsidiaries entered into in the ordinary course of business, *provided*, that, with respect to each such license described in this **clause (B)**, the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of the Company or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property; or (C) exclusive or non-exclusive licenses relating to Investments described under **clause (J)** of the definition of "Permitted Investments," *provided*, that, with respect to each such exclusive license described in this **clause (C)**, (x) the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of the Company or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property; (y) the license is limited in territory with respect to a specific geographic country or region (*i.e.*, Japan, Germany, northern China) outside of the United States (*i.e.*, not exclusive in the United States); and (z) the Company has obtained the consent and acknowledgement of the counterparty to such license for the collateral assignment of such license to the Collateral Agent for the benefit of the Holders.

"**Permitted Liens**" means:

(A) Liens existing on the Issue Date and disclosed on the Perfection Certificates (as defined in the Security Agreement) or arising under the Notes and the Loan Documents;

(B) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable; or (ii) being contested in good faith and for which the Company maintains adequate reserves on its Books, *provided* that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(C) Liens securing Indebtedness permitted under **clause (E)** of the definition of "Permitted Indebtedness," *provided* that (i) such Liens exist prior to the acquisition of, or attach substantially simultaneous with, or within twenty (20) days after, the acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness; and (ii) such Liens do not extend to any property of the Company other than the property (and proceeds thereof) acquired, leased or built and, or the improvements or repairs, financed by such Indebtedness;

(D) Liens securing Indebtedness permitted under **clause (G)** of the definition of "Permitted Indebtedness";

(E) Liens of carriers, warehousemen, suppliers or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed one hundred thousand dollars ($100,000.00), and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(F) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(G) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in **clauses (A)** through **(D)** above, but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness may not increase;

(H) leases or subleases of real property granted in the ordinary course of the Company's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of the Company's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting the Collateral Agent or any Lender a security interest therein;

(I) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with the Company's deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6 of the Security Agreement;

(J) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under **clause (9)** of **Section 12(A)(i)**;

(K) Permitted Licenses;

(L) deposits to secure indebtedness permitted under **clause (H)** of the definition of "Permitted Indebtedness";

(M) servitudes, easements, rights of way, restrictions and other similar encumbrances on real property imposed by applicable laws and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company and its Subsidiaries; and

(N) with respect to any real property, (i) such defects or encroachments as might be revealed by an up-to-date survey of such real property; (ii) the reservations, limitations, provisos and conditions expressed in the original grant, deed or patent of such property by the original owner of such real property pursuant to applicable laws; and (iii) rights of expropriation, access or user or any similar right conferred or reserved by or in applicable laws, which, in the aggregate for clause (i), (ii) and (iii), are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company and its Subsidiaries.

"**Person**" or "**person**" means any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Qualified Financing**" means the first to occur Equity Financing while any Notes are outstanding that generates aggregate gross proceeds to the Company of at least three million dollars ($3,000,000), whether in a single transaction or a series of related transactions.

"**Redemption**" means the repurchase of any Note by the Company pursuant to **Section 7**.

"**Redemption Date**" means the date fixed for the repurchase of any Notes by the Company pursuant to a Redemption.

"**Redemption Notice**" has the meaning set forth in **Section 7(F)**.

"**Redemption Notice Date**" means, with respect to a Redemption, the date on which the Company sends the Redemption Notice for such Redemption pursuant to **Section 7(F)**.

"**Redemption Price**" means the cash price payable by the Company to redeem any Note upon its Redemption, calculated pursuant to **Section 7(E)**.

"**Reference Property**" has the meaning set forth in **Section 8(I)**.

"**Reference Property Unit**" has the meaning set forth in **Section 8(I)**.

"**Registration**" means any registration, authorization, approval, license, permit, clearance, certificate and exemption issued or allowed by the FDA or state pharmacy licensing authorities (including new drug applications, abbreviated new drug applications, biologics license applications, investigational new drug applications, over-the-counter drug monograph, device pre-market approval applications, device pre-market notifications, investigational device exemptions, product re-certifications, manufacturing approvals, registrations and authorizations, CE Marks, pricing and reimbursement approvals, labeling approvals or their foreign equivalent, controlled substance registrations and wholesale distributor permits).

"**Regulatory Action**" means an administrative, regulatory or judicial enforcement action, proceeding, investigation or inspection, FDA Form 483 notice of inspectional observation, warning letter, untitled letter, other notice of violation letter, recall, seizure, Section 305 notice or other similar written communication, injunction or consent decree, issued by the FDA or a federal or state court.

"**Reporting Event of Default**" has the meaning set forth in **Section 13(F)(i)**.

"**Repurchase Upon Fundamental Change**" means the repurchase of any Note by the Company pursuant to **Section 6**.

"**Restricted Note Legend**" means any legend generally to the effect that (A) the offer and sale of any Note or share of Common Stock issuable upon conversion thereof has not been registered under the Securities Act or other applicable securities laws; or (B) such Note or shares may not be resold or otherwise transferred except in transactions that are registered under, exempt from or not subject to the Securities Act or other applicable securities laws.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security Agreement**" means that certain Loan and Security Agreement, dated as of May 11, 2015, among the Company, as borrower, IMMY Funding LLC, as collateral agent, and the lenders party thereto from time to time, as amended by that certain First Amendment to Loan and Security Agreement, dated as of October 20, 2015, and that certain Second Amendment to Loan and Security Agreement, dated as of the date hereof, and as the same may be amended from time to time.

"**Solvent**" means, with respect to any Person, that (A) the fair salable value of such Person's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person's liabilities; (B) such Person is not left with unreasonably small capital after the transactions contemplated by the Note Purchase Agreement and Notes; and (C) such Person is able to pay its debts (including trade debts) as they mature in the ordinary course (without taking into account any forbearance and extensions related thereto).

"**Special Interest**" means any interest that accrues on any Note pursuant to **Section 13(F)**.

"**Subordinated Debt**" means indebtedness incurred by the Company or any of its Subsidiaries subordinated to all Indebtedness of the Company or its Subsidiaries to the Holders pursuant to the Notes and to the Collateral Agent pursuant to the Security Agreement (pursuant to a subordination, intercreditor or other similar agreement in form and substance reasonably satisfactory to the Collateral Agent and the Holders entered into between Collateral Agent, the Company or any of its Subsidiaries, and the other creditor), on terms acceptable to the Collateral Agent and the Holders.

"**Successor Person**" has the meaning set forth in **Section 8(I)**.

"**Subsidiary**" means, with respect to any Person, (A) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than fifty percent (50%) of the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency, but after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees, as applicable, of such corporation, association or other business entity is owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person; and (B) any partnership or limited liability company where (i) more than fifty percent (50%) of the capital accounts, distribution rights, equity and voting interests, or of the general and limited partnership interests, as applicable, of such partnership or limited liability company are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person, whether in the form of membership, general, special or limited partnership or limited liability company interests or otherwise; and (ii) such Person or any one or more of the other Subsidiaries of such Person is a controlling general partner of, or otherwise controls, such partnership or limited liability company.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Company and each of its Subsidiaries connected with and symbolized by such trademarks.

"**Trading Day**" means any day on which (A) trading in the Common Stock generally occurs on the principal U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then traded; and (B) there is no Market Disruption Event. If the Common Stock is not so listed or traded, then "Trading Day" means a Business Day.

"**Transfer**" has the meaning set forth in **Section 9(A)**.

"**Uniform Commercial Code**" means the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; *provided*, *however*, that, to the extent that the Uniform Commercial Code is used to define any term herein and such term is defined differently in different Articles or Divisions of the Uniform Commercial Code, the definition of such term contained in Article or Division 9 shall govern; *provided*, *further*, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, the Lien of the Collateral Agent on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, then the term "Uniform Commercial Code" means the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions relating to such provisions.

Section 2. Persons Deemed Owners.

The Holder of this Note will be treated as the owner of this Note for all purposes.

Section 3. Denominations; Transfers and Exchanges.

All Notes will be in registered form, without coupons. The Holder of this Note may transfer or exchange this Note by presenting it to the Company; *provided*, *however*, that the Company may refuse to effect any transfer of this Note (other than any transfer to an Affiliate of the Holder of this Note) until the Holder thereof provides the Company with such certificates or other documentation or evidence as the Company may reasonably require to determine that such transfer complies with the Securities Act and other applicable securities laws.

The Company will not impose any service charge on any Holder for any transfer, exchange or conversion of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge that may be imposed in connection with any transfer, exchange or conversion of any Note if the Holder thereof requests that such Note or any share of Common Stock issuable upon conversion of such Note, as applicable, be issued in a name other than such Holder's name.

Upon any partial conversion, repurchase or transfer of Notes, or any exchange of Notes, the Company will issue one or more Notes in order to effect such conversion, repurchase, transfer or exchange.

Section 4. Accrual of Interest; Defaulted Amounts.

(A) *Accrual of Interest*. This Note will accrue interest at a rate per annum equal to 8.00% (the "**Stated Interest**"), plus any Additional Interest and Special Interest that may accrue pursuant to **Section 12(A)** and **Section 13(F)**, respectively. Stated Interest on this Note will (i) accrue from, and including, the most recent date to which Stated Interest has been paid or duly provided for (or, if no Stated Interest has theretofore been paid or duly provided for, February 1, 2016) to, but excluding, the date of payment of such Stated Interest; (ii) be payable monthly in arrears on each Interest Payment Date; and (iii) be computed on the basis of a three hundred sixty-five (365) day year and the actual number of days elapsed.

(B) *Defaulted Amounts*. If the Company fails to pay any amount (a "**Defaulted Amount**") payable on this Note on or before the due date therefor as provided in this Note, then, regardless of whether such failure constitutes an Event of Default, (i) such Defaulted Amount will forthwith cease to be payable to the Holder of this Note otherwise entitled to such payment; (ii) to the extent lawful, interest ("**Default Interest**") will accrue on such Defaulted Amount at a rate per annum equal to the sum of the rate per annum at which Stated Interest accrues *plus* five hundred (500) basis points, from, and including, such due date to, but excluding, the date of payment of such Defaulted Amount and Default Interest; (iii) such Defaulted Amount and Default Interest will be paid on a payment date selected by the Company; and (iv) at least fifteen (15) calendar days before such payment date, the Company will send written notice to the Holder of this Note that stating such payment date and the amount of such Defaulted Amount and Default Interest to be paid on such payment date.

Section 5. Method of Payment; When Payment Date is Not a Business Day.

(A) *Method of Payment*. The Company will pay all cash amounts due under this Note by check mailed to the address of the Holder of this Note entitled to such payment as set forth in the books of the Company (or, if such Holder provides the Company, at least five (5) days before the date such amount is due, with written notice of an account of such Holder within the United States, by wire transfer of immediately available funds to such account).

(B) *Delay of Payment when Payment Date is Not a Business Day*. If the due date for a payment on this Note as provided in this Note is not a Business Day, then, notwithstanding anything to the contrary in this Note, such payment may be made on the immediately following Business Day and no interest will accrue on such payment as a result of the related delay.

Section 6. Right of Holders to Require the Company to Repurchase Notes upon a Fundamental Change.

(A) *Right of Holders to Require the Company to Repurchase Notes Upon a Fundamental Change*. Subject to the other terms of this **Section 6**, and without limiting the generality of **Section 9(C)**, if a Fundamental Change occurs, then each Holder will have the right (the "**Fundamental Change Repurchase Right**") to require the Company to repurchase such Holder's Notes (or any portion thereof) on the Fundamental Change Repurchase Date for such Fundamental Change for a cash purchase price equal to the Fundamental Change Repurchase Price.

(B) *Repurchase Prohibited in Certain Circumstances*. If the principal amount of the Notes has been accelerated and such acceleration has not been rescinded on or before the Fundamental Change Repurchase Date for a Repurchase upon Fundamental Change (including as a result of the payment of the related Fundamental Change Repurchase Price on such Fundamental Change Repurchase Date), then (i) the Company may not repurchase any Notes pursuant to this **Section 6**; and (y) the Company will cause any Notes theretofore surrendered for such Repurchase upon Fundamental Change to be returned to the Holders thereof.

(C) *Fundamental Change Repurchase Date*. The Fundamental Change Repurchase Date for any Fundamental Change will be a Business Day of the Company's choosing that is no more than thirty five (35), nor less than twenty (20), Business Days after the date the Company sends the related Fundamental Change Notice pursuant to **Section 6(E)**.

(D) *Fundamental Change Repurchase Price*. The Fundamental Change Repurchase Price for any Note to be repurchased upon a Repurchase Upon Fundamental Change following a Fundamental Change is an amount in cash equal to the sum of (i) the greater of (x) one hundred and five percent (105%) of the principal amount of such Note; and (y) the Conversion Value of such Note as of the Trading Day immediately preceding the Fundamental Change Repurchase Date for such Fundamental Change; and (ii) accrued and unpaid interest on such Note to, but excluding, such Fundamental Change Repurchase Date.

(E) *Fundamental Change Notice*. On or before the twentieth (20th) calendar day after the occurrence of a Fundamental Change, the Company will send to each Holder a written notice of such Fundamental Change (a "**Fundamental Change Notice**"). Such Fundamental Change Notice must state:

(i) briefly, the events causing such Fundamental Change;

(ii) the effective date of such Fundamental Change;

(iii) briefly, that the Notes will be subject to repurchase by the Company at the option of the Holders thereof pursuant to this **Section 6**;

(iv) the Fundamental Change Repurchase Date for such Fundamental Change; and

(v) the Conversion Rate in effect on the date of such Fundamental Change Notice.

Neither the failure to deliver a Fundamental Change Notice nor any defect in a Fundamental Change Notice will limit the Fundamental Change Repurchase Right of any Holder or otherwise affect the validity of any proceedings relating to any Repurchase Upon Fundamental Change.

(F) *Procedures to Exercise the Fundamental Change Repurchase Right*.

(i) *Delivery of Fundamental Change Repurchase Notice and Notes to Be Repurchased*. To exercise its Fundamental Change Repurchase Right for a Note following a Fundamental Change, the Holder thereof must deliver to the Company:

(1) before the Close of Business on the Business Day immediately before the related Fundamental Change Repurchase Date (or such later time as may be required by law), a duly completed, written Fundamental Change Repurchase Notice with respect to such Note; and

(2) such Note, duly endorsed for transfer.

(ii) *Contents of Fundamental Change Repurchase Notices*. Each Fundamental Change Repurchase Notice with respect to a Note must state:

(1) the certificate number of such Note;

(2) the principal amount of such Note to be repurchased; and

(3) that such Holder is exercising its Fundamental Change Repurchase Right with respect to such principal amount of such Note.

(iii) *Withdrawal of Fundamental Change Repurchase Notice*. A Holder that has delivered a Fundamental Change Repurchase Notice with respect to Note may withdraw such Fundamental Change Repurchase Notice by delivering a written notice of withdrawal to the Company at any time before the Close of Business on the Business Day immediately before the related Fundamental Change Repurchase Date. Such withdrawal notice must state:

(1) the certificate number of such Note;

(2) the principal amount of such Note to be withdrawn; and

(3) the principal amount of such Note, if any, that remains subject to such Fundamental Change Repurchase Notice.

(G) *Payment of the Fundamental Change Repurchase Price*. The Company will cause the Fundamental Change Repurchase Price for a Note (or portion thereof) to be repurchased pursuant to a Repurchase Upon Fundamental Change to be paid to the Holder thereof on or before the later of (i) the applicable Fundamental Change Repurchase Date; and (ii) the date such Note is delivered to the Company.

(H) *Compliance with Applicable Securities Laws*. To the extent applicable, the Company will comply with all federal and state securities laws in connection with a Repurchase Upon Fundamental Change (including complying with Rules 13e-4 and 14e-1 under the Exchange Act and filing any required Schedule TO, to the extent applicable) so as to permit effecting such Repurchase Upon Fundamental Change in the manner set forth in the Notes.

(I) *Repurchase in Part*. Subject to the terms of this **Section 6**, Notes may be repurchased pursuant to a Repurchase Upon Fundamental Change in part. Provisions of this **Section 6** applying to the repurchase of a Note in whole will equally apply to the repurchase of a permitted portion of a Note.

Section 7. Right of the Company to Redeem the Notes.

(A) *No Right to Redeem Before March 1, 2018*. The Company may not redeem the Notes at its option at any time before March 1, 2018.

(B) *Right to Redeem the Notes On or After March 1, 2018*. Subject to the terms of this **Section 7**, the Company has the right, at its election, to redeem all, but not less than all, of the Notes, at any time, on a Redemption Date on or after March 1, 2018, for a cash purchase price equal to the Redemption Price, but only if the all of the Company's borrowings and other obligations under the Security Agreement have been fully discharged before, or concurrently with, the Redemption of the Notes.

(C) *Redemption Prohibited in Certain Circumstances*. If the principal amount of the Notes has been accelerated and such acceleration has not been rescinded on or before the Redemption Date (including as a result of the payment of the related Redemption Price), then (i) the Company may not call for Redemption or otherwise redeem any Notes pursuant to this **Section 7**; and (ii) the Company will cause any Notes theretofore surrendered for such Redemption to be returned to the Holders thereof.

(D) *Redemption Date*. The Redemption Date for any Redemption will be a Business Day of the Company's choosing that is no more than sixty (60), nor less than thirty (30), calendar days after the Redemption Notice Date for such Redemption.

(E) *Redemption Price*. The Redemption Price for any Note called for Redemption is an amount in cash equal to the sum of (i) the product of the Applicable Percentage and the principal amount of such Note; and (ii) accrued and unpaid interest on such Note to, but excluding, the Redemption Date for such Redemption.

(F) *Redemption Notice*. To call any Notes for Redemption, the Company must send to each Holder a written notice of such Redemption (a "**Redemption Notice**"). Such Redemption Notice must state:

(i) that the Notes have been called for Redemption, briefly describing the Company's Redemption right;

(ii) the Redemption Date for such Redemption;

(iii) the Redemption Price per $1,000 principal amount of Notes for such Redemption;

(iv) the Conversion Rate in effect on the Redemption Notice Date for such Redemption; and

(v) if the Company's borrowings and other obligations under the Security Agreement have not been fully discharged before such Redemption Notice Date, an undertaking that such borrowings and other obligations will be fully discharged before, or concurrently with, the Redemption of the Notes and that if all Notes are converted or cease to be outstanding before such Redemption, the Company will nonetheless effect such full discharge on or before the Redemption Date.

(G) *Payment of the Redemption Price*. The Company will cause the Redemption Price for a Note subject to Redemption to be paid to the Holder thereof on or before the later of (i) the applicable Redemption Date; and (ii) the date such Note is delivered to the Company.

Section 8. Conversion.

(A) *Right to Convert*.

(i) *Generally.* Subject to the provisions of this **Section 8**, each Holder may, at its option, convert such Holder's Notes into Conversion Consideration at any time prior to the Close of Business on the Business Day immediately preceding the Maturity Date.

(ii) *Conversions in Part.* Subject to the terms of the Notes, the Notes may be converted in part. Provisions of this **Section 8** applying to the conversion of a Note in whole will equally apply to conversions of a permitted portion of a Note.

(iii) *Limitations and Closed Periods*. Notwithstanding anything to the contrary in the Notes:

(1) if the Company calls any Note for Redemption pursuant to **Section 7**, then the Holder of such Note may not convert such Note after the Close of Business on the Business Day immediately before the applicable Redemption Date, except to the extent the Company fails to pay the Redemption Price for such Note; and

(2) if a Fundamental Change Repurchase Notice is validly delivered pursuant to **Section 6** with respect to any Note, then such Note may not be converted, except to the extent (x) such Note is not subject to such notice; (y) such notice is withdrawn in accordance with **Section 6**; or (z) the Company fails to pay the Fundamental Change Repurchase Price for such Note.

(B) *Conversion Procedures*.

(i) *Generally*. To convert all or a portion of a Note, the Holder of such Note must (1) complete, manually sign and deliver to the Company the conversion notice attached to such Note or a facsimile of such conversion notice (at which time such conversion will become irrevocable); (2) deliver such Note to the Company; (3) furnish any endorsements and transfer documents that the Company may require; and (4) pay any amounts due pursuant to **Section 8 (B)(iv)**.

(ii) *Effect of Converting a Note*. At the Close of Business on the Conversion Date for a Note (or any portion thereof), such Note (or such portion thereof) will be deemed to cease to be outstanding (and, for the avoidance of doubt, no Person will be deemed to be a Holder of such Note (or such portion thereof) as of the Close of Business on such Conversion Date).

(iii) *Holder of Record of Conversion Shares*. The person in whose name any share of Common Stock is issuable upon conversion of any Note will be deemed to become the holder of record of such share as of the Close of Business on the Conversion Date for such conversion.

(iv) *Taxes and Duties.* If a Holder converts a Note, the Company will pay any documentary, stamp or similar issue or transfer tax or duty due on the issue of any shares of Common Stock upon such conversion; *provided*, *however*, that if any tax or duty is due because such Holder requested such shares to be issued in a name other than that of such Holder, then such Holder will pay such tax or duty and, until having received a sum sufficient to pay such tax or duty, the Company may refuse to deliver any such shares to be issued in a name other than that of such Holder.

(C) *Settlement upon Conversion*.

(i) *Generally*. The consideration (the "**Conversion Consideration**") due in respect of each $1,000 principal amount of a Note to be converted will be a number of shares of Common Stock equal to the Conversion Rate in effect on the Conversion Date for such conversion; *provided*, *however*, that the Company will not be obligated to issue any fractional share and will, in lieu thereof, deliver a cash amount based on the Last Reported Sale Price per share of Common Stock on the relevant Conversion Date.

(ii) *Delivery of the Conversion Consideration*. The Company will pay or deliver, as applicable, the Conversion Consideration due upon the conversion of any Note to the Holder on or before the third (3rd) Business Day immediately after the Conversion Date for such conversion.

(iii) *Deemed Payment of Principal and Interest; Settlement of Accrued Interest Notwithstanding Conversion*. If a Holder converts a Note, then the Company will not adjust the Conversion Rate to account for any accrued and unpaid interest on such Note, and the Company's delivery of the Conversion Consideration due in respect of such conversion will be deemed to fully satisfy and discharge the Company's obligation to pay the principal of, and accrued and unpaid interest, if any, on, such Note to, but excluding the Conversion Date. As a result, any accrued and unpaid interest on a converted Note will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

(iv) *Stockholder Rights Plans*. If any shares of Common Stock are to be issued upon conversion of any Note and, at the time of such conversion, the Company has in effect any stockholder rights plan, then the Holder of such Note will be entitled to receive, in addition to, and concurrently with the delivery of, the Conversion Consideration otherwise payable hereunder upon such conversion, the rights set forth in such stockholder rights plan, unless such rights have separated from the Common Stock at such time, in which case, and only in such case, the provisions of **Section 8(F)** will apply with respect to rights under such plan as if, at the time of such separation, the Company had made a distribution of the type referred to in such Section to all holders of the Common Stock.

(D) *Reserve and Status of Common Stock Issued upon Conversion*.

(i) *Stock Reserve*. At all times when any Notes are outstanding, the Company will reserve, out of its authorized but unissued and unreserved shares of Common Stock, a number of shares of Common Stock sufficient to permit the conversion of all then-outstanding Notes.

(ii) *Status of Conversion Shares; Listing*. Each share of Common Stock delivered upon conversion of any Note will be a newly issued or treasury share and will be duly and validly issued, fully paid, non-assessable, free from preemptive rights and free of any lien or adverse claim (except to the extent of any lien or adverse claim created by the action or inaction of the Holder of such Note or the Person to whom such share will be delivered). If the Common Stock is then listed on any securities exchange, or quoted on any inter-dealer quotation system, then the Company will cause each share of Common Stock issued upon conversion of a Note, when delivered upon such conversion, to be admitted for listing on such exchange or quotation on such system.

(E) *Adjustments to the Conversion Rate*.

(i) *Events Requiring an Adjustment to the Conversion Rate*. The Company will adjust the Conversion Rate from time to time as follows:

(1) *Stock Dividends, Splits and Combinations*. If the Company issues solely shares of Common Stock as a dividend or distribution on all or substantially all shares of the Common Stock, or if the Company effects a stock split or a stock combination of the Common Stock (in each case excluding an issuance solely pursuant to a Common Stock Change Event, as to which the provisions set forth in **Section 8(I)** will apply), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where:

CR_0 = the Conversion Rate in effect immediately before the Open of Business on the Ex-Dividend Date for such dividend or distribution, or immediately before the Open of Business on the effective date of such stock split or stock combination, as applicable;

CR_1 = the Conversion Rate in effect immediately after the Open of Business on such Ex-Dividend Date or the Open of Business on such effective date, as applicable;

OS_0 = the number of shares of Common Stock outstanding immediately before the Open of Business on such Ex-Dividend Date or effective date, as applicable; and

OS_1 = the number of shares of Common Stock outstanding immediately after giving effect to such dividend, distribution, stock split or stock combination.

For the avoidance of doubt, as provided in the definition of CR_0 above, such adjustment to the Conversion Rate will become effective immediately after the Open of Business on such Ex-Dividend Date or the Open of Business on such effective date, as applicable. If any dividend, distribution, stock split or stock combination of the type described in this **Section 8(E)(i)(1)** is declared or announced, but not so paid or made, then the Conversion Rate will be readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution or to effect such stock split or stock combination, to the Conversion Rate that would then be in effect had such dividend, distribution, stock split or stock combination not been declared or announced.

(2) *One-Time Adjustment Upon a Dilutive Qualified Financing*. Subject to **Section 8(H)**, if the Company closes a Qualified Financing and the Effective Price per share of Common Stock issued or sold in the Qualified Financing is less than the Conversion Price in effect as of the date of such issuance or sale, then, effective as of the Close of Business on such date, the Conversion Rate will be increased to an amount equal to (x) one thousand dollars ($1,000) *divided by* (y) such Effective Price per share of Common Stock issued or sold in such Qualified Financing; *provided*, *however*, that (I) in no event will the Conversion Rate be adjusted pursuant to this **Section 8(E)(i)(2)** solely as a result of an Exempt Issuance; (II) in no event will the Conversion Rate be decreased pursuant to this **Section 8(E)(i)(2)**; and (III) for the avoidance of doubt, in no event will the Conversion Rate be adjusted pursuant to this **Section 8(E)(i)(2)** in connection with any issuance of shares of Common Stock, or options, warrants or other rights to purchase or otherwise acquire shares of Common Stock, other than the Qualified Financing. For purposes of this **Section 8(E)(i)(2)**, if there occurs any re-pricing or amendment of any options, warrants or other rights issued or sold in the Qualified Financing, then the adjustment to the Conversion Rate, if any, pursuant to this **Section 8(E)(i)(2)** will be effected as if such re-pricing or amendment had occurred at the time such options, warrants or rights were initially issued or sold in such Qualified Financing.

(ii) *Limitation on Effecting Transactions Resulting in Certain Adjustments*. The Company will not engage in or be a party to any transaction or event that would require the Conversion Rate to be adjusted pursuant to **Section 8(E)** to an amount that would result in the Conversion Price per share of Common Stock being less than the par value per share of Common Stock.

(iii) *Calculations*. All calculations with respect to the Conversion Rate and adjustments thereto will be made to the nearest cent (with 0.5 of a cent rounded upward) or to the nearest 1/10,000th of a share of Common Stock (with 5/100,000ths rounded upward), as applicable.

(iv) *Notice of Conversion Rate Adjustments*. Upon the effectiveness of any adjustment to the Conversion Rate pursuant to **Section 8(E)(i)**, the Company will promptly provide written notice to the Holders, containing (i) a brief description of the transaction or other event on account of which such adjustment was made; (ii) the Conversion Rate in effect immediately after such adjustment; and (iii) the effective time of such adjustment.

(F) *Participation Rights*. Subject to **Section 8(C)(iv)**, if the Company issues, dividends or otherwise distributes, to all or substantially all holders of Common Stock, any securities (including any Capital Stock, rights, options, warrants, or evidences of indebtedness, whether or not issued by the Company) or other property (including cash), other than solely pursuant to an event that requires an adjustment to the Conversion Rate pursuant to **Section 8(E)(i)(1)**, then each Holder will participate, at the same time and on the same terms as holders of Common Stock, solely by virtue of being a Holder of Notes, and without the need for any action on the part of such Holder, in such issuance, dividend or distribution without having to convert such Holder's Notes and as if such Holder held a number of shares of Common Stock equal to the product of (i) the Conversion Rate in effect on the applicable record, effective or other date on which the shares of Common Stock entitled to participate in such issuance, dividend or distribution are determined; and (ii) the aggregate principal amount (expressed in thousands) of Notes held by such Holder on such date. The Company will not effect any such issuance, dividend or distribution without complying with the requirements of this **Section 8(F)**.

(G) *Prohibition Against Certain Tender/Exchange Offers*. The Company will not, and will not permit any of its Subsidiaries to, make, at any time when any Notes are outstanding, a payment in respect of a tender offer or exchange offer for shares of Common Stock if the value (determined by the Board of Directors as of the time such tender or exchange offer expires) of the cash and other consideration paid per share of Common Stock in such tender or exchange offer exceeds the Last Reported Sale Price per share of Common Stock on the Trading Day immediately after the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended). In order to effect compliance with the preceding sentence, the Company will not, and will not permit any of its Subsidiaries to, make, at any time when any Notes are outstanding, any such payment in respect of such a tender offer or exchange offer before the time such Last Reported Sale Price per share of Common Stock has been determined.

(H) *Compliance with Stock Exchange Listing Standards*. Notwithstanding anything to the contrary in the Notes, the Company will not engage in any transaction, or take any action, that would require an increase to the Conversion Rate pursuant to **Section 8(E)(i)** without complying with the applicable stockholder approval rules of The NASDAQ Stock Market. Without limiting the generality of the foregoing, the Company will not effect and will not be obligated to effect any issuance or sale that would result in an adjustment to the Conversion Rate pursuant to **Section 8(E)(i)(2)** that would violate such stockholder approval rules. The restrictions set forth in the preceding sentences of this **Section 8(H)** will apply at any time when the Notes are outstanding, regardless of whether the Company then has a class of securities listed on The NASDAQ Stock Market.

(I) *Effect of Certain Recapitalizations, Reclassifications, Consolidations, Mergers and Sales*.

(i) *Generally*. If there occurs:

(1) any recapitalization, reclassification or change of the Common Stock (other than (x) changes solely resulting from a subdivision or combination or change only in par value or from par value to no par value or no par value to par value and (y) stock splits and stock combinations that do not involve the issuance of any other series or class of securities);

(2) any consolidation, merger, combination or binding share exchange involving the Company;

(3) any sale, lease or other transfer, in one transaction or a series of transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person; or

(4) any statutory share exchange,

and, in each case, as a result of such occurrence, the Common Stock is converted into, or is exchanged for, or represents solely the right to receive, other securities or other property (including cash or any combination of the foregoing) (such an event, a "**Common Stock Change Event**," and such other securities or other property, the "**Reference Property**," and the amount and kind of Reference Property that a holder of one (1) share of Common Stock would be entitled to receive on account of such Common Stock Change Event (without giving effect to any arrangement not to issue fractional shares of securities or other property), a "**Reference Property Unit**"), then, notwithstanding anything to the contrary in the Notes, at the effective time of such Common Stock Change Event, (x) the Conversion Consideration due upon conversion of any Note will be determined in the same manner as if each reference to any number of shares of Common Stock in this **Section 8** (or in any related definitions) were instead a reference to the same number of Reference Property Units; and (y) for purposes of the definition of "Fundamental Change," the term "Common Stock" will be deemed to mean the common equity, if any, forming part of such Reference Property. For these purposes, the Last Reported Sale Price of any Reference Property Unit or portion thereof that does not consist of a class of securities will be the fair value of such Reference Property Unit or portion thereof, as applicable, determined in good faith by the Company (or, in the case of cash denominated in U.S. dollars, the face amount thereof).

If the Reference Property consists of more than a single type of consideration (determined based in part upon any form of stockholder election), then the composition of the Reference Property Unit will be deemed to be (x) the weighted average, per share of Common Stock, of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election; or (y) if no holders of Common Stock affirmatively make such an election, the types and amounts of consideration actually received, per share of Common Stock, by the holders of Common Stock. The Company will notify Holders of the weighted average as soon as practicable after such determination is made.

At or before the effective date of such Common Stock Change Event, the Company and the resulting, surviving or transferee Person (if not the Company) of such Common Stock Change Event (the "**Successor Person**") will execute and deliver such instruments or agreements that will (x) provide for subsequent conversions of Notes in the manner set forth in this **Section 8(I)**; (y) provide for subsequent adjustments to the Conversion Rate pursuant to **Section 8(E)(i)** in a manner consistent with this **Section 8(I)**; and (z) contain such other provisions as the Company in good faith determines are appropriate to preserve the economic interests of the Holders and to give effect to the provisions of this **Section 8(I)**. If the Reference Property includes shares of stock or other securities or assets of a Person other than the Successor Person, then such other Person will also execute such instruments or agreements and such instruments or agreements will contain such additional provisions the Company reasonably determines are appropriate to preserve the economic interests of the Holders.

(ii) *Notice of Common Stock Change Events*. As soon as practicable after learning the anticipated or actual effective date of any Common Stock Change Event, the Company will provide written notice to the Holders of such Common Stock Change Event, including a brief description of such Common Stock Change Event, its anticipated effective date and a brief description of the anticipated change in the conversion right of the Notes.

(iii) *Compliance Covenant.* The Company will not become a party to any Common Stock Change Event unless its terms are consistent with this **Section 8(I)**.

Section 9. Negative Covenants.

The Company will not, and will not permit any of its Subsidiaries (or, with respect to **clause (L)** below, any Affiliates of the Company or any of its Subsidiaries) to, do any of the following without the prior written consent of Holders of a majority in aggregate principal amount of the Notes then outstanding:

(A) *Dispositions*. Convey, sell, lease, transfer, assign, dispose of (collectively, "**Transfer**") all or any part of its business or property (including Intellectual Property), except for Transfers (i) of Inventory in the ordinary course of business; (ii) of worn-out or obsolete Equipment; and (ii) Permitted Liens, Permitted Investments and Permitted Licenses.

(B) *Changes in Business, Management, Ownership or Business Locations*.

(i) Engage in any business other than the businesses engaged in by the Company as of the Issue Date or reasonably related thereto;

(ii) liquidate or dissolve; or

(iii) (x) permit any Key Person to cease to be actively engaged in the management of the Company unless written notice thereof is provided to the Collateral Agent and each Holder within ten (10) days of the same; or (y) enter into any transaction or series of related transactions in which (I) the stockholders of the Company who were not stockholders immediately prior to the first such transaction own more than thirty five percent (35%) of the voting stock of the Company immediately after giving effect to such transaction or related series of such transactions; and (II) the Company ceases to own 100% of the ownership interests of a Subsidiary of the Company. The Company will not, without at least thirty (30) days' prior written notice to the Collateral Agent: (v) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than two hundred fifty thousand dollars ($250,000.00) in assets or property of the Company or any of its Subsidiaries); (w) change its jurisdiction of organization; (x) change its organizational structure or type; (y) change its legal name; or (z) change any organizational number (if any) assigned by its jurisdiction of organization.

(C) *Mergers or Acquisitions.* Merge or consolidate with, or permit any of its Subsidiaries to merge or consolidate, or sell, lease or otherwise transfer, in one transaction or a series of transactions, all or substantially all of the consolidated assets of the Company, any other Person, or acquire, all or substantially all of the capital stock, shares or assets of another Person; *provided*, *however*, that a Subsidiary of the Company may merge or consolidate into, or sell, lease or otherwise transfer, in one transaction or a series of transactions, all or substantially all of its consolidated assets to, (x) another Subsidiary of the Company or (y) the Company, *provided* the Company is the surviving legal entity, and as long as no Event of Default is occurring prior thereto or arises as a result therefrom.

(D) *Indebtedness*. Create, incur, assume, or be liable for any Indebtedness, other than Permitted Indebtedness.

(E) *Encumbrance*. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted pursuant to the Security Agreement (except for Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of the Collateral Agent, for the ratable benefit of the Holders) with any Person that directly or indirectly prohibits or has the effect of prohibiting the Company or any of its Subsidiaries from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of the Company's or such Subsidiary's Intellectual Property, except as is otherwise permitted in **Section 9(A)** and the definition of "Permitted Liens".

(F) *Maintenance of Collateral Accounts*. Maintain any Collateral Account (as defined in the Security Agreement) except pursuant to the terms of Section 6.6 of the Security Agreement.

(G) *Restricted Payments*. Pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock (other than (i) repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements, stockholder rights plans, director or consultant stock option plans or similar plans, *provided*, in each case, that such repurchases and payments do not exceed three hundred thousand dollars ($300,000.00) in the aggregate per fiscal year; and (ii) payments related to share withholdings for individual taxes related to vested restricted stock units (RSUs), options and other equity grants made to employees, as permitted under the Company's 2007 Incentive Stock and Awards Plan, as amended as of the Issue Date, and required under certain of the Company's equity grants and employment agreements, in each case as in effect as of the Issue Date, and *provided* that, in each case, such payments or distributions (x) shall only be made with the proceeds of a simultaneous (subject to customary provisions in relation to the receipt of funds) equity or Subordinated Debt offering; and (y) do not permit the Company's net cash position (*i.e.*, cash on balance sheet) to change in connection with such distributions or payments. Notwithstanding anything to the contrary in the foregoing, nothing in this **Section 9(G)** will prohibit or restrict the payment of any amount or the delivery of any property (including Conversion Consideration) due on the Notes.

(H) *Investments*. Directly or indirectly make any Investment other than Permitted Investments.

(I) *Transactions with Affiliates*. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of the Company or any of its Subsidiaries, except for (i) transactions that are in the ordinary course of the Company's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to the Company or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person; and (ii) Subordinated Debt or equity investments by the Company's investors in the Company or its Subsidiaries.

(J) *Subordinated Debt*. (i) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor or other similar agreement to which such Subordinated Debt is subject; or (ii) amend any provision in any document relating to the Subordinated Debt that would increase the amount thereof or adversely affect the subordination thereof to obligations owed to the Holders pursuant to the Notes without the consent of the Holders, which consent will not be unreasonably withheld, delayed or conditioned.

(K) *Compliance*. (i) Become an "investment company" or a company controlled by an "investment company," under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of the issuance and sale of the Notes for that purpose; (ii) fail to meet the minimum funding requirements of ERISA, permit a "Reportable Event" or "Prohibited Transaction" (as defined in ERISA) to occur, if the violation could reasonably be expected to have a Material Adverse Change; (iii) fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a Material Adverse Change; or (iv) withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan that could reasonably be expected to result in any material liability of the Company or any of its Subsidiaries, including any material liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

(L) *Compliance with Anti-Terrorism Laws*. directly or indirectly (i) knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists; (ii) conduct any business or engage in any transaction or dealing with any Blocked Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person; (iii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law; or (iv) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

(M) *Material Agreements*. Without the consent of Collateral Agent (which consent will not be unreasonably withheld, conditioned or otherwise delayed), (I) enter into a Material Agreement; or (II) materially amend a Material Agreement, in each case if such action would materially and adversely affect the interests of the Holders under the Notes.

Section 10. Exchange Act Reports.

The Company shall deliver to Holders of the Notes within fifteen (15) days after the same is required to be filed with the Commission, copies of any documents or reports that the Company is required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act (after giving effect to any grace periods provided under the Exchange Act). Any such document or report that the Company files with the Commission via the Commission's EDGAR system (or any successor thereto) shall be deemed to be delivered to Holders for purposes of this **Section 10** at the time such documents are filed via the EDGAR system (or such successor). Notwithstanding anything to the contrary in this **Section 10**, in no event will this **Section 10** require the Company to deliver or otherwise provide any information for which it is seeking, or has received, confidential treatment from the Commission.

Section 11. Security Agreement.

The Notes are secured pursuant to the terms of the Security Agreement.

Section 12. Additional Interest.

(A) *Accrual of Additional Interest*.

(i) If, at any time during the six (6) month period beginning on, and including, the date that is six (6) months after the Last Original Issue Date of any Note,

(1) the Company fails to timely file any report (other than Form 8-K reports) that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act (after giving effect to all applicable grace periods thereunder); or

(2) such Note is not otherwise Freely Tradable,

then Additional Interest will accrue on such Note for each day during such period on which such failure is continuing or such Note is not Freely Tradable.

(ii) In addition, Additional Interest will accrue on a Note on each day on which such Note is not Freely Tradable on or after the Free Trade Date of such Note.

(B) *Amount and Payment of Additional Interest*. Any Additional Interest that accrues on a Note pursuant to **Section 12(A)** will be payable on the same dates and in the same manner as the Stated Interest on such Note and will accrue at a rate per annum equal to one percent (1.00%) of the principal amount thereof. For the avoidance of doubt, any Additional Interest that accrues on a Note will be in addition to any Stated Interest and Special Interest that accrues on such Note.

(C) *Notice of Accrual of Additional Interest*. The Company will send written notice to the Holder of each Note of the commencement and termination of any period in which Additional Interest accrues on such Note.

Section 13. Defaults and Remedies

(A) *Events of Default*.

(i) *Definition of Events of Default*. "**Event of Default**" means the occurrence of any of the following:

(1) a default in the payment when due (whether at maturity or otherwise) of the principal, Fundamental Change Repurchase Price or Redemption Price of any Note;

(2) a default for three (3) Business Days in the payment when due of interest on any Note;

(3) a default in the Company's obligation to convert a Note in accordance with **Section 8** upon the exercise of the conversion right with respect thereto;

(4) a default in the Company's obligations under **Section 9(C)**;

(5) a default in any of the Company's obligations or agreements under the Notes (other than a default set forth in **clause (1)**, **(2)**, **(3)** or **(4)** of this **Section 12(A)(i)**) or the Security Agreement; *provided*, *however*, that if such default can be cured, then such default will not be an Event of Default unless the Company has failed to cure such default within fifteen (15) days after its occurrence; *provided*, *further*, that if such default cannot by its nature be cured within fifteen (15) days or cannot after diligent attempts by the Company be cured within fifteen (15) days, and such default is likely to be cured within a reasonable time, then the Company will have an additional period (which will not in any event exceed thirty (30) days) to attempt to cure such default, and, within such reasonable time period, the failure to cure such default will not be deemed to be an Event of Default;

(6) the occurrence of an "Event of Default" (as defined in the Security Agreement);

(7) the occurrence of a Material Adverse Change;

(8) either (I) a default in any agreement to which the Company or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of two hundred fifty thousand dollars ($250,000.00) or that could reasonably be expected to have a Material Adverse Change; (II) a default under a Material Agreement that permits the counterparty thereto to accelerate the payments owed thereunder; or (III) a revocation of a Material Agreement which is reasonably likely to cause a Material Adverse Change;

(9) either (I) one or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least two hundred fifty thousand dollars ($250,000.00) (not covered by independent third-party insurance) is rendered against the Company or any of its Subsidiaries and remains unsatisfied, unvacated or unstayed for a period of thirty (30) days after the entry thereof; or (II) any judgments, orders or decrees rendered against the Company that could reasonably be expected to result in a Material Adverse Change;

(10) a default or breach under any Material Agreement between the Company or any of its Subsidiaries and any creditor of the Company or any of its Subsidiaries that signed a subordination, intercreditor or other similar agreement with the Collateral Agent or any Holder, or the breach of any material terms of such agreement by any creditor that has signed such an agreement with the Collateral Agent or any Holder;

(11) either (I) the revocation, rescission, suspension, modification in an adverse manner, or the non-renewal in the ordinary course for a full term, of any Governmental Approval, and such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Change; (II) the initiation by the FDA, the DOJ or any other Governmental Authority of a Regulatory Action or any other enforcement action against the Company or any of its Subsidiaries or any supplier of the Company or any of its Subsidiaries that causes the Company or any of its Subsidiaries to recall, withdraw, remove or discontinue manufacturing, distributing or marketing any of its products that (x) for each individual product, constitutes trailing twelve (12) months' revenues (in accordance with GAAP) to the Company and its Subsidiaries of at least one million dollars ($1,000,000.00), or (y) in the aggregate for all such products, constitute trailing twelve (12) months' revenues (in accordance with GAAP) to the Company and its Subsidiaries of at least two million five hundred thousand dollars ($2,500,000.00) or five percent (5.0%) of the total trailing twelve (12) month revenue for the Company and its Subsidiaries, whichever is greater, in each case even if such action is based on previously disclosed conduct; (III) the issuance by the FDA of a warning letter or Regulatory Action to the Company or any of its Subsidiaries with respect to any of its activities or products which could reasonably be expected to result in a Material Adverse Change; (IV) a mandatory or voluntary recall being conducted by the Company or any of its Subsidiaries that could reasonably be expected to result in liability and expense to the Company or any of its Subsidiaries of one million dollars ($1,000,000.00) or more; (V) the entry by the Company or any of its Subsidiaries into a settlement agreement with the FDA, the DOJ or any other Governmental Authority that results in aggregate liability as to any single or related series of transactions, incidents or conditions, of one million dollars ($1,000,000.00) or more, or that could reasonably be expected to result in a Material Adverse Change even if such settlement agreement is based on previously disclosed conduct; (VI) the failure by the Company or any of its Subsidiaries to make adequate progress remediating observations identified in an FDA Form 483 notice of inspection observation to the Collateral Agent's or, if agreed by the Collateral Agent and the Company (which agreement by the Collateral Agent or the Holders will not be unreasonably withheld or delayed), a qualified third party's, reasonable satisfaction, within six (6) months of receipt; or (VII) the revocation, by the FDA, of any authorization or permission granted under any Registration, or the withdrawal, by the Company or any of its Subsidiaries, of any Registration, that could reasonably be expected to result in a Material Adverse Change; or

(12) either (I) the Company or any of its Subsidiaries is or becomes Insolvent; (II) the Company or any of its Subsidiaries begins an Insolvency Proceeding; or (III) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and not dismissed or stayed within sixty (60) days (for purposes of this **clause (12)** only, "Subsidiaries" excludes any single Subsidiary or group of Subsidiaries where such Subsidiary's revenue or such group of Subsidiaries' revenues (in each case in accordance with GAAP) or assets is less than five percent (5.0%) of the aggregate (x) revenue or (y) assets of the Company and all its Subsidiaries, in each case measured on a consolidated basis for the Company and all its Subsidiaries).

(B) *Acceleration*.

(i) *Automatic Acceleration in Certain Circumstances*. If an Event of Default set forth in **Section 12(A)(i)(12)** occurs with respect to the Company (and not solely with respect to a Subsidiary of the Company (as defined in such Section)), then the principal amount of, and all accrued and unpaid interest on, all of the Notes then outstanding will immediately become due and payable without any further action or notice by any Person.

(ii) *Optional Acceleration*. If an Event of Default (other than an Event of Default set forth in **Section 12(A)(i)(12)** with respect to the Company and not solely with respect to a Subsidiary of the Company (as defined in such Section)) occurs and is continuing, then Holders of a majority of the aggregate principal amount of Notes then outstanding, by notice to the Company, may declare the principal amount of, and all accrued and unpaid interest on, all of the Notes then outstanding to become due and payable immediately.

(C) *Rescission of Acceleration*. Notwithstanding anything to the contrary in the Notes, the Holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company, may, on behalf of all Holders, rescind any acceleration of the Notes and its consequences if (i) such rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and (ii) all existing Events of Default (except the non-payment of principal of, or interest on, the Notes that has become due solely because of such acceleration) have been cured or waived. No such rescission will affect any subsequent Default or impair any right consequent thereto.

(D) *Waiver of Past Defaults*. An Event of Default pursuant to **clause (1)**, **(2)**, **(3)** or **(5)** of **Section 12(A)(i)** (that, in the case of **clause (5)** only, results from a Default under any covenant that cannot be amended without the consent of each affected Holder), and a Default that could lead to such an Event of Default, can be waived only with the consent of each affected Holder. Each other Default or Event of Default may be waived, on behalf of all Holders, by the Holders of a majority in aggregate principal amount of the Notes then outstanding. If an Event of Default is so waived, then it will cease to exist. If a Default is so waived, then it will be deemed to be cured and any Event of Default arising therefrom will be deemed not to occur. However, no such waiver will extend to any subsequent or other Default or Event of Default or impair any right arising therefrom.

(E) *Absolute Right of Holders to Receive Payment and Conversion Consideration*. Notwithstanding anything to the contrary in the Notes, the right of each Holder of a Note to receive payment or delivery, as applicable, of the principal of, or any interest on, or the Conversion Consideration due pursuant to **Section 8** upon conversion of, such Note on or after the respective due dates therefor provided in the Notes, or to bring suit for the enforcement of any such payment or delivery on or after such respective due dates, will not be impaired or affected without the consent of such Holder.

(F) *Sole Remedy for a Failure to Report*.

(i) *Generally*. Notwithstanding anything to the contrary in the Notes, the Company may elect that the sole remedy for any Event of Default (a "**Reporting Event of Default**") pursuant to **Section 12(A)(i)(5)** arising from the Company's failure to comply with **Section 10** will, for each of the first sixty (60) calendar days on which a Reporting Event of Default has occurred and is continuing, consist exclusively of the accrual of Special Interest on the Notes. If the Company has made such an election, then (i) the Notes will be subject to acceleration pursuant to **Section 12(B)(ii)** on account of the relevant Reporting Event of Default from, and including, the sixty first (61st) calendar day on which a Reporting Event of Default has occurred and is continuing or if the Company fails to pay any accrued and unpaid Special Interest when due; and (ii) Special Interest will cease to accrue on any Notes from, and including, such sixty first (61st) calendar day.

(ii) *Amount and Payment of Special Interest*. Any Special Interest that accrues on a Note pursuant to **Section 12(F)(i)** will be payable on the same dates and in the same manner as the Stated Interest on such Note and will accrue at a rate per annum equal to one percent (1.00%) of the principal amount thereof. For the avoidance of doubt, any Special Interest that accrues on a Note will be in addition to any Stated Interest and Additional Interest that accrues on such Note.

(iii) *Notice of Election*. To make the election set forth in **Section 12(F)(i)**, the Company must send to the Holders, before the date on which each Reporting Event of Default first occurs, a written notice that (i) briefly describes of the report(s) that the Company failed to file with the Commission; (ii) states that the Company is electing that the sole remedy for such Reporting Event of Default consist of the accrual of Special Interest; and (iii) briefly describe the periods during which and rate at which Special Interest will accrue and the circumstances under which the Notes will be subject to acceleration on account of such Reporting Event of Default.

(iv) *No Effect on Other Events of Default*. No election pursuant to this **Section 12** with respect to a Reporting Event of Default will affect the rights of any Holder with respect to any other Event of Default, including with respect to any other Reporting Event of Default.

Section 14. Amendments, Supplements and Waivers.

(A) *Without the Consent of Holders*. Notwithstanding anything to the contrary in **Section 14(B)**, the Company may amend or supplement the Notes without the consent of any Holder to:

(i) cure any ambiguity or correct any omission, defect or inconsistency;

(ii) add guarantees with respect to the Company's obligations under the Notes;

(iii) add to the Company's covenants or Events of Default for the benefit of the Holders or surrender any right or power conferred on the Company;

(iv) enter into instruments or agreements pursuant to, and in accordance with, **Section 8(I)** in connection with a Common Stock Change Event; or

(v) make any other change to the Notes that does not, individually or in the aggregate with all other such changes, adversely affect the rights of the Holders.

(B) *With the Consent of Holders*. Subject to **Section 14(A)**, **Section 12(D)** and **Section 12(E)**, the Company may, with the consent of a Holder of a Note, amend or supplement such Note or waive compliance with any provision of such Note. The Company may not amend any Note except as provided in **Section 14(A)** or this **Section 14(B)**.

(C) *Notice of Amendments, Supplements and Waivers*. Promptly after any amendment, supplement or waiver pursuant to **Section 14(A)** or **Section 14(B)** becomes effective, the Company will send to each Holder of the Notes so amended written notice that (A) describes the substance of such amendment, supplement or waiver in reasonable detail and (B) states the effective date thereof. The failure to send, or the existence of any defect in, such notice will not impair or affect the validity of such amendment, supplement or waiver.

(D) *Notations and Exchanges*. If any amendment, supplement or waiver changes the terms of a Note, then the Company may, in its discretion, require the Holder of such Note to deliver such Note to the Company so that the Company may place an appropriate notation on such Note and return such Note to such Holder. Alternatively, at its discretion, the Company may, in exchange for such Note, issue, execute and deliver a new Note that reflects the changed terms. The failure to make any appropriate notation or issue a new Note will not impair or affect the validity of such amendment, supplement or waiver.

Section 15. Ranking.

Subject to the Security Agreement, the indebtedness of the Company arising under or in connection with this Note from time to time constitutes and will constitute a senior obligation of the Company, ranking equally in right of payment with other existing and future senior indebtedness of the Company (including indebtedness under the Security Agreement) and ranking senior in right of payment to any existing or future subordinated indebtedness of the Company.

Section 16. Replacement Notes.

If a Holder of any Note claims that such Note has been mutilated, lost, destroyed or wrongfully taken, then the Company will issue, execute and deliver a replacement Note upon surrender to the Company of such mutilated Note, or upon delivery to the Company of evidence of such loss, destruction or wrongful taking reasonably satisfactory to the Company. In the case of a lost, destroyed or wrongfully taken Note, the Company may require the Holder thereof to provide such security or n indemnity that is reasonably satisfactory to the Company to protect the Company from any loss that it may suffer if such Note is replaced.

Section 17. Notices.

Any notice or communication to the Company will be deemed to have been duly given if in writing and delivered in person or by first class mail (registered or certified, return receipt requested), facsimile transmission, electronic transmission or other similar means of unsecured electronic communication or overnight air courier guaranteeing next day delivery, or to the other's address, which initially is as follows:

Imprimis Pharmaceuticals, Inc.
12264 El Camino Real
Suite 350
San Diego, CA 92130
Attention: Chief Financial Officer

The Company, by notice to the Holders, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. The failure to mail a notice or communication to a Holder, or any defect in such notice or communication, will not affect its sufficiency with respect to any other Holder.

If a notice or communication is mailed in the manner provided above within the time prescribed, it will be deemed to have been duly given, whether or not the addressee receives it.

Section 18. No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator or stockholder of the Company, as such, will have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting any Note, each Holder waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

Section 19. Successors.

All agreements of the Company in the Notes will bind its successors.

Section 20. Severability.

If any provision of the Notes is invalid, illegal or unenforceable, then the validity, legality and enforceability of the remaining provisions of the Notes will not in any way be affected or impaired thereby.

Section 21. Headings, Etc.

The headings of the Sections of this Note have been inserted for convenience of reference only, are not to be considered a part of this Note and will in no way modify or restrict any of the terms or provisions of this Note.

Section 22. Governing Law; Waiver of Jury Trial.

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS NOTE. THE COMPANY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTES.

Section 23. Submission to Jurisdiction.

The Company (A) agrees that any suit, action or proceeding against it arising out of or relating to the Notes may be instituted in any U.S. federal court with applicable subject matter jurisdiction sitting in The City of New York; (B) waives, to the fullest extent permitted by applicable law, (i) any objection that it may now or hereafter have to the laying of venue of any such suit, action or proceeding; and (ii) any claim that it may now or hereafter have that any such suit, action or proceeding in such a court has been brought in an inconvenient forum; and (C) submits to the nonexclusive jurisdiction of such courts in any such suit, action or proceeding.

CONVERSION NOTICE

IMPRIMIS PHARMACEUTICALS, INC.

8.00% Convertible Senior Secured Notes

Subject to the terms of the Notes, by executing and delivering this Conversion Notice, the undersigned Holder of the Note identified below directs the Company to convert (check one):

[ ] the entire principal amount of

[ ] $ _____ aggregate principal amount of

the Note identified by Certificate No. _____.

Date:_____

_____
(Legal Name of Holder)

By: _____
Name:
Title:

FUNDAMENTAL CHANGE REPURCHASE NOTICE

IMPRIMIS PHARMACEUTICALS, INC.

8.00% Convertible Senior Secured Notes

Subject to the terms of the above-referenced Notes, by executing and delivering this Fundamental Change Repurchase Notice, the undersigned Holder of the Note identified below is exercising its Fundamental Change Repurchase Right with respect to (check one):

[ ] the entire principal amount of

[ ] $ _____ aggregate principal amount of

the Note identified by Certificate No. _____.

The undersigned acknowledges that this Note, duly endorsed for transfer, must be delivered to the Company before the Fundamental Change Repurchase Price will be paid.

Date:_____

_____
(Legal Name of Holder)

By: _____
Name:
Title:

Imprimis Pharmaceuticals, Inc.

8.00% Convertible Senior Secured Note

Note Purchase Agreement

This Note Purchase Agreement (the "**Agreement**"), dated as of January 22, 2016, is being entered into between Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and IMMY Funding LLC, a Delaware limited liability company (the "**Purchaser**"), with respect to the proposed issuance and sale, by the Company, of an 8.00% Convertible Senior Secured Note (the "**Note**") having a principal amount of three million dollars ($3,000,000), in the form set forth in Exhibit A hereto, to the Purchaser on the terms set forth in this Agreement.

The Note will be (A) convertible in accordance with its terms into shares of the common stock (the "**Common Stock**") of the Company, $0.001 par value per share (the "**Shares**"); and (B) secured by the Collateral (as defined in the Security Agreement referred to below) to the extent and in the manner provided in that certain Second Amendment to Loan and Security Agreement, dated as of the Closing Date (as defined below), among the Company, IMMY Funding LLC, as collateral agent, and the lenders party thereto, in the form attached hereto as Exhibit B (the "**LSA Second Amendment**"), to that certain Loan and Security Agreement, dated as of May 11, 2015, among the Company, as borrower, IMMY Funding LLC, as collateral agent, and the lenders party thereto from time to time, as amended by that certain First Amendment to Loan and Security Agreement, dated as of October 20, 2015 (such Loan and Security Agreement, as so amended, the "**Security Agreement**"). The Note and the Shares will be offered and sold without registration under the Securities Act of 1933, as amended (the "**Securities Act**"), in accordance with Section 4(a)(2) of the Securities Act.

In connection with the issuance and sale of the Note, the Company and the Purchaser will execute and deliver an amendment (the "**Warrant Amendment**"), in the form attached hereto as Exhibit C, to that certain Warrant to Purchase Stock, dated as of May 11, 2015, between the Company and the Purchaser (such Warrant to Purchase Stock, as amended by the Warrant Amendment, the "**Amended Warrant Agreement**," and, together with this Agreement, the Note and the Security Agreement, the "**Transaction Documents**").

The Company and the Purchaser agree as follows:

Section 1. Sale and Purchase; Payment and Delivery.

(A) *Sale and Purchase*. On the basis of the representations and warranties and subject to the other terms and conditions set forth in this Agreement, the Company agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase from the Company, the Note at a cash purchase price of one hundred percent (100%) of the principal amount thereof; *provided*, *however*, that, in lieu of interest accruing on the Note from, and including, the Closing Date, interest thereon will instead begin to accrue from, and including, February 1, 2016 and there will be deducted, from the cash purchase price for the Note payable hereunder by the Purchaser to the Company on the Closing Date, an amount equal to the interest that would have accrued on the Note from, and including, the Closing Date to, but excluding, February 1, 2016 had the Note provided for interest to begin to accrue thereon from, and including, the Closing Date. As used herein, "**Purchase Price**" means one hundred percent (100%) of the principal amount of the Note less such interest that is to be so deducted.

(B) *Payment and Delivery*. Payment of the Purchase Price for the Note will be made to the Company by Federal Funds wire transfer of same-day funds, against delivery to the Purchaser of a certificate representing the Note. Such payment and delivery shall be made no later than 4:00 p.m., New York City time, on the date of this Agreement. As used herein, "**Closing Date**" means the date on which such payment and delivery are made and "**Closing Time**" means the time when such payment and delivery are made.

Section 2. Representations and Warranties of the Company.

The Company represents and warrants to, and agrees with the Purchaser that, as of the date of this Agreement and as of the Closing Time, unless such representation, warranty or agreement speaks as of a different time:

(A) *Registration of Common Stock; Stock Exchange Matters*. The Common Stock is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and is currently listed on the NASDAQ Capital Market (the "**Exchange**") under the trading symbol "IMMY." The Company has taken no action designed to, or reasonably likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Exchange, nor has the Company received any notification that the Securities and Exchange Commission (the "**Commission**") or the Exchange is contemplating terminating such registration or listing. To the Company's knowledge, it is in compliance with all applicable listing requirements of the Exchange.

(B) *No Misstatement or Omission*. The reports and other documents that the Company has filed or will file with the Commission under Section 13(a), 14 or 15(d) of the Exchange Act from and including January 1, 2015 and prior to the Closing Time, together with the Company's registration statement on Form 8-A filed with the Commission on February 7, 2013, in each case including the information, if any, incorporated by reference therein, (collectively, the "**Exchange Act Reports**," and, individually, an "**Exchange Act Report**"), did or will not, when they were or will be so filed, do not (if so filed before the execution and delivery of this Agreement), and, as of the Closing Time, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(C) *Conformity with Securities Act and Exchange Act*. Each Exchange Act Report, when it was filed with the Commission under the Exchange Act, conformed in all material respects with the requirements of the Exchange Act.

(D) *Financial Information*. The consolidated financial statements of the Company included in the Exchange Act Reports, together with the related notes and schedules, present fairly, in all material respects, the consolidated financial position of the Company and the Subsidiaries (as defined below) as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company for the periods specified (subject to normal year-end audit adjustments for interim financial statements) and have been prepared in compliance with the requirements of the Exchange Act and in conformity with generally accepted accounting principles in the United States applied on a consistent basis during the periods involved; the other financial and statistical data with respect to the Company and the Subsidiaries contained in the Exchange Act Reports, if any, are accurately and fairly presented and prepared in all material respects on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Exchange Act Reports that are not included or incorporated by reference as required; the Company and the Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), not described in the Exchange Act Reports; and all disclosures contained or incorporated by reference in the Exchange Act Reports, if any, regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act, to the extent applicable.

(E) *Organization*. The Company and each of its Subsidiaries are duly organized, validly existing as a corporation and in good standing under the laws of their respective jurisdictions of organization. The Company and each of its Subsidiaries are duly licensed or qualified as a foreign corporation for transaction of business and in good standing under the laws of each other jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such license or qualification, and have all corporate power and authority necessary to own or hold their respective properties and to conduct their respective businesses as described in the Exchange Act Reports, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect or would reasonably be expected to have a material adverse effect on or affecting the assets, business, operations, earnings, properties, condition (financial or otherwise), prospects, stockholders' equity or results of operations of the Company and the Subsidiaries taken as a whole, or prevent or materially interfere with consummation of the transactions contemplated by the Transaction Documents (a "**Material Adverse Effect**").

(F) *Subsidiaries*. The subsidiaries set forth on Exhibit 21.1 to the Company Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (collectively, the "**Subsidiaries**"), are the Company's only significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the Commission). Except as set forth in the Exchange Act Reports, the Company owns, directly or indirectly, all of the equity interests of the Subsidiaries free and clear of any material lien, charge, security interest, encumbrance, right of first refusal or other restriction, and all the equity interests of the Subsidiaries are validly issued and are fully paid, non-assessable and free of preemptive and similar rights. No Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any other Subsidiary of the Company.

(G) *No Violation or Default.* Neither the Company nor any of its Subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries are subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, no other party under any material contract or other agreement to which it or any of its Subsidiaries is a party is in default in any respect thereunder where such default would, individually or in the aggregate, have a Material Adverse Effect.

(H) *No Material Adverse Change*. Subsequent to the respective dates as of which information is given in the Exchange Act Reports, there has not been (i) any Material Adverse Effect or the occurrence of any development that the Company reasonably expects will result in a Material Adverse Effect; (ii) any transaction that is material to the Company and the Subsidiaries taken as a whole other than as contemplated by the Transaction Documents; (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any Subsidiary, that is material to the Company and the Subsidiaries taken as a whole; (iv) any material change in the capital stock or outstanding long-term indebtedness of the Company or any of its Subsidiaries (other than as a result of the sale of the Note); or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Subsidiary, other than in each case above in the ordinary course of business or as otherwise disclosed in the Exchange Act Reports.

(I) *Capitalization*. The issued and outstanding shares of capital stock of the Company have been validly issued, are fully paid and non-assessable and, other than as disclosed in the Exchange Act Reports, are not subject to any preemptive rights, rights of first refusal or similar rights. The Company has an authorized, issued and outstanding capitalization as set forth in the Exchange Act Reports as of the dates referred to therein (other than the grant of additional options under the Company's existing stock option or equity incentive plans, or changes in the number of outstanding shares of Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Stock outstanding on the date hereof), and such authorized capital stock conforms to the description thereof set forth in the Registration Statement and the Prospectus. The description of the securities of the Company in the Exchange Act Reports is complete and accurate in all material respects. Except as disclosed in or contemplated by the Exchange Act Reports, as of the date referred to therein, the Company does not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or exchangeable for, or any contracts or commitments to issue or sell, any shares of capital stock or other securities.

(J) *Authorization; Enforceability*. The Company has full legal right, power and authority to execute, deliver and perform its obligations under each Transaction Document and to perform the transactions contemplated thereby. This Agreement has been duly authorized, executed and delivered by the Company and is the legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles. The Note has been duly authorized by the Company and, when executed and delivered by the Company, will constitute the legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles. The Security Agreement has been duly authorized by the Company and, when the LSA Second Amendment has been executed and delivered by the Company, will constitute the legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles. The Amended Warrant Agreement has been duly authorized by the Company and, when the Warrant Amendment has been executed and delivered by the Company, will constitute the legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles.

(K) *Authorization of Shares*. The Shares are duly authorized and, when issued and delivered upon conversion of the Note in accordance with its terms, will be duly and validly issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim, including any statutory or contractual preemptive rights, resale rights, rights of first refusal or other similar rights, and will be registered pursuant to Section 12 of the Exchange Act. The Shares, when issued, will conform to the description thereof set forth in the Exchange Act Reports. The shares of Common Stock issuable upon exercise of the Amended Warrant Agreement are duly authorized and, when issued and delivered upon exercise of the Amended Warrant Agreement in accordance with its terms, will be duly and validly issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim, including any statutory or contractual preemptive rights, resale rights, rights of first refusal or other similar rights, and will be registered pursuant to Section 12 of the Exchange Act.

(L) *No Consents Required*. No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of the Transaction Documents, including the issuance and sale by the Company of the Note and the issuance of the Shares upon conversion of the Note, except for such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable state securities laws.

(M) *No Preferential Rights*. Except as set forth in the Exchange Act Reports, (i) no person, as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Securities Act (each, a "**Person**"), has the right, contractual or otherwise, to cause the Company to issue or sell to such Person any Common Stock or shares of any other capital stock or other securities of the Company (other than upon exercise of outstanding options or warrants to purchase Common Stock or upon the exercise of options or vesting restricted stock units or stock awards that may be granted from time to time under the Company's stock option or equity incentive plans); (ii) no Person has any preemptive rights, resale rights, rights of first refusal, rights of co-sale, or any other rights (whether pursuant to a "poison pill" provision or otherwise) to purchase any Common Stock or shares of any other capital stock or other securities of the Company; and (iii) no Person has the right, contractual or otherwise, to require the Company to register under the Securities Act any Common Stock or shares of any other capital stock or other securities of the Company.

(N) *Independent Public Accounting Firm*. KMJ Corbin & Company LLP (the "**Accountant**"), whose report on the consolidated financial statements of the Company is filed with the Commission as part of the Company's most recent Annual Report on Form 10-K included in the Exchange Act Reports, are and, during the periods covered by their report, were an independent registered public accounting firm within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States). To the Company's knowledge, the Accountant is not in violation of the auditor independence requirements Rule 2-01 of Regulation S-X under the Exchange Act with respect to the Company.

(O) *Enforceability of Agreements*. All agreements between the Company and third parties expressly referenced in the Exchange Act Reports are legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles; (ii) the indemnification provisions of certain agreements may be limited by federal or state securities laws or public policy considerations in respect thereof; and (iii) any lack of enforceability would not, individually or in the aggregate, have a Material Adverse Effect.

(P) *No Litigation*. Except as set forth in the Exchange Act Reports, there are no pending legal, governmental or regulatory actions, suits, proceedings, audits or investigations to which the Company or a Subsidiary is a party or to which any property of the Company or any of its Subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of its Subsidiaries, would have a Material Adverse Effect, and, to the Company's knowledge, no such actions, suits, proceedings, audits or investigations are threatened or contemplated by any legal, governmental or regulatory authority or threatened by others; and (i) there are no current or pending legal, governmental or regulatory audits or investigations, actions, suits or proceedings that are required under the Exchange Act to be described in any Exchange Act Report that are not so described; and (ii) there are no contracts or other documents that are required under the Exchange Act to be filed as exhibits to any Exchange Act Report that are not so filed.

(Q) *Consents and Permits*. Except as disclosed in the Exchange Act Reports, the Company and its Subsidiaries have made all filings, applications and submissions required by, possesses and are operating in compliance with, all approvals, licenses, certificates, certifications, clearances, consents, grants, exemptions, marks, notifications, orders, permits and other authorizations issued by, the appropriate federal, state or foreign governmental or regulatory authorities (including, without limitation, the United States Food and Drug Administration (the "**FDA**")) necessary for the ownership or lease of their respective properties or to conduct their respective businesses as described in the Exchange Act Documents (collectively, "**Permits**"), except for such Permits the failure of which to possess, obtain or make the same would not, individually or in the aggregate, have a Material Adverse Effect; the Company and its Subsidiaries are in compliance with the terms and conditions of all such Permits, except where the failure to be in compliance would not, individually or in the aggregate, have a Material Adverse Effect; all of the Permits are valid and in full force and effect, except where any invalidity would not, individually or in the aggregate, have a Material Adverse Effect; and neither the Company nor any of its Subsidiaries has received any written notice relating to the limitation, revocation, cancellation, suspension, modification or non-renewal of any such Permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect, and neither has any reason to believe that any such Permit will not be renewed in the ordinary course.

(R) *Regulatory Filings*. Except as disclosed in the Exchange Act Reports, neither the Company nor any of its Subsidiaries has failed to file with the applicable regulatory authorities (including, without limitation, the FDA, or any foreign, federal, state, provincial or local governmental or regulatory authority performing functions similar to those performed by the FDA) any required filing, declaration, listing, registration, report or submission, except for such failures that would not, individually or in the aggregate, have a Material Adverse Effect; except as disclosed in the Exchange Act Reports, all such filings, declarations, listings, registrations, reports or submissions were in compliance with applicable laws when filed and no deficiencies have been asserted by any applicable regulatory authority with respect to any such filings, declarations, listings, registrations, reports or submissions, except for any deficiencies that would not, individually or in the aggregate, have a Material Adverse Effect.

(S) *Intellectual Property*. Except as disclosed in the Exchange Act Reports, the Company and its Subsidiaries own, possess, have licensed or have other rights to use all foreign and domestic patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, licenses, inventions, trade secrets, technology, Internet domain names, know-how and other intellectual property (collectively, the "**Intellectual Property**"), necessary for the conduct of their respective businesses as now conducted except to the extent that the failure to own, possess, have licensed or otherwise hold adequate rights to use such Intellectual Property would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the Exchange Act Reports, (i) there are no rights of third parties to any such Intellectual Property of the Company and its Subsidiaries; (ii) to the Company's knowledge, there is no infringement by third parties of any such Intellectual Property; (iii) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's and its Subsidiaries' rights in or to any such Intellectual Property, and the Company is unaware of any facts which could form a reasonable basis for any such action, suit, proceeding or claim; (iv) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property; (v) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company and its Subsidiaries infringe or otherwise violate any patent, trademark, copyright, trade secret or other proprietary rights of others; (vi) to the Company's knowledge, there is no third-party U.S. patent or published U.S. patent application that contains claims for which an Interference Proceeding (as defined in 35 U.S.C. §135) has been commenced against any patent or patent application described in any Exchange Act Report as being owned by or licensed to the Company or any Subsidiary; and (vii) the Company and its Subsidiaries have complied with the terms of each agreement pursuant to which Intellectual Property has been licensed to the Company or its Subsidiaries, and all such agreements are in full force and effect, except, in the case of any of clauses (i) through(vii) above, for any such infringement by third parties or any such pending or threatened suit, action, proceeding or claim as would not, individually or in the aggregate, result in a Material Adverse Effect.

(T) *No Material Defaults*. Neither the Company nor any of the Subsidiaries has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults would, individually or in the aggregate, have a Material Adverse Effect. The Company has not filed a report pursuant to Section 13(a) or 15(d) of the Exchange Act since the filing of its last Annual Report on Form 10-K, indicating that it (i) has failed to pay any dividend or sinking fund installment on preferred stock; or (ii) has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults would, individually or in the aggregate, have a Material Adverse Effect.

(U) *Certain Market Activities*. Neither the Company nor any of the Subsidiaries, nor any of their respective directors, officers or controlling persons, has taken, directly or indirectly, any action designed, or that has constituted or might reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Note or the Shares.

(V) *No Reliance*. The Company has not relied upon the Purchaser or legal counsel for the Purchaser for any legal, tax or accounting advice in connection with the offering and sale of the Note or the Shares.

(W) *Taxes*. The Company and each of its Subsidiaries have filed all federal, state, local and foreign tax returns which have been required to be filed and paid all taxes shown thereon through the date hereof, to the extent that such taxes have become due and are not being contested in good faith, except where the failure to so file or pay would not, individually or in the aggregate, have a Material Adverse Effect. Except as otherwise disclosed in in or contemplated by the Exchange Act Reports, no tax deficiency has been determined adversely to the Company or any of its Subsidiaries which has had, or would have, individually or in the aggregate, a Material Adverse Effect. The Company has no knowledge of any federal, state or other governmental tax deficiency, penalty or assessment which has been or might be asserted or threatened against it or any of its Subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect.

(X) *Title to Real and Personal Property*. Neither the Company nor any of its Subsidiaries own any real property. Except as set forth in the Exchange Act Reports, the Company and its Subsidiaries have good and valid title to all personal property described in the Exchange Act Reports as being owned by them that are material to the businesses of the Company or such Subsidiary, in each case free and clear of all liens, encumbrances and claims, except those matters that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and any of its Subsidiaries; or (ii) would not, individually or in the aggregate, have a Material Adverse Effect. Any real or personal property described in the Exchange Act Reports as being leased by the Company or its Subsidiaries is held by them under valid, existing and enforceable leases, except those that (x) do not materially interfere with the use made or proposed to be made of such property by the Company or any of its Subsidiaries; or (y) would not, individually or in the aggregate, result in a Material Adverse Effect.

(Y) *Environmental Laws*. Except as set forth in the Exchange Act Reports, the Company and its Subsidiaries (i) are in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "**Environmental Laws**"); (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses as described in the Exchange Act Reports; and (iii) have not received written notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except, in the case of any of clauses (i), (ii) or (iii) above, for any such failure to comply or failure to receive required permits, licenses, other approvals or liability as would not, individually or in the aggregate, have a Material Adverse Effect.

(Z) *Disclosure Controls*. The Company and each of its Subsidiaries maintain systems of internal accounting controls designed to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company's internal control over financial reporting is effective, and the Company is not aware of any material weaknesses in its internal control over financial reporting (other than as set forth in the Exchange Act Reports). Since the date of the latest audited financial statements of the Company included in the Exchange Act Reports, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting (other than as set forth in the Exchange Act Reports). The Company has established disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Exchange Act) for the Company and designed such disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and each of its Subsidiaries is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2015, and the Company has presented, in its latest Quarterly Report on Form 10-Q included in the Exchange Act Report, the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on such evaluation, and the disclosure controls and procedures are effective as of September 30, 2015. Since September 30, 2015, there have been no significant changes in the Company's internal controls (as such term is used in Item 307(b) of Regulation S-K under the Securities Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

(AA) *Sarbanes-Oxley*. There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provisions of the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**"), and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company, as applicable) has made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to all reports, schedules, forms, statements and other documents required to be filed by the Company or furnished by Company to the Commission. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act.

(BB) *Finder's Fees*. Neither the Company nor any of the Subsidiaries has incurred any liability for any finder's fees, brokerage commissions or similar payments in connection with the transactions contemplated by this Agreement.

(CC) *Investment Company Act*. Neither the Company nor any of the Subsidiaries is or, after giving effect to the offering and sale of the Note, will be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

(DD) *Operations*. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions to which the Company or its Subsidiaries are subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened, and, to the Company's knowledge no such action, suit or proceeding involving any of officer, director or affiliate of the Company or any of its Subsidiaries is pending or threatened.

(EE) *Off-Balance Sheet Arrangements*. There are no transactions, arrangements and other relationships between or among the Company, any of its affiliates or any unconsolidated entity, including, but not limited to, any structural finance, special purpose or limited purpose entity (each, an "Off-Balance Sheet Transaction") that could reasonably be expected to materially affect the Company's liquidity or the availability of or requirements for its capital resources, including those Off-Balance Sheet Transactions described in the Commission's Statement about Management's Discussion and Analysis of Financial Conditions and Results of Operations (Release Nos. 33-8056; 34-45321; FR-61), and that are required to be described in the Exchange Act Reports but that have not been described as required.

(FF) *ERISA*. To the Company's knowledge, each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company and any of its Subsidiaries has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including, but not limited to, ERISA and the Internal Revenue Code of 1986, as amended (the "**Code**"); no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred which would result in a material liability to the Company or any of its Subsidiaries with respect to any such plan, excluding transactions effected pursuant to a statutory or administrative exemption; and for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no "accumulated funding deficiency" (as defined in Section 412 of the Code) has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding, for these purposes, accrued but unpaid contributions) exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions.

(GG) *Forward-Looking Statements*. No forward-looking statement (within the meaning of Section 27A of the Securities Act or Section 21E of the Exchange Act) (a "**Forward-Looking Statement**") contained in the Exchange Act Reports has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(HH) *Margin Rules*. Neither the issuance, sale and delivery of the Note or the Shares nor the application of the proceeds thereof by the Company will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(II) *Insurance*. The Company and each of its Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as the Company and each of its Subsidiaries reasonably believe are adequate for the conduct of their respective businesses and as is customary for companies engaged in similar businesses in similar industries.

(JJ) *No Improper Practices*. (i) Neither the Company nor the Subsidiaries, nor, to the Company's knowledge, any of their respective executive officers, has, in the past five years, made any unlawful contributions to any candidate for any political office (or failed fully to disclose any contribution in violation of law) or made any contribution or other payment to any official of, or candidate for, any federal, state, municipal or foreign office or other person charged with similar public or quasi-public duty in violation of any law or of the character required to be disclosed in any Exchange Act Report; (ii) no relationship, direct or indirect, exists between or among the Company or any Subsidiary or any affiliate of any of them, on the one hand, and the directors, officers or stockholders of the Company or any Subsidiary, on the other hand, that is required by the Exchange Act to be described in any Exchange Act Report that is not so described; (iii) except as described in the Exchange Act Reports, there are no material outstanding loans or advances or material guarantees of indebtedness by the Company or any Subsidiary to or for the benefit of any of their respective officers or directors or any of the members of the families of any of them; (iv) the Company has not offered, or caused any placement agent to offer, Common Stock to any person with the intent to influence unlawfully (x) a customer or supplier of the Company or any Subsidiary to alter the customer's or supplier's level or type of business with the Company or any Subsidiary; or (y) a trade journalist or publication to write or publish favorable information about the Company or any Subsidiary or any of their respective products or services; and (v) neither the Company nor any Subsidiary, nor, to the Company's knowledge, any employee or agent of the Company or any Subsidiary, has made any payment of funds of the Company or any Subsidiary or received or retained any funds in violation of any law, rule or regulation (including, without limitation, the Foreign Corrupt Practices Act of 1977), which payment, receipt or retention of funds is of a character required to be disclosed in any Exchange Act Report.

(KK) *No Conflicts*. Neither the execution and delivery of the Transaction Documents, nor the issuance, offering or sale of the Note or the Shares, nor the consummation of any of the transactions contemplated by the Transaction Documents, nor the compliance by the Company with the terms and provisions thereof, will conflict with, or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any contract or other agreement to which the Company or any of its Subsidiaries may be bound or to which any of their respective properties or assets are subject, except (i) liens, charges or encumbrances pursuant to the Transaction Documents, (ii) such conflicts, breaches or defaults as have been waived; and (iii) such conflicts, breaches and defaults that would not, individually or in the aggregate, have a Material Adverse Effect; nor will any such action result in (x) any violation of the provisions of the organizational or governing documents of the Company or any of its Subsidiaries; or (y) any violation of the provisions of any statute or any order, rule or regulation applicable to the Company or any of its Subsidiaries, or of any court or of any federal, state or other regulatory authority or other government body having jurisdiction over the Company or any of its Subsidiaries, other than, with respect to this clause (y), any violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(LL) *Sanctions*.

(i) Neither the Company nor any of its Subsidiaries (collectively, the "**Entity**"), or any director, officer, employee, agent, affiliate or representative of the Entity, is a government, individual or entity (in this paragraph **(LL)**, a "**Person**") that is or is owned or controlled by a Person that is:

(1) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority (collectively, "**Sanctions**"); or

(2) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria).

(ii) The Entity represents and covenants that it will not, directly or indirectly, use the proceeds of the offering of the Note and the Shares, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(1) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(2) in any other manner that will result in a violation of Sanctions by any Person (including the Purchaser).

(iii) The Entity represents and covenants that, except as detailed in the Exchange Act Reports, for the past five (5) years, it has not engaged in, is not now engaging in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(MM) *Stock Transfer Taxes*. On each Closing Date, all stock transfer or other taxes (other than income taxes) that are required to be paid in connection with the sale and transfer of the Note or the Shares to be sold hereunder will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with.

(NN) *Compliance with Laws*. Except as set forth in the Exchange Act Reports, each of the Company and its Subsidiaries: (i) is, and, at all times, has been, in compliance with all statutes, rules, or regulations applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product manufactured or distributed by the Company or its Subsidiaries ("**Applicable Laws**"), except as would not, individually or in the aggregate, result in a Material Adverse Effect; (ii) has not received any FDA Form 483, notice of adverse finding, warning letter, untitled letter or other correspondence or notice from the FDA or any other governmental authority alleging or asserting noncompliance with any Applicable Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws ("**Authorizations**"), which, after the Company's remedial activity, would, individually or in the aggregate, have a Material Adverse Effect; (iii) possess all material Authorizations, and such Authorizations are valid and in full force and effect, and none of the Company or any of its Subsidiaries is in material violation of any term of any such Authorizations; (iv) has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any governmental authority or third party alleging that any product operation or activity is in violation of any Applicable Laws or Authorizations, and has no knowledge that any such governmental authority or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (v) has not received notice that any governmental authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorization and has no knowledge that any such governmental authority is considering such action; (vi) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations, and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct on the date filed (or were corrected or supplemented by a subsequent submission); and (vii) has not, either voluntarily or involuntarily, initiated, conducted, or issued or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, post sale warning, "dear healthcare provider" letter or other notice or action relating to the alleged lack of safety or efficacy of any product or any alleged product defect or violation, and, to the Company's knowledge, no third party has initiated, conducted or intends to initiate any such notice or action.

Any certificate signed by an officer of the Company or any of its Subsidiaries and delivered to the Purchaser or to counsel for the Purchaser pursuant to or in connection with this Agreement will be deemed to be a representation and warranty by the Company to the Purchaser as to the matters set forth therein.

Section 3. Representations of the Purchaser.

The Purchaser represents and warrants to, and agrees with the Company that, as of the date of this Agreement and as of the Closing Time, unless such representation, warranty or agreement speaks as of a different time:

(A) *Investor Status*. The Purchaser is an institutional "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act.

(B) *Experience of the Purchaser*. The Purchaser is knowledgeable, sophisticated and experienced in financial and business matters, and in making decisions with respect to investments in securities representing an investment decision, like that involved in the purchase of the Note, including investments in securities issued by the Company and comparable entities, has the ability to bear the economic risks of an investment in the Note, and has undertaken an independent analysis of the merits and the risks of an investment in the Note, based on the Purchaser's own financial circumstances. The Purchaser has had the opportunity to request, receive, review and consider all information it deems relevant in making an informed decision to purchase the Note and to ask questions of, and receive answers from, the Company concerning such information.

(C) *No Public Sale or Distribution*. The Purchaser is acquiring the Note, and upon conversion of the Note will acquire the Shares issuable upon conversion of the Note, in the ordinary course of its business and for its own account for investment only and with no present intention of "distributing" the Note or the Shares, or participating in any arrangement or understanding with any other persons regarding the "distribution" of the Note or the Shares, in each case within the meaning of the Securities Act. The Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) the Note or any Shares, nor will the Purchaser engage in any short sale that results in a disposition of the Note or any Shares by the Purchaser, except if (i) the transferee of the Note or the Shares, as applicable, has agreed in writing for the benefit of the Company to be bound by this **Section 3**; (ii) such offer, sale, pledge, transfer or other disposition is in compliance with the Securities Act and the rules and regulations of the Commission thereunder and any applicable state securities or "blue sky" laws; and (iii) if such sale, pledge, transfer or other disposition is not registered by an effective registration statement under the Securities Act and if reasonably requested by the Company, the Purchaser shall have furnished the Company with such documents reasonably requested by the Company, including without limitation an opinion of counsel reasonably satisfactory to the Company that such sale, pledge, transfer or other disposition will not require registration under the Securities Act; *provided*, *however*, that (x) clause (i) above will not apply to, and, except in unusual circumstances, the Company will not be entitled pursuant to clause (iii) above to request or require any documentation other than a representation letter in customary form for, any sale, pledge, transfer or other disposition made pursuant to Rule 144 promulgated under the Securities Act (or any successor thereto); and (y) clause (i) above will not apply to, and the Company will not be entitled to request or require such an opinion of counsel or any other documentation or information if such Note or Shares, as applicable, do not bear a Restricted Note Legend (as defined in the Note) or any similar legend.

(D) *Information*. The Purchaser has, in connection with its decision to purchase the Note, relied solely upon the Exchange Act Reports, the representations and warranties of the Company contained herein and the information referred to in **Section 3(B)**.

(E) *Reliance on Exemptions*. The Purchaser understands that the Note is being offered and sold to it in reliance upon specific exemptions from the registration requirements of the Securities Act, the rules and regulations of the Commission thereunder and state securities or "blue sky" laws and that the Company is relying upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warranties and agreements of the Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Note.

(F) *Confidentiality*. The Purchaser shall not reproduce or distribute this Agreement or any other offering materials or other information provided by the Company in connection with the Purchaser's consideration of its investment in the Note or the Company, in whole or in part, or divulge or discuss any of their contents, except to its financial, investment or legal advisors in connection with its proposed investment in the Note. Further, the Purchaser understands that the existence and nature of all conversations and presentations, if any, regarding the Company and this offering must be kept strictly confidential, and acknowledges and agrees that such information has been submitted to the Purchaser solely for its confidential use and shall be used by the Purchaser for the sole purpose of evaluating an investment in the Note and the Shares. The Purchaser understands that the federal securities laws impose restrictions on trading based on information regarding this offering. In addition, the Purchaser hereby acknowledges that unauthorized disclosure of information regarding this offering may result in a violation of U.S. federal securities laws. The foregoing obligations will terminate upon the Company's issuance of a press release or press releases or filing or furnishing of a Current Report on Form 8-K disclosing the offering (including, without limitation, pursuant to **Section 4(B)**). The foregoing agreements shall not apply to any information that is or becomes publicly available through no fault of the Purchaser, or that the Purchaser is legally required to disclose; *provided*, *however*, that if the Purchaser is requested or ordered to disclose any such information pursuant to any court or other government order or any other applicable legal or regulatory procedure, it shall provide the Company with prompt notice of any such request or order.

(G) *No Legal, Tax and Investment Advice*. The Purchaser understands that nothing in the Agreement or any other materials presented to the Purchaser in connection with the purchase and sale of the Note constitutes legal, tax or investment advice. The Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Note.

(H) *Risk of Loss*. The Purchaser understands that its investment in the Note involves a significant degree of risk, including a risk of total loss of the Purchaser's investment. The Purchaser understands that the market price of the shares of Common Stock has been volatile and that no representation is being made as to the future value of the Shares.

(I) *Legend*. The Purchaser understands that, until such time as the Note or the Shares may be sold pursuant to Rule 144 under the Securities Act without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Note and the Shares will bear a restrictive legend in substantially the following form:

> "THE ISSUANCE AND SALE OF NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR (II) UNLESS PURSUANT TO RULE 144 (OR ANY SUCCESSOR THERETO) UNDER THE SECURITIES ACT."

(J) *Residency*. The Purchaser's principal executive offices are in the jurisdiction set forth in **Section 7(A)** of this Agreement.

(K) *Organization; Validity; Enforcement*. The Purchaser has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement and to perform the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement by the Purchaser and the consummation of the transactions herein contemplated will not violate any provision of the organizational documents of the Purchaser or conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any material agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Purchaser is a party, or any statute or any judgment, decree, order, rule or regulation of any court or any regulatory body or other governmental agency or body applicable to the Purchaser, except, with respect to any such agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit, other instrument, statute, judgment, decree, order, rule or regulation, as would not, individually or in the aggregate, materially interfere with consummation of the transactions contemplated hereby. No consent, approval, authorization or other order of any court, regulatory body or other governmental body is required on the part of the Purchaser for the execution, delivery and performance of this Agreement by the Purchaser, except in each case as would not, individually or in the aggregate, materially interfere with consummation of the transactions contemplated hereby. Upon the execution and delivery of this Agreement by the parties hereto, this Agreement shall constitute the legal, valid and binding agreement of the Purchaser enforceable against the Purchaser in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles.

(L) *Short Sales*. Since the time the Purchaser was first contacted about the offering of the Note and the transactions contemplated hereby, the Purchaser has not taken, and, prior to the Closing Time, the Purchaser shall not take, any action that has caused or will cause the Purchaser to have, directly or indirectly, sold or agreed to sell any shares of Common Stock, effected any short sale, whether or not against the box, established any "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) with respect to shares of Common Stock, granted any other right (including, without limitation, any put or call option) with respect to shares of Common Stock or with respect to any security that includes, relates to or derives any significant part of its value from shares of Common Stock, in each case in violation of the Securities Act.

(M) *Disclosure*. The Purchaser acknowledges and agrees that the Company does not make nor has made any representations or warranties with respect to the transactions contemplated hereby or to its business, properties, operations and prospects, other than those specifically set forth in **Section 2** of this Agreement.

(N) *Market Standoff*. The Purchaser agrees that, for so long as it "beneficially owns" (within the meaning of Rule 13d-3 under the Exchange Act) more than five percent (5%) of the shares of Common Stock then outstanding, it, at the request of the applicable managing underwriter, will not, directly or indirectly, without the prior written consent of such managing underwriter, during the period commencing on the date of the final prospectus relating to an underwritten public offering of Common Stock, or of securities convertible into or exercisable for Common Stock, and ending on the date specified by the managing underwriter of such offering (such period not to exceed ninety (90) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (whether such shares or any such securities are then owned by the Purchaser or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise; *provided*, *however*, that (i) the foregoing provisions of this **Section 3(N)** (x) shall not apply to the sale of any shares of Common Stock to an underwriter pursuant to an underwriting agreement, and (y) shall only be applicable to the Purchaser if all officers and directors and each "beneficial owner" of more than five percent (5%) of the outstanding Common Stock of the Company enter into similar agreements; and (ii) the restrictions imposed by this **Section 3(N)** will be subject to customary exceptions and will be no more restrictive than any such similar agreements (and, for the avoidance of doubt, any exceptions, waivers or other forbearances granted to any such officer, director or beneficial owner, whether pursuant to such similar agreements or otherwise, will equally apply to the Purchaser). The underwriters in connection with any such underwritten public offering of Common Stock are intended third party beneficiaries of this **Section 3(N)** and shall have the right, power and authority to enforce the provisions of this **Section 3(N)** as though they were a party hereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Note and the Shares until the end of such period. Notwithstanding anything to the contrary in the foregoing, this **Section 3(N)** will cease to apply upon the earlier of (x) May 11, 2021; and (y) the time the Purchaser no longer "beneficially owns" any Notes or Shares issued upon conversion of the Notes.

Section 4. Covenants of the Company.

(A) *Listing of Shares*. The Company will use its reasonable best efforts to cause the Shares, when issued upon conversion of the Notes, to be listed on the Exchange.

(B) *Disclosure of All Material Non-Public Information*. At before to 5:00 p.m., New York City time, on the first business day after the date of this Agreement, the Company issue a press release or file or furnish a Current Report on Form 8-K disclosing all material non-public information, if any, with respect to the offer and sale of the Note and Shares or otherwise communicated by the Company or its affiliates, or anyone acting on their behalf, to the Purchaser in connection with the transactions contemplated by this Agreement.

(C) *Blue Sky and Other Qualifications.* The Company will use its commercially reasonable efforts to qualify the Note and the Shares for offering and sale, or to obtain an exemption for the Note and the Shares to be offered and sold, under the applicable securities laws of such states and other jurisdictions (domestic or foreign) may be necessary in order to issue and sell the Note to the Purchaser pursuant to this Agreement and to issue the Shares upon conversion of the Note, and to maintain such qualifications and exemptions in effect for so long as required for the distribution of the Note and the issuance of the Shares upon conversion thereof; *provided*, *however*, that the Company will not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it has theretofore so filed or in which it is not so qualified, as applicable, or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Note or the Shares have been so qualified or exempt, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification or exemption, as the case may be, in effect for so long as required for the distribution of the Note and the issuance of the Shares upon conversion thereof.

(D) *Payment of Expenses*. The Company will pay all expenses incident to the performance of its obligations under this Agreement and the Note, including (i) the preparation, issuance and delivery of the certificates, if any, for the Note and the Shares, including any stock or other transfer taxes and any capital duties, stamp duties or other duties or taxes payable upon the sale, issuance or delivery of the Note to the Purchaser or the issuance of the Shares upon conversion of the Note; (ii) the fees and disbursements of the counsel, accountants and other advisors to the Company; (ii) the reasonable and documented fees and expenses of the Purchaser including, but not limited to, the fees and expenses of counsel to the Purchaser, payable upon the execution of this Agreement or thereafter upon demand; (iii) the qualification or exemption of the Note and the Shares under securities laws in accordance with **Section 4(C)**, including filing fees; (iv) the fees and expenses of the transfer agent and registrar for the Common Stock; and (v) the fees and expenses incurred in connection with the listing of the Shares on the Exchange.

Section 5. Conditions to the Purchaser's Obligations.

The obligations of the Purchaser under this Agreement will be subject to the satisfaction (or waiver by the Purchaser in its sole discretion) of the following conditions precedent:

(A) *Accuracy of Representations*. The representations and warranties of the Company in this Agreement are accurate and correct as of, and as if made at, the Closing Time.

(B) *Performance of Company's Obligations*. The Company shall have duly performed all of its obligations under this Agreement as are required to be completed at or before the Closing Time.

(C) *No Material Notices*. None of the following events shall have occurred and be continuing: (i) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Note or Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; or (ii) the occurrence of any event that causes any Exchange Act Report to contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(D) *Material Changes*. Except as contemplated in the Exchange Act Reports, there shall not have been any material adverse change in the authorized capital stock of the Company or any Material Adverse Effect or any development that would, individually or in the aggregate, reasonably be expected to cause a Material Adverse Effect, or a downgrading in or withdrawal of the rating assigned to any of the Company's securities (other than asset-backed securities) by any rating organization or a public announcement by any rating organization that it has under surveillance or review its rating of any of the Company's securities (other than asset-backed securities).

(E) *Legal Opinion*. The Agent shall have received the opinion of Morrison & Foerster LLP, counsel for Company, dated as of the Closing Date, in form and substance satisfactory to Purchaser and its counsel.

(F) *Other Materials*. The Company shall have furnished to the Purchaser such appropriate further information, certificates, letters and other documents as the Purchaser may reasonably request. All such certificates, letters and other documents will be in compliance with the provisions of this Agreement.

(G) *Execution and Delivery of LSA Second Amendment*. The LSA Second Amendment shall have been executed and delivered by each party thereto, and the Purchaser shall have received a copy of the executed LSA Second Amendment.

(H) *Execution and Delivery of Warrant Amendment*. The Warrant Amendment shall have been executed and delivered by each party thereto, and the Purchaser shall have received a copy of the executed Warrant Amendment.

(I) *No Event of Default*. No "Default" or "Event of Default" (each, as defined in the Note) shall have occurred and be continuing.

(J) *Subsequent Commission Reports*. The Company shall not have filed with or furnished to the Commission any report or other document after the execution and delivery of this Agreement and prior to the Closing Time containing information that, in the sole and absolute discretion of the Purchaser, makes it inadvisable to proceed with its purchase of the Notes in on the terms and in the manner contemplated by this Agreement.

Section 6. Conditions to the Company's Obligations.

The obligations of the Company under this Agreement will be subject to the satisfaction (or waiver by the Company in its sole discretion) of the following conditions precedent:

(A) *Accuracy of Representations*. The representations and warranties of the Purchaser in this Agreement are accurate and correct as of, and as if made at, the Closing Time.

(B) *Receipt of Purchase Price*. The Company shall have received same-day funds in an amount equal to the Purchase Price for the Note being purchased by the Purchaser.

Section 7. Miscellaneous.

(A) *Notices*. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement will be in writing, unless otherwise specified, and if sent to the Company, shall be delivered to:

Imprimis Pharmaceuticals, Inc.
12264 El Camino Real
Suite 350
San Diego, CA 92130
Attention: Chief Financial Officer
Facsimile: 858-345-1745
Email: aboll@imprimispharma.com

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

Morrison & Foerster LLP
12531 High Bluff Drive, Suite 100
San Diego, CA 92130
Attention: Steve Rowles
Facsimile: 858-720-5125
Email: srowles@mofo.com

and if to the Purchaser, shall be delivered to:

IMMY Funding LLC
c/o Life Sciences Alternative Funding LLC
50 Main Street
Suite 1000
White Plains, NY 10606
Attention: Stephen J. DeNelsky

Each party to this Agreement may change such address (or provide an additional address, including, without limitation, an email address) for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally or by verifiable facsimile transmission (with an original to follow) on or before 4:30 p.m., New York City time, on a Business Day or, if such day is not a Business Day, on the next succeeding Business Day; (ii) on the next Business Day after timely delivery to a nationally recognized overnight courier; and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, "**Business Day**" means any day on which the Exchange and commercial banks in the City of New York are open for business.

An electronic communication ("**Electronic Notice**") will be deemed written notice for purposes of this **Section 7(A)** if sent to the electronic mail address specified by the receiving party under separate cover. Electronic Notice will be deemed received at the time the party sending Electronic Notice receives verification of receipt by the receiving party. Any party receiving Electronic Notice may request and will be entitled to receive the notice on paper, in a non-electronic form ("**Non-Electronic Notice**") which will be sent to the requesting party within ten (10) days of receipt of the written request for Non-Electronic Notice.

(B) *Successors*. This Agreement will inure to the benefit of and be binding upon the Company and the Purchaser and their respective successors. References to any of the parties contained in this Agreement will be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party; *provided*, *however*, that the Purchaser may assign its rights and obligations hereunder to an affiliate thereof without obtaining the Company's consent.

(C) *Severability*. If any provision of this Agreement is invalid, illegal or unenforceable, then the validity, legality and enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby.

(D) *Headings, Etc*. The headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part of this Agreement and will in no way modify or restrict any of the terms or provisions of this Agreement.

(E) *Governing Law; Waiver of Jury Trial*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS AGREEMENT. EACH OF THE COMPANY AND THE PURCHASER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE.

(F) *Waiver and Amendment*. None of the provisions of this Agreement will be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom such modification, change, discharge or termination is sought.

(G) *Submission to Jurisdiction*. Each of the Company and the Purchaser (i) agrees that any suit, action or proceeding against it arising out of or relating to this Agreement may be instituted in any U.S. federal court with applicable subject matter jurisdiction sitting in The City of New York; (ii) waives, to the fullest extent permitted by applicable law, (x) any objection that it may now or hereafter have to the laying of venue of any such suit, action or proceeding; and (y) any claim that it may now or hereafter have that any such suit, action or proceeding in such a court has been brought in an inconvenient forum; and (iii) submits to the nonexclusive jurisdiction of such courts in any such suit, action or proceeding.

(H) *Counterparts*. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile or electronic transmission.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

The parties hereto have executed this Agreement as of the date first written above.

IMPRIMIS PHARMACEUTICALS, INC.

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: Chief Executive Officer

IMMY FUNDING LLC

By: */s/ Stephen J. DeNelsky*
Name: Stephen J. DeNelsky
Title: President

EXHIBIT A

FORM OF NOTE
(See Attached)

EXHIBIT B

FORM OF SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT
(See Attached)

EXHIBIT C

FORM OF WARRANT AMENDMENT
(See Attached)

SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS **SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "**Amendment**"), dated as of January 22, 2016 (the "**Amendment Effective Date**"), is made among IMPRIMIS PHARMACEUTICALS, INC., a Delaware corporation (the "**Borrower**"), the undersigned Subsidiaries of the Borrower, in their capacities as Guarantors, IMMY FUNDING LLC, a Delaware limited liability company ("**IMMY Funding LLC**"), in its capacity as collateral agent (in such capacity, "**Collateral Agent**") and the Lenders listed on Schedule 1.1 (as amended herein) of the Loan and Security Agreement (as defined below) or otherwise a party hereto from time to time including IMMY Funding LLC in its capacity as a Lender (each a "**Lender**" and collectively, the "**Lenders**").

The Borrower, the Lenders and the Collateral Agent are parties to a Loan and Security Agreement dated as of May 11, 2015 (as amended by that certain First Amendment to Loan and Security Agreement dated as of October 20, 2015, and as may be further amended, restated or modified, the "**Loan and Security Agreement**"). The Borrower has requested that the Lenders agree to certain amendments to the Loan and Security Agreement. The Lenders have agreed to such request, subject to the terms and conditions hereof.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan and Security Agreement**. All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan and Security Agreement.

(b) **Interpretation**. The rules of interpretation set forth in Section 1.1 of the Loan and Security Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Loan and Security Agreement.

(a) The Loan and Security Agreement shall be amended as follows effective as of the Amendment Effective Date:

(i) Definitions Chart. The chart of definitions in Section 1.3 is amended as follows: (A) the Section references for "Term A Loan" and "Term Loan" are changed to Section 2.2(a), and (B) the line for "Term B Loan" is deleted.

(ii) New Definitions. The following definitions are added to Section 1.3 in their proper alphabetical order:

"**Note**" means the 8.00% Convertible Senior Secured Note in a principal amount of Three Million Dollars ($3,000,000) issued by Borrower in favor of IMMY Funding LLC, a Delaware limited liability company, pursuant to the Note Purchase Agreement.

"**Note Purchase Agreement**" means that certain Note Purchase Agreement by and between the Borrower and IMMY Funding LLC, a Delaware limited liability company, dated as of January 22, 2016.

(iii) Amended and Restated Definitions. The following definition is hereby amended and restated as follows:

"**Loan Documents**" are, collectively, this Agreement, the Pledge Agreement, the IP Security Agreement, the Secured Guaranty, the Warrants, the Note, the Note Purchase Agreement, the Perfection Certificates, each Control Agreement, each Compliance Certificate, each Loan Payment Request Form, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future agreement entered into by Borrower, any Guarantor or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified or supplemented from time to time.

(iv) Amended Definitions. The following definition is hereby amended as follows:

"**Permitted Indebtedness**". The definition of "**Permitted Indebtedness**" is hereby amended by (i) removing "and" at the end of clause (m), (ii) replacing "." at the end of clause (n) with "; and", and (iii) inserting a new clause (o) as follows:

(o) Indebtedness under the Note and the Note Purchase Agreement.

(v) Deleted Definitions. The following definitions are hereby deleted in their entirety: (A) Milestone Date, and (B) Second Draw Period.

(vi) Section 2.2(a). Section 2.2(a) is hereby amended and restated as follows:

(a) Availability. Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to make term loans to Borrower on the Effective Date in an aggregate principal amount of Ten Million Dollars ($10,000,000.00) according to each Lender's Term A Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "Term A Loan" or "Term Loan", and collectively as the "Term A Loans" or "Term Loans"). After repayment, no Term A Loan may be reborrowed.

(vii) Section 4.1. The second paragraph of Section 4.1 is hereby amended and restated as follows:

If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate contingent obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate contingent obligations) and at such time as the Lenders' obligation to extend Term Loans has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. If the Obligations other than those under the Note and Note Purchase Agreement have been repaid in full in cash (other than inchoate contingent obligations) then Collateral Agent agrees to enter into a subordination agreement in customary form and substance subordinating such remaining obligations to Borrower's obligations under any senior debt facility providing loans to Borrower.

(viii) Section 8.13. A new Section 8.13 is hereby inserted as follows:

8.13 Note; Note Purchase Agreement. There is an "Event of Default" under the Note (as defined therein).

(ix) Lenders and Commitments. Schedule 1.1 of the Loan and Security Agreement, the Schedules of Lenders and Commitments, is hereby amended and restated in its entirety with Annex A hereto.

(b) **References Within Loan and Security Agreement**. Each reference in the Loan and Security Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment.

SECTION 3 Conditions of Effectiveness. The effectiveness of Section 2 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent:

(a) **Fees and Expenses**. The Borrower shall have paid (i) all invoiced costs and expenses then due in accordance with Section 5(e), and (ii) all other fees, costs and expenses, if any, due and payable as of the Amendment Effective Date under the Loan and Security Agreement.

(b) **This Amendment; the Note; the Note Purchase Agreement; the Amendment to Warrant to Purchase Stock**. The Collateral Agent shall have received (i) this Amendment, executed by the Collateral Agent, the Lenders, the Borrower and the Guarantors, (ii) the Note, executed by the Borrower, (iii) the Note Purchase Agreement, executed by IMMY Funding LLC and the Borrower and (iv) that certain Amendment to Warrant to Purchase Stock, dated as of the date hereof, executed by IMMY Funding LLC and the Borrower.

(c) **Perfection Certificate**. The Collateral Agent shall have received an updated Perfection Certificate executed by the Borrower.

(d) **Representations and Warranties; No Default**. On the Amendment Effective Date, after giving effect to the amendment of the Loan and Security Agreement contemplated hereby:

(i) The representations and warranties contained in Section 4 shall be true and correct on and as of the Amendment Effective Date as though made on and as of such date; and

(ii) There exist no Events of Default or events that with the passage of time would result in an Event of Default.

SECTION 4 Representations and Warranties. To induce the Lenders to enter into this Amendment, the Borrower hereby confirms, as of the date hereof, (a) that the representations and warranties made by it or the Guarantors in Section 5 of the Loan and Security Agreement and in the other Loan Documents are true and correct in all material respects; *provided*, *however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof. For the purposes of this Section 4, (i) each reference in Section 5 of the Loan and Security Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment, and (ii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and warranties shall be true, correct and complete as of such earlier date); (b) that there has not been and there does not exist a Material Adverse Change; (c) that the information included in the Perfection Certificate delivered to Collateral Agent on the Amendment Effective Date is true and correct; and (d) that the Borrower and/or Pharmacy Creations, LLC, a New Jersey corporation ("**Pharmacy Creations**"), has completed in all respects remediating those observations identified in that certain FDA Form 483 issued September 30, 2015 relating to the FDA's inspection of Pharmacy Creation's facility during the period of August 27, 2015 through September 30, 2015, and that such remediation was completed in a manner consistent with that certain response letter issued by Pharmacy Creations to the FDA on October 13, 2015, a copy of which has been provided to the Collateral Agent, and that the FDA has approved such remediation in writing.

SECTION 5 Miscellaneous.

(a) **Loan Documents Otherwise Not Affected; Reaffirmation**. Except as expressly amended pursuant hereto or referenced herein, the Loan and Security Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. The Lenders' and the Collateral Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future. The Borrower hereby (i) grants Collateral Agent, for the ratable benefit of the Lenders and the Holder (as defined in the Note) of the Note, to secure the payment and performance in full of all of the Obligations (including all obligations under the Note and Note Purchase Agreement), a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders and the Holder (as defined in the Note) of the Note, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof; and (ii) reaffirms the grant of security under Section 4.1 of the Loan and Security Agreement, affirms that such grant of security in the Collateral secures all Obligations under the Note and Note Purchase Agreement and reaffirms that such grant of security in the Collateral secures all Obligations under the Loan and Security Agreement, as of the date hereof.

(b) **Reaffirmation by the Guarantors**. The undersigned Guarantors hereby (i) grant Collateral Agent, for the ratable benefit of the Lenders and the Holder (as defined in the Note) of the Note, to secure the payment and performance in full of all of the Guarantor Obligations (as defined in the Secured Guaranty) (including all obligations under the Note and Note Purchase Agreement), a continuing security interest in, and pledge to Collateral Agent, for the ratable benefit of the Lenders and the Holder (as defined in the Note) of the Note, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof; and (ii) reaffirm the grant of security under Section 2.1 of the Secured Guaranty, affirm that such grant of security in the Collateral secures all Guarantor Obligations under the Note and Note Purchase Agreement and reaffirm that such grant of security in the Collateral secures all Guarantor Obligations under the Secured Guaranty, as of the date hereof. For the purpose of this Section SECTION 5(b), "Collateral" has the meaning given to it in the Secured Guaranty.

(c) **Conditions**. For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Collateral Agent shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto.

(d) **No Reliance**. The Borrower and the Guarantors hereby acknowledge and confirm to the Collateral Agent and the Lenders that the Borrower and the Guarantors are executing this Amendment on the basis of their own investigation and for their own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(e) **Costs and Expenses**. The Borrower agrees to pay to the Collateral Agent within ten (10) days of its receipt of an invoice (or on the Amendment Effective Date to the extent invoiced on or prior to the Amendment Effective Date), the out-of-pocket costs and expenses of the Collateral Agent and the Lenders party hereto, and the fees and disbursements of counsel to the Collateral Agent and the Lenders party hereto (including allocated costs of internal counsel), in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the Amendment Effective Date or after such date.

(f) **Binding Effect**. This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(g) **Governing Law**. **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL.**

(h) **Complete Agreement; Amendments**. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

(i) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(j) **Counterparts**. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(k) **Loan Documents**. This Amendment, the Note, the Note Purchase Agreement and the documents related thereto shall constitute Loan Documents.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

IMPRIMIS PHARMACEUTICALS, INC.,
as Borrower

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: Chief Executive Officer

COLLATERAL AGENT AND LENDERS:

IMMY FUNDING LLC,
as Collateral Agent and a Lender

By: */s/ Stephen J. DeNelsky*
Name: Stephen J. DeNelsky
Title: President

GUARANTOR:

SOUTH COAST SPECIALTY COMPOUNDING, INC., a California corporation, as Guarantor

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: President

PHARMACY CREATIONS, L.L.C., a New Jersey limited liability company, as Guarantor

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: President

IMPRIMISRX TX, INC., a Texas corporation, as Guarantor

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: President

IMPRIMISRX PA, INC., a Delaware corporation, as Guarantor

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: President

SCHEDULE 1.1

Lenders and Commitments

Term A Loans

Lender	Term Loan Commitment	Commitment Percentage
IMMY Funding LLC	$ 10,000,000.00	100.00%
TOTAL	**$ 10,000,000.00**	**100.00%**

Aggregate (all Term Loans)

Lender	Term Loan Commitment	Commitment Percentage
IMMY Funding LLC	$ 10,000,000.00	100.00%
TOTAL	**$ 10,000,000.00**	**100.00%**

AMENDMENT TO WARRANT TO PURCHASE STOCK

This Amendment to Warrant to Purchase Stock (this "**Amendment**"), dated as of January 22, 2016, is being entered into between Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and IMMY Funding LLC, a Delaware limited liability company ("**IMMY Funding**"). Capitalized terms used in this Amendment without definition have the respective definitions ascribed to them in the Warrant (as defined below).

WHEREAS, the Company and IMMY Funding have executed and delivered that certain Note Purchase Agreement (the "**Note Purchase Agreement**"), dated as of January 22, 2016; and

WHEREAS, pursuant to the Note Purchase Agreement, the Company and IMMY Funding have agreed to amend that certain Warrant to Purchase Stock (the "**Existing Warrant**"), dated as of May 11, 2015, between the Company and IMMY Funding, in the manner provided in this Amendment (the Existing Warrant, as so amended, the "**Warrant**").

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

Section 1. Amendments to Warrant.

(A) *Warrant Price*. Effective as of the execution and delivery of this Amendment, the Warrant Price will be $5.90 per share of common stock, $0.001 par value per share, of the Company (the "**Common Stock**"), subject to adjustment thereafter as provided in the Warrant.

(B) *Reset of Warrant Price*. The Existing Warrant is amended by:

(i) replacing the reference to "Section 2.2" in Section 2.2 thereof to "Section 2.3";

(ii) renumbering Sections 2.2, 2.3 and 2.4 thereof to Sections 2.3, 2.4 and 2.5, respectively; and

(iii) inserting a new Section 2.2 to read as follows:

"2.2 One-Time Adjustment Upon a Dilutive Qualified Financing. If the Company closes a Qualified Financing (as defined below) and the Effective Price (as defined below) per share of Common Stock issued or sold in the Qualified Financing is less than the Warrant Price in effect as of the date of such issuance or sale, then, effective as of 5:00 p.m., New York City time, on such date, the Warrant Price will be decreased to an amount equal to such Effective Price per share of Common Stock issued or sold in such Qualified Financing; *provided*, *however*, that (a) in no event will the Warrant Price be adjusted pursuant to this Section 2.2 solely as a result of an Exempt Issuance (as defined below); (b) in no event will the Warrant Price be increased pursuant to this Section 2.2; and (c) for the avoidance of doubt, in no event will the Warrant Price be adjusted pursuant to this Section 2.2 in connection with any issuance of shares of Common Stock, or options, warrants or other rights to purchase or otherwise acquire shares of Common Stock, other than the Qualified Financing. For purposes of this Section 2.2, if there occurs any re-pricing or amendment of any options, warrants or other rights issued or sold in the Qualified Financing, then the adjustment to the Warrant Price, if any, pursuant to this Section 2.2 will be effected as if such re-pricing or amendment had occurred at the time such options, warrants or rights were initially issued or sold in such Qualified Financing. Notwithstanding anything to the contrary in this Warrant, the Company will not effect and will not be obligated to effect any issuance or sale that would result in an adjustment to the Warrant Price pursuant to this Section 2.2 that would violate the applicable stockholder approval rules of The NASDAQ Stock Market. The restrictions set forth in the preceding sentence will apply at any time when any Warrant is outstanding, regardless of whether the Company then has a class of securities listed on The NASDAQ Stock Market. For purposes of this Section 2.2:

"Affiliate" has the meaning set forth in Rule 144 under the Act.

"Effective Price" has the following meaning with respect to the issuance or sale of any shares of Common Stock or any options, warrants or other rights to purchase or otherwise acquire any shares of Common Stock in a Qualified Financing:

(A) in the case of the issuance or sale of shares of Common Stock, the value of the consideration received or receivable by (or at the direction of) the Company or any of its Affiliates for such shares, expressed as an amount per share of Common Stock; and

(B) in the case of the issuance or sale of any such options, warrants or rights, an amount equal to a fraction whose:

(i) numerator is equal to sum, without duplication, of (x) the value of the aggregate consideration received or receivable by (or at the direction of) the Company or any of its Affiliates for the issuance or sale of such options, warrants or rights; and (y) the value of the minimum aggregate additional consideration payable pursuant to such options, warrants or rights to purchase or otherwise acquire shares of Common Stock; and

(ii) denominator is equal to the maximum number of shares of Common Stock underlying such options, warrants or rights;

provided, *however*, that:

(x) for purposes of clause (B), if such minimum aggregate consideration, or such maximum number of shares of Common Stock, is not determinable at the time such options, warrants or rights are issued or sold, then the initial consideration payable under such options, warrants or rights, or the initial number of shares of Common Stock underlying such options, warrants or rights, as applicable, will be used and each time thereafter when such amount of consideration or number of shares becomes determinable or is otherwise adjusted (including pursuant to "anti-dilution" or similar provisions) will be deemed, for purposes of this Section 2.2 and without affecting any prior adjustments theretofore made to the Warrant Price, to be the issuance of additional options, warrants or rights in such Qualified Financing;

(y) for purposes of clause (B), the surrender, extinguishment, maturity or other expiration of any such options, warrants or rights will be deemed not to constitute consideration payable pursuant to such options, warrants or rights to purchase or otherwise acquire shares of Common Stock; and

(z) the "value" of any such consideration will be the fair value thereof, as of the date such shares, options, warrants or rights, as applicable, are issued or sold, determined in good faith by the Company (or, in the case of cash denominated in U.S. dollars, the face amount thereof).

"Equity Financing" means the Company's issuance or sale of any shares of Common Stock, or any options, warrants or other rights to purchase or otherwise acquire (whether immediately, during specified times, upon the satisfaction of any conditions or otherwise) any shares of Common Stock, in a transaction or series of transactions that is primarily for the purpose of raising capital; *provided*, *however*, that in no case shall an Exempt Issuance be an Equity Financing.

"Exempt Issuance" means (A) the Company's issuance of any securities as full or partial consideration in connection with a strategic acquisition or collaboration transaction, including mergers, acquisitions, consolidations, licenses or purchases of all or substantially all of the securities or assets of a corporation or other entity; (B) the Company's issuance or grant of shares of Common Stock or options to purchase shares Common Stock to employees, directors or Consultants of the Company or any of its subsidiaries, pursuant to plans that have been approved by a majority of the independent members of the Board of Directors of the Company or that exist as of January 22, 2016; (C) the Company's issuance of securities upon the exercise, exchange or conversion of any securities that are exercisable or exchangeable for, or convertible into, shares of Common Stock and are outstanding as of January 22, 2016, *provided* that such exercise, exchange or conversion is effected pursuant to the terms of such securities as in effect on January 22, 2016; (D) the Company's issuance of securities pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by a majority of the disinterested members of the Board of Directors of the Company; or (E) the Company's issuance of its 8.00% Convertible Senior Secured Notes pursuant to the Note Purchase Agreement and any shares of Common Stock upon conversion of such notes.

"Qualified Financing" means the first to occur Equity Financing while any Warrant is outstanding that generates aggregate gross proceeds to the Company of at least three million dollars ($3,000,000), whether in a single transaction or a series of related transactions."

Section 2. Miscellaneous.

(A) *Generally*. Sections 5.7, 5.8, 5.9 and 5.10 of the Existing Warrant will apply to this Amendment as if the same were reproduced in this Amendment, *mutatis mutandis*.

(B) *Affirmation of Warrant*. The parties hereby affirm all provisions of the Existing Warrant as amended by this Amendment.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

The parties hereto have executed this Amendment as of the date first written above.

IMPRIMIS PHARMACEUTICALS, INC.

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: Chief Executive Officer

IMMY FUNDING LLC

By: */s/ Stephen J. DeNelsky*
Name: Stephen J. DeNelsky
Title: President