

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

**FORM 10-Q**

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

**For the quarterly period ended March 31, 2018**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-36306**

**Eagle Pharmaceuticals, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**2834**

(Primary Standard Industrial  
Classification Code Number)

**50 Tice Boulevard, Suite 315**

**Woodcliff Lake, NJ 07677**

**(201) 326-5300**

**20-8179278**

(I.R.S. Employer  
Identification Number)

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a  
smaller reporting company)

Emerging growth company

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The number of shares outstanding of the registrant's common stock as of May 3, 2018: 14,835,438 shares.

#### **NOTE REGARDING COMPANY REFERENCES**

References to the "Company," "Eagle Pharmaceuticals," "Eagle," "we," "us" or "our" mean Eagle Pharmaceuticals, Inc., a Delaware corporation and its subsidiary, Eagle Biologics, Inc., and references to "Eagle Biologics" mean Eagle Biologics, Inc.

#### **NOTE REGARDING TRADEMARKS**

All trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

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**EAGLE PHARMACEUTICALS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share amounts)

	March 31, 2018	December 31, 2017
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 95,670	\$ 114,657
Accounts receivable, net	53,426	53,821
Inventory	6,141	5,118
Prepaid expenses and other current assets	13,583	15,101
Total current assets	168,820	188,697
Property and equipment, net	6,498	6,820
Intangible assets, net	22,652	23,322
Goodwill	39,743	39,743
Deferred tax asset, net	11,477	11,354
Other assets	106	124
Total assets	\$ 249,296	\$ 270,060
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 9,353	\$ 11,981
Accrued expenses	13,102	15,391
Current portion of contingent consideration	55	15,055
Current portion of long-term debt	6,250	4,875
Total current liabilities	28,760	47,302
Contingent consideration, less current portion	735	709
Long-term debt, less current portion	41,624	42,905
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, 1,500,000 shares authorized and no shares issued or outstanding as of March 31, 2018 and December 31, 2017	—	—
Common stock, \$0.001 par value; 50,000,000 shares authorized; 16,166,259 and 16,089,439 issued as of March 31, 2018 and December 31, 2017, respectively	16	16
Additional paid in capital	237,059	233,639
Retained earnings	28,900	26,284
Treasury stock, at cost, 1,365,386 and 1,241,695 shares as of March 31, 2018 and December 31, 2017, respectively	(87,798)	(80,795)
Total stockholders' equity	178,177	179,144
Total liabilities and stockholders' equity	\$ 249,296	\$ 270,060

See accompanying notes to condensed consolidated financial statements.

**EAGLE PHARMACEUTICALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except share and per share amounts)  
(unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenue:</b>		
Product sales	\$ 10,838	\$ 15,286
Royalty revenue	35,788	36,507
License and other revenue	—	25,000
Total revenue	46,626	76,793
<b>Operating expenses:</b>		
Cost of product sales	7,223	10,765
Cost of royalty revenue	4,585	7,229
Research and development	17,320	7,525
Selling, general and administrative	15,193	18,578
Total operating expenses	44,321	44,097
Income from operations	2,305	32,696
Interest income	27	3
Interest expense	(675)	(27)
Total other expense, net	(648)	(24)
<b>Income before income tax benefit (provision)</b>	1,657	32,672
Income tax benefit (provision)	959	(9,748)
<b>Net Income</b>	\$ 2,616	\$ 22,924
<b>Earnings per share attributable to common stockholders:</b>		
Basic	\$ 0.18	\$ 1.50
Diluted	\$ 0.17	\$ 1.42
<b>Weighted average number of common shares outstanding:</b>		
Basic	14,819,530	15,257,892
Diluted	15,478,335	16,165,361

See accompanying notes to condensed consolidated financial statements.

**EAGLE PHARMACEUTICALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
(In thousands)  
(unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Amount				
<b>Balance at December 31, 2017</b>	16,089	\$ 16	\$ 233,639	\$ (80,795)	\$ 26,284	\$ 179,144
Stock-based compensation expense	—	—	5,305	—	—	5,305
Issuance of common stock upon exercise of stock option grants	77	—	1,166	—	—	1,166
Payment of employee withholding tax for net option exercise			(3,051)	—	—	(3,051)
Common stock repurchases	—	—	—	(7,003)	—	(7,003)
Net income	—	—	—	—	2,616	2,616
<b>Balance at March 31, 2018</b>	<u>16,166</u>	<u>\$ 16</u>	<u>\$ 237,059</u>	<u>\$ (87,798)</u>	<u>\$ 28,900</u>	<u>\$ 178,177</u>

See accompanying notes to condensed consolidated financial statements.

**EAGLE PHARMACEUTICALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,616	\$ 22,924
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred income taxes	(123)	4,212
Depreciation expense	341	196
Amortization of intangible assets	670	712
Stock-based compensation	5,305	4,193
Change in fair value of contingent consideration	27	426
Amortization of debt issuance costs	94	—
Interest expense	—	27
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in accounts receivable	395	(42,548)
Increase in inventories	(1,023)	(276)
Decrease in prepaid expenses and other current assets	1,518	3,252
Decrease (increase) in other assets	18	(27)
(Decrease) increase in accounts payable	(2,628)	4,311
Decrease in accrued expenses and other liabilities	(2,289)	(9,838)
Net cash provided by (used in) operating activities	4,921	(12,436)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(19)	(676)
Net cash used in investing activities	(19)	(676)
<b>Cash flows from financing activities:</b>		
Proceeds from common stock option exercise	1,166	2,137
Payment of employee withholding tax for net option exercise	(3,051)	—
Payment of debt financing costs	—	(482)
Payment of contingent consideration	(15,001)	—
Repurchases of common stock	(7,003)	(13,653)
Net cash used in financing activities	(23,889)	(11,998)
<b>Net decrease in cash</b>	<b>(18,987)</b>	<b>(25,110)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>114,657</b>	<b>52,820</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 95,670</b>	<b>\$ 27,710</b>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid during the period for:</b>		
Income taxes	\$ 96	\$ —
Interest	368	—

See accompanying notes to condensed consolidated financial statements.

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(In thousands, except share and per share amounts)**  
*(Unaudited)*

**1. Interim Condensed Consolidated Financial Statements**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. The condensed consolidated balance sheet at December 31, 2017 was derived from audited financial statements, but certain information and footnote disclosures normally included in the Company's annual consolidated financial statements have been condensed or omitted. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the financial information for the interim periods reported have been made. Results of operations for the three months ended March 31, 2018 are not necessarily indicative of the results for the year ending December 31, 2018 or any period thereafter. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on February 26, 2018. Unless otherwise indicated or required by context, reference throughout to the "Company," "Eagle Pharmaceuticals," "Eagle," "we," "us" or "our" mean Eagle Pharmaceuticals, Inc., a Delaware corporation and its subsidiary, Eagle Biologics, Inc., and references to "Eagle Biologics" mean Eagle Biologics, Inc.

**2. Organization and Business Activities**

Eagle Pharmaceuticals, Inc. is a specialty pharmaceutical company focused on developing and commercializing injectable products, primarily in the critical care and oncology areas, using the U.S. Food and Drug Administration's ("FDA's") 505(b)(2) New Drug Application ("NDA") regulatory pathway. The Company's business model is to develop proprietary innovations to FDA-approved injectable drugs, referred to as branded reference drugs, that offer favorable attributes to patients and healthcare providers. The Company has four products currently being sold in the United States under various license agreements in place with commercial partners, including a ready-to-use formulation of Argatroban, Ryanodex<sup>®</sup>(dantrolene sodium) ("Ryanodex"), docetaxel injection, non-alcohol formulation ("Non-Alcohol Docetaxel Injection") and rapidly infused bendamustine RTD ("Bendeka"). The Company has a number of products currently under development and certain products may be subject to license agreements.

On February 13, 2015, the Company submitted a New Drug Application ("NDA") to the FDA for Bendeka, which was approved by the FDA on December 7, 2015. Also on February 13, 2015, the Company entered into an Exclusive License Agreement (the "Cephalon License") with Cephalon, Inc. ("Cephalon"), a wholly-owned subsidiary of Teva Pharmaceutical Industries Ltd. ("Teva"), for U.S. and Canadian rights to Bendeka for treatment of patients with chronic lymphocytic leukemia ("CLL") and patients with non-Hodgkin's lymphoma ("NHL"). Subsequently, with the consent of the Company, Cephalon assigned to Teva Pharmaceuticals International GmbH ("TPIG") all of Cephalon's rights and obligations under the Cephalon License. Accordingly, all references to "Cephalon" or to the "Cephalon License" and the related supply agreements for Bendeka should be read and construed as references to TPIG and to the license agreement and supply agreements for Bendeka to which the Company and TPIG are now parties. Pursuant to the terms of the Cephalon License, Cephalon will be responsible for all U.S. commercial activities for the product including promotion and distribution, and the Company is responsible for obtaining and maintaining all regulatory approvals and conducting post-approval clinical studies. In connection with the Cephalon License, the Company has entered into a supply agreement with Cephalon, pursuant to which the Company is responsible for supplying product to Cephalon. During the quarter-ended September 30, 2016, the Company entered into an amendment to the Cephalon License and supply agreements for Bendeka. The amendment expands the geographical scope of the rights granted under the original agreement to include territories outside the U.S. and Canada. Under the terms of the Cephalon License, the Company earned \$25 million in March 2017 for an additional sales-based milestone payment as TPIG reached \$500 million of aggregate net sales of Bendeka. In addition, the Company is entitled to receive 25% royalty payments on net product sales.

On October 13, 2015, the Company entered into an exclusive U.S. licensing agreement (the "Teikoku Agreement") with Teikoku Pharma USA, Inc. ("Teikoku") to market, sell and distribute Non-Alcohol Docetaxel Injection, an investigational product intended for the treatment of breast cancer, non-small cell lung cancer, prostate cancer, gastric adenocarcinoma, and head and neck cancer. The NDA for Non-Alcohol Docetaxel Injection for these indications was approved by the FDA on December 22, 2015. The Company is obligated to pay 25% royalties on future gross profits.



**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(In thousands, except share and per share amounts)**  
*(Unaudited)*

On November 4, 2015, the Company entered into a Co-Promotion Agreement (the "Spectrum Agreement") with Spectrum Pharmaceuticals, Inc. ("Spectrum") under which Spectrum agreed to sell and market one of the Company's products through June 2017. The Company had the option to extend the initial term of this agreement by six months to December 31, 2017 at the Company's sole election. The Company elected not to exercise that option and the Spectrum agreement has expired.

On March 24, 2016 the FDA denied the Company's request for seven years of orphan drug exclusivity in the U.S., for Bendeka. In April 2016, the Company filed a lawsuit against the FDA arguing that Bendeka is entitled to orphan drug exclusivity as a matter of law (see Note 12. Legal Proceedings). On July 2, 2014, the FDA granted the Company orphan drug designations for Bendeka for the treatment of CLL and indolent B-cell NHL. The designations were based on a plausible hypothesis that Bendeka is "clinically superior" to a drug previously approved for the same indications. Generally, an orphan-designated drug is eligible for seven years of marketing exclusivity for the orphan-designated indications upon approval of the drug for those indications. If granted, orphan drug exclusivity for Bendeka would run for seven years from December 7, 2015, the date Bendeka was approved.

On August 9, 2016, the Company announced a share repurchase program approved by the Company's board of directors authorizing the repurchase of up to \$75.0 million of the Company's common stock (the "Share Repurchase Program"). On August 9, 2017, the Company announced a new share repurchase program approved by the Board, under which the Company may repurchase up to an additional \$100 million of its outstanding common stock (the "New Share Repurchase Program"). Under the Share Repurchase Program and the New Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The Share Repurchase Programs have no time limit and may be suspended or discontinued completely at any time. The specific timing and amount of repurchases will vary based on available capital resources and other financial and operational performance, market conditions, securities law limitations, and other factors. The repurchases will be made using the Company's cash resources. In any period, cash used in financing activities related to shares repurchased may differ from the comparable change in stockholders' equity, reflecting timing differences between the recognition of share repurchase transactions and their settlement for cash. The Company repurchased 123,691 shares of common stock for \$7.0 million during the three months ended March 31, 2018, and an aggregate of 1,365,386 shares of common stock for \$87.8 million through March 31, 2018.

On November 16, 2016 the Company entered into a stock purchase agreement to acquire Arsia Therapeutics, Inc. ("Arsia"), an early-stage biotechnology firm with proprietary viscosity-reducing technology and formulation know-how and subsequently renamed the subsidiary Eagle Biologics, Inc. ("Eagle Biologics"). Under the terms of the stock purchase agreement, at closing we paid approximately \$27.2 million in cash and 40,200 shares of Eagle common stock worth \$3.0 million. We also agreed to pay up to \$48 million in additional payments upon the completion of certain milestones, for aggregate potential payments of \$78 million. As part of the agreement, Eagle Biologics founders and Massachusetts Institute of Technology professors Dr. Robert Langer and Dr. Alexander Klibanov, as well as other key members of the Eagle Biologics team, entered into agreements to work with Eagle to develop new formulations and solve delivery challenges with large molecule products (see Note 4. Acquisitions).

On July 26, 2017, the Company received a Complete Response Letter from the FDA regarding its 505(b)(2) NDA for Ryanodex for the treatment of exertional heat stroke ("EHS"), in conjunction with external cooling methods. Based on the recent meeting with the FDA, the Company has agreed on a path forward and plan to conduct an additional clinical trial in August 2018 during the Hajj pilgrimage, similar to the study conducted during the Hajj in 2015.

On August 8, 2017, the Company entered into an Amended and Restated Credit Agreement (the "Amended Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent (the "Agent") and the lenders party thereto, which amended and restated the Company's existing credit agreement, dated as of January 26, 2017. The Amended Credit Agreement provides for a three-year \$50 million revolving credit facility and a three-year \$100 million term loan facility (which are collectively referred to as the "Amended Credit Facility"). At closing, which occurred on August 8, 2017, \$50 million of the term loan facility was drawn, and none of the revolving credit facility has been drawn. Although the Company had the option to make one other draw on the term loan facility on or before February 4, 2018, the Company elected not to draw down further on the term loan facility. The Amended Credit Facility includes a \$5 million letter of credit subfacility. The Company anticipates that the draw at closing and future draws under the Amended Credit Facility, if any, will be used to finance the New Share Repurchase Program (as defined below) and for other corporate purposes. Loans under the Amended Credit Facility bear interest, at the Company's option, at a rate equal to either (a) the LIBOR rate, plus an applicable margin ranging from 2.25% to 3.00% per annum, based upon the total net leverage ratio

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(In thousands, except share and per share amounts)**  
*(Unaudited)*

(as defined in the Amended Credit Agreement), or (b) the prime lending rate, plus an applicable margin ranging from 1.25% to 2.00% per annum, based upon the total net leverage ratio. The Company is required to pay a commitment fee on the unused portion of the Amended Credit Facility at a rate ranging from 0.35% to 0.45% per annum based upon the total net leverage ratio. The Company is permitted to terminate or reduce the revolving commitments or term commitments of the lenders and to make voluntary prepayments at any time subject to break funding payments. The Company is required to make mandatory prepayments of outstanding indebtedness under the Amended Credit Agreement (a) upon receipt of proceeds from certain sales, transfers or other dispositions, casualty and other condemnation events and the incurrence of certain indebtedness other than indebtedness permitted, subject to customary reinvestment exceptions and (b) in the case that the aggregate amount of all outstanding loans and letters of credit issued under the Amended Credit Facility exceed the aggregate commitment of all lenders under the Amended Credit Facility.

On September 20, 2017, the Company entered into a Product Collaboration and License Agreement, effective as of September 19, 2017, (the "SymBio License Agreement") with SymBio Pharmaceuticals Limited ("SymBio") for the rights to develop and commercialize the Company's bendamustine hydrochloride ready-to-dilute injection product and rapid infusion injection product (collectively, the "Products") in Japan. Under the License Agreement, SymBio will be responsible for all development of the Products in Japan and for obtaining and maintaining all regulatory approvals of the Products in Japan, with a target for regulatory approval of a Product in Japan in 2020. SymBio will bear all costs of development of the Products in Japan except that, if Japanese regulatory authorities require a certain clinical study to be conducted as a condition for approving one of the Products in Japan, Eagle would share 50% of the out-of-pocket costs of that clinical study up to a specified dollar amount as a reduction to future royalty payments. Based on the Company's assessment of the probability of additional costs, the Company not deferred revenue on the Symbio License Agreement. SymBio will also be responsible, at its sole cost, for all marketing, promotion, distribution and sales of the Products in Japan and is obligated to launch the Products and meet certain minimum detailing, promotion and marketing commitments in connection with commercialization of the Products in Japan.

SymBio currently markets in Japan TREAKISYM®, a lyophilized powder formulation of bendamustine hydrochloride indicated for CLL, relapsed or refractory low-grade NHL, mantle cell lymphoma ("MCL"), and as a first line treatment of low-grade NHL and MCL. Under the SymBio License Agreement, SymBio may continue to market TREAKISYM® in Japan and SymBio will be permitted to develop and market certain other bendamustine hydrochloride products in Japan for limited indications.

Pursuant to the terms of the SymBio License Agreement, the Company and SymBio will enter into a separate supply agreement, under which the Company will be responsible for manufacturing and supplying the Products to SymBio for development and commercialization in Japan. After a period of time following launch of a Product, SymBio will have the right to assume the responsibility for manufacturing of the Products in and for Japan. Under the Symbio License Agreement, the Company will retain the right to control the prosecution, maintenance and enforcement of the Company's patents covering the Products, both inside and outside of Japan.

Under the Symbio License Agreement, the Company earned an upfront non-refundable cash payment of \$12.5 million in the third quarter of 2017, and is eligible to receive a milestone payment upon approval of a Product in Japan and a milestone payment upon achievement of certain cumulative net sales of the Products in Japan, which can aggregate to a total of approximately \$10.0 million (subject to currency fluctuations). After regulatory approval of a Product in Japan, the Company will also receive tiered, low double-digit royalties on net sales of the Products in Japan for so long as there are patents covering the Products in Japan or regulatory exclusivity for the Products in Japan.

On October 23, 2017, the Company entered into an agreement with Worldwide Clinical Trials, Inc. to conduct a clinical trial for fulvestrant. A group study of healthy female subjects have been randomized across 12 sites. The study will evaluate the safety, tolerability, and pharmacokinetics of a single dose of fulvestrant for Injectable Suspension versus the reference drug administered by IM injection in the gluteal muscle. The Company expects the study to be completed by fall 2018.

On October 27, 2017, the FDA granted tentative approval for the Company's PEMFEXY™, a pemetrexed injection ready-to-dilute formulation ("Eagle's Pempfexy Product") for locally advanced or metastatic nonsquamous non-small cell lung cancer in combination with cisplatin; locally advanced or metastatic nonsquamous non-small cell lung cancer in patients whose disease has not progressed after four cycles of platinum-based first-line chemotherapy, as maintenance treatment; locally advanced or

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(In thousands, except share and per share amounts)**  
*(Unaudited)*

metastatic nonsquamous non-small cell lung cancer after prior chemotherapy as a single agent; and malignant pleural mesothelioma in patients whose disease is unresectable or who are otherwise not candidates for curative surgery in combination with cisplatin.

On February 8, 2018, the Company entered into an amendment (the “Arsia Amendment”) to the stock purchase agreement dated November 10, 2016 (the “Arsia SPA”), pursuant to which the Company acquired from Arsia Therapeutics, LLC (the “Seller”) all of the outstanding capital stock of Arsia Therapeutics, Inc. (now Eagle Biologics). Pursuant to the Arsia Amendment, the Company’s obligations to make four separate milestone payments pursuant to the Arsia SPA, which could have aggregated to a total of \$48 million, were terminated in exchange for a single payment of \$15 million to the Seller.

In March 2018, the Company announced that the United States Patent and Trademark Office (USPTO) issued a new patent to the Company’s Eagle Biologics division. Patent number 9,925,263 will expire in March 2036 and is the third patent issued in the Eagle Biologics family of patents.

In March 2018, the FDA approved a second manufacturing site for Bendeka.

On April 16, 2018, the Company announced the FDA’s acceptance of the Company’s ANDA filing for vasopressin injection, 1ml. This product is the generic version of Endo International plc’s original Vasostrict® formulation, which is indicated to increase blood pressure in adults with vasodilatory shock (e.g., post-cardiotomy or sepsis) who remain hypotensive despite fluids and catecholamines.

### **3. Summary of Significant Accounting Policies**

#### ***Use of Estimates***

These financial statements are presented in U.S. dollars and are prepared in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed financial statements including disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and accompanying notes. The Company’s critical accounting policies are those that are both most important to the Company’s financial condition and results of operations and require the most difficult, subjective or complex judgments on the part of management in their application, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Because of the uncertainty of factors surrounding the estimates or judgments used in the preparation of the financial statements, actual results may materially vary from these estimates.

#### ***Reclassifications***

Certain reclassifications have been made to prior year amounts to conform with the current year presentation.

#### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. All cash and cash equivalents are held in United States financial institutions. The carrying amount of cash and cash equivalents approximates its fair value due to its short-term nature.

The Company, at times, maintains balances with financial institutions in excess of the FDIC limit.

#### ***Fair Value Measurements***

U.S. GAAP establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(In thousands, except share and per share amounts)**  
*(Unaudited)*

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of interest-bearing cash, cash equivalents, accounts receivable and accounts payable approximate fair value due to their life being short term in nature, and are classified as Level 1 for all periods presented.

The fair value of debt is classified as Level 2 for the periods presented and approximates its fair value due to the variable interest rate.

The fair value of the contingent consideration/accrued royalty is classified as Level 3 for the periods presented.

### ***Intangible Assets***

#### ***Other Intangible Assets, Net***

The Company capitalizes and includes in intangible assets the costs of acquired product licenses and developed technology purchased individually or identified in a business combination. Intangible assets are recorded at fair value at the time of their acquisition and stated net of accumulated amortization. The Company amortizes its definite-lived intangible assets using either the straight-line or accelerated method, based on the useful life of the asset over which it is expected to be consumed utilizing expected undiscounted future cash flows. The Company will evaluate the potential impairment of intangible assets if events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Events giving rise to impairment are an inherent risk in our industry and many factors cannot be predicted. Factors that we consider in deciding when to perform an impairment review include significant changes in our forecasted projections for the asset or asset group for reasons including, but not limited to, significant under-performance of a product in relation to expectations, significant changes or planned changes in our use of the assets, significant negative industry or economic trends, and new or competing products that enter the marketplace. The impairment test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset group and its eventual disposition to the carrying value of the asset group. If impairment is indicated, the asset is written down by the amount by which the carrying value of the asset exceeds the related fair value of the asset with the related impairment charge recognized within the statements of income. The Company identified an impairment to our intangible asset for Non-Alcohol Docetaxel Injection in the third quarter of 2017 (See Note 7. Intangible Assets, Net).

With respect to determining an asset's fair value and useful life, because this process involves management making certain estimates and these estimates form the basis of the determination of whether or not an impairment charge should be recorded, these estimates are considered to be critical accounting estimates.

#### ***Goodwill***

Goodwill represents the excess of purchase price over the fair value of net assets acquired in the Eagle Biologics acquisition. Goodwill is not amortized, but is evaluated for impairment on an annual basis, in the fourth quarter, or more frequently if events or changes in circumstances indicate that the reporting unit's goodwill is less than its carrying amount. The Company did not identify any impairment to goodwill during the periods presented.

#### ***Acquisition-Related Contingent Consideration***

Contingent consideration related to a business combination is recorded on the acquisition date at the estimated fair value of the contingent payments. The acquisition date fair value is measured based on the consideration expected to be transferred using probability-weighted assumptions and discounted back to present value. The discount rate used is determined at the time of the acquisition in accordance with accepted valuation methods. The fair value of the acquisition-related contingent consideration is re-measured at the estimated fair value at each reporting period with the change in fair value recognized as income or expense in the consolidated statements of income.

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**Concentration of Major Customers and Vendors**

The Company is dependent on commercial partners to market and sell Argatroban and Bendeka. The Company's customers for Argatroban and Bendeka are its commercial and licensing partners; therefore, the Company's future revenues are highly dependent on these collaboration and distribution arrangements. The Company earned a \$25 million sales-based milestone payment in March 2017 for Bendeka.

The total revenues and accounts receivables broken down by major customers as a percentage of the total are as follows:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net revenues</b>		
Cephalon, Inc. (Teva) - See Revenue Recognition	84%	87%
Other	16%	13%
	<u>100%</u>	<u>100%</u>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2018</b>	<b>2017</b>
<b>Accounts receivable</b>		
Cephalon, Inc. (Teva)	79%	74%
Other	21%	26%
	<u>100%</u>	<u>100%</u>

Currently, for Argatroban, the Company uses one vendor as its sole source supplier. Because of the unique equipment and process for manufacturing, transferring manufacturing activities to an alternate supplier would be a time consuming and costly endeavor.

**Inventory**

Inventory is recorded at the lower of cost or market, with cost determined on a first-in first-out basis. The Company periodically reviews the composition of inventory in order to identify obsolete, slow-moving or otherwise non-saleable items. If non-saleable items are observed and there are no alternate uses for the inventory, the Company will record a write-down to net realizable value in the period that the decline in value is first recognized. In most instances, inventory is shipped from the Company's vendor directly to the Company's customers.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is recorded over the estimated useful lives of the assets utilizing the straight-line method. Leasehold improvements are being amortized over the shorter of their useful lives or the lease term.

**Research and Development Expense**

Costs for research and development are charged to expense as incurred and include; employee-related expenses including salaries, benefits, travel and stock-based compensation expense for research and development personnel; expenses incurred under agreements with contract research organizations, contract manufacturing organizations and service providers that assist in conducting clinical and preclinical studies; costs associated with preclinical activities and development activities, costs associated with regulatory operations; and depreciation expense for assets used in research and development activities.

Costs for certain development activities, such as clinical studies, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the patterns of costs incurred, and are reflected in the condensed consolidated financial statements as prepaid

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expenses or accrued expenses as deemed appropriate. Recoveries of previously recognized research and development expenses from third parties are recorded as a reduction to research and development expense in the period it becomes realizable.

***Advertising and Marketing***

Advertising and marketing costs are expensed as incurred. Advertising and marketing costs were \$895 and \$5,936 for the three months ended March 31, 2018 and 2017, respectively.

***Income Taxes***

The Company accounts for income taxes using the liability method in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), Topic 740 - Income Taxes (“ASC 740”). Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured by applying enacted rates and laws to taxable years in which differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the rate changes. A valuation allowance is required when it is “more likely than not” that all or a portion of deferred tax assets will not be realized. Since our inception, we have incurred substantial cumulative losses and through the third quarter of 2016 we recorded a full valuation allowance against our net deferred tax assets which was largely made up of our net operating loss carryforward. In the fourth quarter of 2016, the Company reversed the reserve on its net deferred tax asset (see Note 11. Income Taxes). ASC 740 also prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return, including a decision whether to file or not file a return in a particular jurisdiction. We recognize any interest and penalties accrued related to unrecognized tax benefits as income tax expense.

***Revenue Recognition***

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

*Product revenue* - The Company recognizes net revenue on sales to its commercial partners and to end users. In each instance, revenue is generally recognized when the customer obtains control of the Company’s product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract.

Revenue on sales to commercial partners relates to Argatroban and Bendeka. Sales to our commercial partners are presented gross because the Company is primarily responsible for fulfilling the promise to provide the product, is responsible to ensure that the product is produced in accordance with the related supply agreement and bears risk of loss while the inventory is in-transit to the commercial partner.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the expected value method to which the Company expects to be entitled. As such, revenue on sales to end users for Non-Alcohol Docetaxel Injection, Ryanodex and diclofenac-misoprostol are recorded net of chargebacks, rebates, returns, prompt pay discounts, wholesaler fees and other deductions. Our products are contracted with a limited number of oncology distributors and hospital buying groups with narrow differences in ultimate realized contract prices used to estimate our chargeback and rebate reserves. The Company has a product returns policy

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on some of its products that allows the customer to return pharmaceutical products within a specified period of time both prior to and subsequent to the product's expiration date. The Company's estimate of the provision for returns is analyzed quarterly and is based upon many factors, including historical experience of actual returns and analysis of the level of inventory in the distribution channel, if any. The Company has terms on sales of Ryanodex by which the Company does not accept returns. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration are made using the expected value method and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available. The Company believes that the estimates it has established are reasonable based upon current facts and circumstances. Applying different judgments to the same facts and circumstances could result in the estimated amounts to vary.

*Royalty Revenue* — The Company recognizes revenue from license arrangements with its commercial partners' net sales of products. In accordance with ASC 606-10-55-65, royalties are recognized when the subsequent sale of the commercial partner's products occurs. The Company's commercial partners are obligated to report their net product sales and the resulting royalty due to the Company within 25 days for Bendeka and 60 days for Argatroban from the end of each quarter. Based on historical product sales, royalty receipts and other relevant information, the Company accrues royalty revenue each quarter and subsequently determines a true-up when it receives royalty reports from its commercial partners. Historically, these true-up adjustments have been immaterial.

*License and other revenue* — The Company analyzes each element of its licensing agreements to determine the appropriate revenue recognition. The terms of the license agreement may include payment to us of non-refundable up-front license fees, milestone payments if specified objectives are achieved, and/or royalties on product sales. The Company recognizes revenue from upfront payments at a point in time, typically upon fulfilling the delivery of the associated intellectual property to the customer.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

The Company recognizes sales-based milestone payments as revenue upon the achievement of the cumulative sales amount specified in the contract in accordance with ASC 606-10-55-65. For those milestone payments which are contingent on the occurrence of particular future events, the Company determined that these need to be considered for inclusion in the calculation of total consideration from the contract as a component of variable consideration using the most-likely amount method. As such, the Company assesses each milestone to determine the probability and substance behind achieving each milestone. Given the inherent uncertainty of the occurrence of these future events, the Company will not recognize revenue from the milestone until there is not a high probability of a reversal of revenue, which typically occurs near or upon achievement of the event.

As described above, under the terms of the Cephalon License, the Company received an upfront cash payment of \$30 million, received a milestone payment of \$15 million for regulatory approval, received a \$40 million milestone upon receipt of the J-Code and received a \$25 million in an additional sales based milestone payment for reaching \$500 million in net product sales of Bendeka. In 2015, the \$30 million upfront payment was allocated between the license issued to Cephalon and obtaining and maintaining regulatory approvals and conducting post-approval clinical studies using the Company's best estimate of selling price for each deliverable. The full \$30 million was recognized as income in the first quarter of 2015, as the Company substantially completed its requirements for obtaining regulatory approval, which consisted of filing an NDA on February 13, 2015, and the remaining obligations were estimated to require minimal effort. On December 7, 2015, the FDA approved Bendeka (50 mL bendamustine hydrochloride) marking the achievement of a milestone which entitled the Company to a \$15 million payment which was received in January 2016. The Company received a \$40 million milestone payment in November 2016 upon receipt of the unique J-Code. Additionally, this event triggered an increase in the royalty rate from 20% to 25% of Bendeka net sales. In March 2017, the Company received a \$25 million sales-based milestone payment for reaching \$500 million in net product sales.

As discussed above, under the Symbio License Agreement, the Company earned an upfront non-refundable cash payment of \$12.5 million during the third quarter of 2017.

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When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph 606-10-32-18, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less. None of the Company's contracts contained a significant financing component as of March 31, 2018.

*Collaborative licensing and development revenue* — The Company recognizes revenue from reimbursements received in connection with feasibility studies and development work for third parties when its contractual services are performed, provided collectability is reasonably assured. Its principal costs under these agreements include its personnel conducting research and development, its allocated overhead, as well as the research and development performed by outside contractors or consultants.

Upon termination of a collaboration agreement, any remaining non-refundable license fees received by the Company, which had been deferred, are generally recognized in full. All such recognized revenues are included in collaborative licensing and development revenue in its statements of income. The Company recognizes revenue from milestone payments received under collaboration agreements when earned, provided that the milestone event is substantive, its achievability was not reasonably assured at the inception of the agreement, the Company has no further performance obligations relating to the event, and collectability is reasonably assured. If these criteria are not met, the Company recognizes milestone payments ratably over the remaining period of its performance obligations under the collaboration agreement.

***Stock-Based Compensation***

The Company accounts for stock-based compensation using the fair value provisions of ASC 718, Compensation - Stock Compensation that requires the recognition of compensation expense, using a fair-value based method, for costs related to all stock-based payments including stock options and restricted stock. This topic requires companies to estimate the fair value of the stock-based awards on the date of grant for options issued to employees and directors and record expense over the employees' service periods, which are generally the vesting period of the equity awards.

The Company accounts for stock-based compensation by measuring and recognizing compensation expense for all stock-based payments made to employees and directors based on estimated grant date fair values. The straight-line method is used to allocate compensation cost to reporting periods over each optionee's requisite service period, which is generally the vesting period. The fair value of the Company's stock-based awards to employees and directors is estimated using the Black-Scholes option valuation model, or Black-Scholes model. The Black-Scholes model requires the input of subjective assumptions, including the expected stock price volatility, the calculation of expected term, forfeitures and the fair value of the underlying common stock on the date of grant, among other inputs. The risk-free interest rate is determined with the implied yield currently available for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options.

***Earnings Per Share***

Basic earnings per common share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed in a manner similar to the basic earnings per share, except that the weighted-average number of shares outstanding is increased to include all common shares, including those with the potential to be issued by virtue of warrants, options, convertible debt and other such convertible instruments. Diluted earnings per share contemplate a complete conversion to common shares of all convertible instruments only if they are dilutive in nature with regards to earnings per share.

The anti-dilutive common shares equivalents outstanding at the three months ended March 31, 2018 and 2017 were as follows:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Options	1,985,879	1,522,317
Total	1,985,879	1,522,317



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The following table sets forth the computation for basic and diluted net income per share for the three months ended March 31, 2018 and 2017:

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Numerator</b>		
Numerator for basic and diluted earnings per share-net income	\$ 2,616	\$ 22,924
<b>Denominator</b>		
Basic weighted average common shares outstanding	14,819,530	15,257,892
Dilutive effect of stock options	658,805	907,469
Diluted weighted average common shares outstanding	15,478,335	16,165,361
<b>Basic net income per share</b>		
Basic net income per share	\$ 0.18	\$ 1.50
<b>Diluted net income per share</b>		
Diluted net income per share	\$ 0.17	\$ 1.42

**Recent Accounting Pronouncements**

*Recent Accounting Pronouncements - Not Yet Adopted*

In January 2016, the FASB issued ASU 2016-01, which revises the guidance in ASC 825-10, Recognition and Measurement of Financial Assets and Financial Liabilities, and provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The guidance is effective for reporting periods (interim and annual) beginning after December 15, 2017, for public companies. We are currently assessing the potential impact of this ASU on our financial position and results of operations.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The adoption of this new standard will increase assets and liabilities on our balance sheet when adopted. We are still fully assessing the overall impact of this ASU on our financial position and results of operations.

In January 2017, the FASB issued guidance to simplify the measurement of goodwill. The guidance eliminates Step 2 from the goodwill impairment test. Instead, under the amendments in this guidance, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss. The guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. The guidance is effective for public business entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and early adoption is permitted for interim or annual goodwill impairment tests performed for testing dates after January 1, 2017. The guidance must be adopted on a prospective basis. We do not expect this guidance to have an impact on our consolidated financial statements.

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In January 2017, the FASB issued guidance clarifying the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The guidance provides a screen to determine when an integrated set of assets and activities is not a business, provides a framework to assist entities in evaluating whether both an input and substantive process are present, and narrows the definition of the term output. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, and early adoption is permitted. The guidance must be adopted on a prospective basis. We will consider the guidance for future transactions.

*Recent Adopted Accounting Pronouncements*

The Company adopted ASC 606, Revenue from Contracts with Customers with a date of initial application of January 1, 2018. As a result, the Company has updated its accounting policy for revenue recognition to reflect the new standard as detailed above. The adoption of ASC 606 represents a change in accounting principle that will more closely align revenue recognition with the delivery of the Company's services and will provide financial statement readers with enhanced disclosures. The Company applied Topic 606 using the modified retrospective method. The Company has elected to apply this initial application of the standard only to contracts that are not completed at the date of initial application. For contracts which were modified before the adoption date, the Company has not restated the contract for those modifications. Instead, the Company reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price, if necessary. The cumulative effect of initially applying the new revenue standard would be applied as an adjustment to the opening balance of retained earnings. The Company has analyzed this effect and found the adoption of the new guidance did not have a material impact on our consolidated financial statements and our recognition is consistent with our historical accounting policies.

**Note 4. Acquisitions**

**Acquisition of Non-Alcohol Docetaxel Injection**

On October 13, 2015, the Company entered into the Teikoku Agreement with Teikoku to market, sell and distribute Non-Alcohol Docetaxel Injection, an investigational product intended for the treatment of breast cancer, non-small cell lung cancer, prostate cancer, gastric adenocarcinoma, and head and neck cancer. The NDA for Non-Alcohol Docetaxel Injection for these indications was approved by the FDA on December 22, 2015. Under the terms of the agreement, the Company paid \$4,850 upon FDA approval and NDA transfer to the Company, which occurred on January 12, 2016. The Company will also pay 25% royalties on future gross profits to Teikoku. The Company accounted for the transaction as a purchase of a business in 2016, in accordance with FASB ASC 805 *Business Combinations*.

The Company has measured the fair value of the future royalty payment using its own assumptions of future profitability for Non-Alcohol Docetaxel Injection. Acquisition contingent consideration is measured at fair value on a recurring basis using unobservable inputs, which accordingly represents a Level 3 measurement within the fair value hierarchy. Any change in fair value of the contingent consideration subsequent to the acquisition date is recognized in operating income within the condensed statement of operations.

During the year ended December 31, 2017, the Company recorded a change in the fair value of contingent consideration of \$6.2 million. This was primarily driven by adjustments to the fair values of the liabilities associated with Non-Alcohol Docetaxel Injection, which was remeasured due to the loss of a customer and other market conditions identified during the third quarter of 2017 for the product and partially offset by accretion for the time value of money.

The following table represents a reconciliation of the change in the fair value measurement of the contingent consideration liability, which was recorded in the Company's condensed consolidated statements of income:

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Closing Balance December 31, 2017	Changes in fair value	Payment of contingent consideration	Closing Balance March 31, 2018
\$ 764	\$ 27	(1)	\$ 790

Total consideration of \$11,220, which is comprised of the \$4,850 cash paid on FDA approval and NDA transfer to the Company and the fair value of contingent consideration has been attributed to the intangible asset for Non-Alcohol Docetaxel Injection product rights.

**Eagle Biologics Acquisition**

On November 16, 2016, the Company entered into a stock purchase agreement with Arsia Therapeutics, LLC (“Seller”) (“Arsia SPA”) to acquire Arsia Therapeutics, Inc., an early-stage biotechnology firm with proprietary viscosity-reducing technology and formulation know-how and subsequently renamed the subsidiary Eagle Biologics, Inc. (“Eagle Biologics”). Under the terms of the Arsia SPA, the Company paid approximately \$27.2 million in cash and 40,200 shares of Eagle common stock worth \$3.0 million at closing. The Company also agreed to pay up to \$48 million in additional payments upon the completion of certain milestones, for aggregate potential payments of \$78 million. As part of the agreement, Eagle Biologics founders and Massachusetts Institute of Technology professors, Dr. Robert Langer and Dr. Alexander Klibanov, as well as other key members of the Eagle Biologics team, entered into agreements to work with Eagle to develop new formulations and solve delivery challenges in the large molecules space.

On February 8, 2018, the Company entered into an amendment (the “Arsia Amendment”) to the Arsia SPA. Pursuant to the Arsia Amendment, the Company’s obligation to make four separate milestone payments pursuant to the Arsia SPA, which could have aggregated to a total of \$48 million, were terminated in exchange for a single payment of \$15 million.

The acquisition was accounted for as a business combination in accordance with ASC 805, which requires the assets acquired and liabilities assumed from Eagle Biologics to be recorded on the acquisition date at their respective fair values. Eagle Biologics’ results of operations are included in the financial statements from the date of acquisition.

Eagle Biologics’ platform technology enables subcutaneous administration of high-dose biologics through improved formulation. Eagle Biologics has developed early-stage partnerships with major pharmaceutical companies to apply its technology to their biosimilar molecules, create subcutaneous versions of currently-marketed IV products and produce high-concentration formulations of clinical candidates. In addition to acquiring the technology platform, the Company plans to establish a Biologics Innovation Center in Kendall Square in Cambridge, Massachusetts.

The following table summarizes the consideration transferred to acquire Eagle Biologics at the date of acquisition:

The aggregate consideration consisted of:	Preliminary fair value
Cash consideration paid	\$ 27,209
Common stock issued (i)	3,046
Fair value of contingent consideration payable to seller(long term) (ii)	16,100
Total consideration	\$ 46,355

(i) Under the Arsia SPA, the number of common shares to be issued to the Seller is equal to \$2.7 million divided by the average of the closing day price per share for the thirty (30) trading days prior to the Closing Date. The average price of the common stock of 30 days prior to closing was \$68.18. Accordingly, the number of shares of common stock to be issued to the Seller was determined at 40,200 shares (\$2.7 million divided by \$68.18 per share). The fair value of the common stock issued to the Seller was determined based on the closing price of Eagle’s common stock on November 16, 2016.

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(ii) Under the Arsia SPA, the contingent consideration includes four separate milestone payments which could aggregate to a total of \$48 million payable to the Seller upon achievement of certain clinical, regulatory and development milestones. These milestone payments are also subject to acceleration under certain circumstances described in the Arsia SPA. In accordance with the provisions of ASC 805-30-25-5, each unit of contingent consideration is recognized at the acquisition date fair value. The acquisition date fair value of the contingent consideration is \$16.1 million and has been classified as other liabilities within non-current liabilities. Such fair values are determined based on a probabilistic model with weights assigned on the likelihood of the Company achieving the clinical, regulatory and development milestones as well as an acceleration event in the future. Each unit of contingent consideration is classified as a liability in the balance sheet and would be subsequently measured at fair value on each reporting date. Any future change in fair value would be recognized in the statement of operations. As described above, on February 8, 2018, the Company entered into the Arsia Amendment, pursuant to which the Company's obligations to make four separate milestone payments under the Arsia SPA were terminated in exchange for a single payment of \$15 million to the Seller.

The following table represents a reconciliation of the change in the fair value measurement of the contingent consideration liability through March 31, 2018:

Closing Balance December 31, 2017	Changes in fair value	Payment of contingent consideration	Closing Balance March 31, 2018
\$ 15,000	\$ —	\$ (15,000)	\$ —

## 5. Inventory

Inventory consists of the following:

	March 31, 2018	December 31, 2017
Raw material	\$ 3,758	\$ 2,489
Work in process	932	931
Finished products	1,451	1,698
	<u>\$ 6,141</u>	<u>\$ 5,118</u>

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**6. Balance Sheet Accounts**

*Prepaid and Other Current Assets*

Prepaid and other current assets consist of the following:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Advances to commercial manufacturers	\$ 724	\$ 2,389
Prepaid FDA user fee	912	1,369
Prepaid insurance	843	116
Prepaid income taxes	10,524	9,597
Prepaid research and development	—	1,069
All other	580	561
<b>Total Prepaid expenses and other current assets</b>	<b>\$ 13,583</b>	<b>\$ 15,101</b>

*Accrued Expenses*

Accrued expenses consist of the following:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Royalties payable to commercial partners	\$ 4,592	\$ 4,310
Accrued research & development	1,529	936
Accrued professional fees	2,657	1,254
Accrued salary and other compensation	1,496	4,811
Accrued product costs	1,424	2,657
Accrued other	1,404	1,423
<b>Total Accrued expenses</b>	<b>\$ 13,102</b>	<b>\$ 15,391</b>

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(In thousands, except share and per share amounts)  
(Unaudited)

**7. Intangible Assets, Net**

The gross carrying amounts and net book value of the Company's intangible assets are as follows:

<b>March 31, 2018</b>					
	<b>Useful Life (In Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Impairment Charge</b>	<b>Net Book Value</b>
Docetaxel product rights	10	\$ 11,220	\$ (1,234)	\$ (7,235)	\$ 2,751
Ryanodex intangible	20	15,000	(971)	—	14,029
Developed technology	5	8,100	(2,228)	—	5,872
<b>Total</b>		<b>\$ 34,320</b>	<b>\$ (4,433)</b>	<b>\$ (7,235)</b>	<b>\$ 22,652</b>

<b>December 31, 2017</b>					
	<b>Useful Life (In Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Impairment Charge</b>	<b>Net Book Value</b>
Docetaxel product rights	10	\$ 11,220	\$ (1,164)	\$ (7,235)	\$ 2,821
Ryanodex intangible	20	15,000	(777)	—	14,223
Developed technology	5	8,100	(1,822)	—	6,278
<b>Total</b>		<b>\$ 34,320</b>	<b>\$ (3,763)</b>	<b>\$ (7,235)</b>	<b>\$ 23,322</b>

Amortization expense was \$670 and \$712 for the three months ended March 31, 2018 and 2017, respectively.

*Intangible Asset Impairment*

During the year ended December 31, 2017, the Company experienced a decline in customer contracts and saw a drop in market pricing for Non-Alcohol Docetaxel Injection. Accordingly, the Company estimated the fair value of the Company's Non-Alcohol Docetaxel Injection product and determined the carrying amount of the intangible asset was no longer fully recoverable, resulting in a pre-tax, non-cash asset impairment charge of \$7.2 million during the year ended December 31, 2017.

*Estimated Amortization Expense for Intangible Assets*

Based on definite-lived intangible assets recorded as of March 31, 2018, and assuming that the underlying assets will not be impaired and that the Company will not change the expected lives of the assets, future amortization expenses are estimated as follows:

<b>Year Ending December 31,</b>	<b>Estimated Amortization Expense</b>
2018 (remainder)	\$ 2,010
2019	2,802
2020	2,948
2021	2,905
2022	1,651
Thereafter	10,336
<b>Total estimated amortization expense</b>	<b>\$ 22,652</b>

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(In thousands, except share and per share amounts)**  
*(Unaudited)*

**8. Common Stock and Stock-Based Compensation**

**Common Stock**

On August 9, 2016, the Company announced a share repurchase program approved by the Company's board of directors authorizing the repurchase of up to \$75.0 million of the Company's common stock (the "Share Repurchase Program"). On August 9, 2017, the Company announced a new share repurchase program approved by the Board, under which the Company may repurchase up to an additional \$100 million of its outstanding common stock (the "New Share Repurchase Program"). Under the Share Repurchase Program and the New Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The Share Repurchase Program and the New Share Repurchase Program have no time limit and may be suspended or discontinued completely at any time. The specific timing and amount of repurchases will vary based on available capital resources and other financial and operational performance, market conditions, securities law limitations, and other factors. The repurchases will be made using the Company's cash resources. In any period, cash used in financing activities related to shares repurchased may differ from the comparable change in stockholders' equity, reflecting timing differences between the recognition of share repurchase transactions and their settlement for cash.

The Company repurchased the following shares of common stock with cash resources during the three months ended March 31, 2018:

Shares of common stock repurchased	123,691
Value of common stock repurchased	\$ 7,003

**Stock-Based Compensation**

In December 2007, the Company's board of directors approved the 2007 Incentive Compensation Plan (the "2007 Plan") enabling the Company to grant multiple stock-based awards to employees, directors and consultants, the most common being stock options and restricted stock awards. In November 2013, the Company's board of directors approved the 2014 Equity Incentive Plan (the "2014 Plan") which became effective on February 11, 2014. The 2007 Plan was terminated upon the effectiveness of the 2014 Plan and all shares available for issuance under the 2007 Plan were made available under the 2014 Plan. The 2014 Plan provides for the awards of incentive stock options, non-qualified stock options, restricted stock, restricted stock units and other stock-based awards. Awards generally vest equally over a period of four years from grant date. Vesting may be accelerated under a change in control of the Company or in the event of death or disability to the recipient. In the event of termination, any unvested shares or options are forfeited. At the Company's annual meeting of stockholders held on August 4, 2015, the stockholders approved an amendment to the 2014 Plan to, among other things, increase the number of shares of common stock authorized for issuance thereunder by 500,000 shares.

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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The Company recognized share-based compensation in its condensed consolidated statements of income for the three months ended March 31, 2018 and 2017 as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Stock options	\$ 4,427	\$ 4,193
RSUs	162	—
PSUs	716	—
Share-based compensation expense	<u>\$ 5,305</u>	<u>\$ 4,193</u>
Selling, general and administrative	\$ 4,045	\$ 3,132
Research and development	1,260	1,061
Share-based compensation expense	<u>\$ 5,305</u>	<u>\$ 4,193</u>

During the three months ended March 31, 2018, the Company introduced a new long-term incentive program with the objective to better align the share-based awards granted to management with the Company's focus on improving total shareholder return over the long-term. The share-based awards granted under this long-term incentive program consist of time-based stock options, time-based restricted stock units ("RSUs") and performance-based stock units ("PSUs"). PSUs are comprised of awards that vest upon achievement of certain share price appreciation conditions.

During the three months ended March 31, 2018 and 2017, the Company granted approximately 631,625 stock options with a weighted-average exercise price of \$59.14 per option and approximately 810,650 stock options with a weighted-average exercise price of \$84.92 per option, respectively. The weighted average fair values of all stock options granted to employees during the three months ended March 31, 2018 and 2017 were \$26.58 and \$33.56, respectively.

During the three months ended March 31, 2018, the Company granted approximately 64,080 RSUs with a weighted-average grant date fair value of \$59.14 per RSU. During the three months ended March 31, 2017, the Company did not grant RSUs.

During the three months ended March 31, 2018, the Company granted approximately 127,080 PSUs with a weighted-average grant date fair value of \$90.19 per respective PSU. During the three months ended March 31, 2017, the Company did not grant PSUs.

*Stock Options*

The fair value of stock options granted to employees, directors, and consultants was estimated using the following assumptions:

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Risk-free interest rate	2.30% - 2.71%	1.91% - 2.42%
Volatility	43.76%	37.27%
Expected term (in years)	5.50 - 6.08 years	5.50 - 7.00 years
Expected dividend yield	0.0%	0.0%

*RSUs*

Each vested time-based RSU represents the right of a holder to receive one of the Company's common shares. The fair value of each RSU granted is estimated based on the trading price of the Company's common shares on the date of grant.



**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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PSUs

The fair value of PSUs granted to employees was estimated using a monte carlo simulation model. Inputs used in the calculation include a risk-free interest rate of 2.06%, an expected volatility of 47%, contractual term of 3 years, and no expected dividend yield.

**9. Commitments**

Our future material contractual obligations include the following:

<b>Obligations</b>	<b>Total</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Beyond</b>
Operating leases (1)	\$ 2,326	\$ 502	\$ 674	\$ 395	\$ 117	\$ 120	\$ 518
Credit facility	48,750	5,000	5,000	38,750	—	—	—
Purchase obligations (2)	80,369	80,369	—	—	—	—	—
<b>Total obligations</b>	<b>\$ 131,445</b>	<b>\$ 85,871</b>	<b>\$ 5,674</b>	<b>\$ 39,145</b>	<b>\$ 117</b>	<b>\$ 120</b>	<b>\$ 518</b>

(1) The Company leases its office and lab space under lease agreements that expire on June 30, 2020 and December 31, 2027. Rental expense was \$153 and \$162, for the three months ended March 31, 2018 and 2017, respectively. The remaining future lease payments under the operating lease are \$2,326 as of March 31, 2018, payable monthly through June 30, 2020 and December 31, 2027.

(2) At March 31, 2018, the Company has purchase obligations in the amount of \$80,369 which represents the contractual commitments under contract manufacturing and supply agreements with suppliers. The obligation under the supply agreement is primarily for finished product, inventory, and research and development.

**10. Debt**

On August 8, 2017, the Company entered into an Amended and Restated Credit Agreement (the “Amended Credit Agreement”), with JPMorgan Chase Bank, N.A., as administrative agent (the “Agent”) and the lenders party thereto, which amended and restated the Company’s existing credit agreement, dated as of January 26, 2017. The Amended Credit Agreement provides for a three-year \$50 million revolving credit facility and a three-year \$100 million term loan facility (which are collectively referred to as the “Amended Credit Facility”). The Company recorded \$0.3 million of debt extinguishment costs related to the amendment included in selling, general and administrative expenses during the year ended December 31, 2017. As of March 31, 2018, the Company has \$0.9 million of unamortized deferred debt issuance costs as part of long-term debt in its condensed consolidated balance sheets.

At closing, \$50 million of the term loan facility was drawn, and none of the revolving credit facility has been drawn. Although the Company was permitted to make one other draw on the term loan facility on or before February 4, 2018, the Company elected not to draw down further on the term loan facility. The Amended Credit Facility includes a \$5 million letter of credit subfacility. The Company anticipates that the draw at closing and future draws under the Amended Credit Facility, if any, will be used to finance the New Share Repurchase Program (as defined below) and for other corporate purposes. Loans under the Amended Credit Facility bear interest, at the Company’s option, at a rate equal to either (a) the LIBOR rate, plus an applicable margin ranging from 2.25% to 3.00% per annum, based upon the total net leverage ratio (as defined in the Amended Credit Agreement), or (b) the prime lending rate, plus an applicable margin ranging from 1.25% to 2.00% per annum, based upon the total net leverage ratio. The Company is required to pay a commitment fee on the unused portion of the Amended Credit Facility at a rate ranging from 0.35% to 0.45% per annum based upon the total net leverage ratio. The Company is permitted to terminate or reduce the revolving commitments or term commitments of the lenders and to make voluntary prepayments at any time subject to break funding payments. The Company is required to make mandatory prepayments of outstanding indebtedness under the Amended Credit Agreement (a) upon receipt of proceeds from certain sales, transfers or other dispositions, casualty and other condemnation events and the incurrence of certain indebtedness other than indebtedness permitted, subject to customary reinvestment exceptions and

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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(b) in the case that the aggregate amount of all outstanding loans and letters of credit issued under the Amended Credit Facility exceed the aggregate commitment of all lenders under the Amended Credit Facility. The Company is obligated to repay the term loan facility on the last day of each March, June, September and December in an aggregate principal amount equal to 2.5% during the term of the loan.

Debt Maturities	as of March 31, 2018	
2018 (remainder)	\$	5,000
2019		5,000
2020		38,750
Total debt	\$	<u>48,750</u>

## 11. Income Taxes

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Income tax benefit (provision)	\$ 959	\$ (9,748)
Effective tax rate	(58)%	30%

The effective tax rate for the three months ended March 31, 2018 and 2017, reflects the tax benefit of stock option exercises in the period and credits for research and development activity.

Deferred income tax assets at March 31, 2018 consist of temporary differences primarily related to net operating loss carryforwards, stock-based compensation, and research and development tax credit carryforwards, partially offset by temporary differences related to intangible assets.

The Company files income tax returns in the U.S. federal jurisdiction and several states. Given that the company has incurred tax losses since its inception, all of the Company's tax years are effectively open to examination. The Company has no amount recorded for any unrecognized tax benefits as of March 31, 2018. The Company regularly evaluates its tax positions for additional unrecognized tax benefits and associated interest and penalties, if applicable. There are many factors that are considered when evaluating these tax positions including: interpretation of tax laws, recent tax litigation on a position, past audit or examination history, and subjective estimates and assumptions. The Company reflects interest and penalties attributable to income taxes, to the extent they arise, as a component of income tax provision or benefit.

## 12. Legal Proceedings

### Commercial Litigation

#### *In Re: Taxotere (Docetaxel)*

On February 1, 2017, the Company was named as a defendant, among various other manufacturers, in several product liability suits that are consolidated in the U.S. District Court for the Eastern District of Louisiana as part of MDL 2740 (Civil Action No 2:16 md-2740). The claims are for personal injuries allegedly arising out of the use of docetaxel.

In March 2017, the Company reached agreements in principle with the Plaintiffs' Steering Committee in this matter to voluntarily dismiss the Company from all of the lawsuits in which it was named and from the master complaint. The Company is in the process of working with the other parties in this matter to have it removed from the Multidistrict litigation entirely. As part of the agreement, in the event a case is brought in the future with facts that justify the Company's inclusion, the plaintiffs reserved the right to include

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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the Company in such matter. The plaintiffs have filed several additional lawsuits since the parties' agreement in principle to dismiss, and the Company is in the process of working with plaintiffs to explore the possibility of dismissing those lawsuits.

*Medicines Company v. Eagle*

On February 2, 2016, The Medicines Company ("MDCO") filed a complaint in the U.S. District Court for the District of New Jersey against the Company, SciDose LLC and TherDose Pharma Pvt. Ltd. (collectively the "Defendants") relating to the Defendants' work on a novel ready-to-use bivalirudin injection product ("EP-6101"). MDCO amended that complaint in April of 2016. The complaint cites the May 7, 2008 License and Development Agreement (the "LDA") between the Defendants and MDCO, which was terminated by the Company on September 17, 2013. In October 2017, the Defendants moved to dismiss the action for lack of subject matter jurisdiction and to stay discovery. In December 2017, while those motions were pending, the parties entered into a settlement agreement pursuant to which Defendants agreed to pay \$1.7 million and assign to MDCO all intellectual property rights relating to EP-6101. As a result of the settlement, the parties entered into a stipulation dismissing all claims with prejudice.

*Bauer v. Eagle*

On May 31, 2016, a federal securities class-action lawsuit (captioned Bauer v. Eagle Pharmaceuticals, Inc., et al., Case No. 16-cv-03091-JLL-JAD) was filed in the United States District Court for the District of New Jersey against the Company and the Company's Chief Executive Officer. On August 1, 2016, plaintiffs Blake Bauer, Brent Kawamura and Guarang Patel (the "EGRX Investors Group"), filed a motion requesting the Court to appoint the EGRX Investors Group as lead plaintiff and Kirby McInerney LLP as lead counsel. The motion was granted on September 9, 2016. On October 31, 2016, the EGRX Investors Group filed an amended class action complaint (the "Amended Complaint") against the defendants, seeking compensatory damages and an award of costs and expenses, including attorneys' and experts' fees. The Amended Complaint alleged that defendants violated sections 10(b) and 20(a) of the Securities Exchange Act, as amended, by making false and/or misleading statements about, among other things: (a) EP-6101, (b) the Company's expectations regarding the NDA submitted for EP-6101, and (c) the Company's business prospects. On December 16, 2016, defendants filed a motion to dismiss the Amended Complaint. Plaintiffs opposed that motion on January 30, 2017. Defendants filed their reply on March 1, 2017. On May 19, 2017, the Court granted defendants motion to dismiss and dismissed the Amended Complaint without prejudice. On June 1, 2017, the Court entered an order granting plaintiffs until July 3, 2017 to file an amended complaint. Plaintiffs did not file an amended complaint on or before July 3, 2017 and, therefore, on August 2, 2017, the Court entered an order dismissing the case with prejudice and directing the clerk to close the case. On August 31, 2017, plaintiffs filed a notice of appeal to the United States Court of Appeals for the Third Circuit, indicating their intent to appeal from the Court's May 19, 2017 and August 2, 2017 orders. On October 4, 2017, plaintiffs-appellants filed a motion to withdraw their appeal and, on October 5, 2017, the Court of Appeals issued an order dismissing the appeal without costs to either party.

*Eagle v. Burwell*

On April 27, 2016, the Company filed an action in the U.S. District Court for the District of Columbia against the FDA and other federal defendants seeking an order requiring the FDA to grant us orphan drug exclusivity for Bendeka for the treatment of CLL and indolent B-cell NHL. The Company believes Bendeka is entitled to orphan drug exclusivity as a matter of law, and that the FDA's decision violates federal law and is inconsistent with the holding of the U.S. District Court for the District of Columbia in Depomed Inc. v. U.S. Department of Health and Human Services. The parties have filed all substantive motions and pleadings and oral arguments were heard on May 4, 2018.

*Eagle v. Eli Lilly*

On August 24, 2017, the Company filed an antitrust complaint in the United States District Court for the District of New Jersey against Eli Lilly and Company ("Lilly"), Case No. 2:17-CV-06415. The complaint alleges that Lilly engaged in anticompetitive conduct which restrained competition by delaying and blocking the Company's launch of a competing pemetrexed injection product (to compete with Lilly's Alimta). Lilly has accepted service and answered the complaint on October 27, 2017. Lilly also filed a motion to transfer this case to Delaware on October 27, 2017. Eagle filed a motion to oppose such transfer on November 6, 2017. No other dates or proceedings have been scheduled as of the date of the filing of this Quarterly Report on Form 10-Q.

**EAGLE PHARMACEUTICALS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**Patent Litigation**

*Eli Lilly and Company. v. Eagle Pharmaceuticals, Inc. (PEMFEXY<sup>TM</sup> (Pemetrexed))*

On August 14, 2017, Lilly filed suit against the Company in the United States District Court for the Southern District of Indiana (the “Indiana Suit”). Lilly alleged patent infringement based on the filing of the Company’s 505(b)(2) NDA seeking approval to manufacture and sell the Company’s EP-5101. EP-5101, if finally approved by FDA, will be a branded alternative to Alimta®, which is indicated (in combination with cisplatin) (a) for the treatment of patients with malignant pleural mesothelioma, or (b) for the initial treatment of locally advanced or metastatic nonsquamous non-small cell lung cancer. Alimta® also is indicated as a single-agent for the treatment of patients with locally advanced or metastatic nonsquamous non-small cell lung cancer after prior chemotherapy. Alimta® also is indicated for maintenance treatment of patients with locally advanced or metastatic nonsquamous non-small cell lung cancer whose disease has not progressed after four cycles of platinum-based first-line chemotherapy.

On September 8, 2017, Eagle moved to dismiss the Indiana Suit for improper venue. On September 11, 2017, Lilly voluntarily dismissed the Indiana Suit. It then filed a complaint in the United States District Court for the District of Delaware, alleging similar patent infringement claims (the “Delaware Suit”). Eagle answered and filed various counterclaims in the Delaware Suit on October 3, 2017. Lilly answered Eagle’s counterclaims on October 24, 2017. The Court held a scheduling conference on December 11, 2017 and set trial in the Delaware Suit to begin on September 9, 2019. The Delaware Suit is pending.

*Eagle Pharmaceuticals, Inc., et al. v. Slayback Pharma Limited Liability Company; Eagle Pharmaceuticals, Inc., et al. v. Apotex Inc. and Apotex Corp.; Eagle Pharmaceuticals, Inc., et al. v. Fresenius Kabi USA, LLC; Eagle Pharmaceuticals, Inc., et al. v. Mylan Laboratories Limited - (BENDEKA®)*

BENDEKA®, which contains bendamustine hydrochloride, is an alkylating drug that is indicated for the treatment of patients with chronic lymphocytic leukemia, as well as for the treatment of patients with indolent B-cell non-Hodgkin’s lymphoma that has progressed during or within six months of treatment with rituximab or a rituximab-containing regimen. Four companies - Slayback Pharma Limited Liability Company (“Slayback”), Apotex Inc. and Apotex Corp. (“Apotex”), Fresenius Kabi USA, LLC (“Fresenius”), and Mylan Laboratories Limited (“Mylan”) - have filed Abbreviated New Drug Applications (“ANDAs”) referencing BENDEKA® that include challenges to one or more of the BENDEKA® Orange Book-listed patents.

The Company, Cephalon, Inc. and/or Teva Pharmaceuticals International GMBH (together the “Patentees”), filed separate suits against Slayback, Apotex, Fresenius and Mylan in the United States District Court for the District of Delaware on August 16, 2017 (Slayback (“Slayback I”)), August 18, 2017 (Apotex), August 24, 2017 (Fresenius), December 12, 2017 (Mylan), and January 19, 2018 (Slayback (“Slayback II”)). In these Complaints, the Patentees allege infringement of the challenged patents, namely U.S. Patent Nos. 8,791,270 and 9,572,887 against Slayback (Slayback I and Slayback II), and of U.S. Patent Nos. 8,609,707, 8,791,270, 9,000,021, 9,034,908, 9,144,568, 9,265,831, 9,572,796, 9,572,797, 9,572,887, 9,579,384, 9,597,397, 9,597,398, 9,597,399 against Fresenius, Apotex, and Mylan. Slayback, Apotex, Fresenius, and Mylan answered their Complaints and some filed various counterclaims on September 29, 2017 (Slayback I), February 12, 2018 (Slayback II), November 27, 2017, September 15, 2017, and February 14, 2018, respectively. The Patentees answered the Slayback I, Slayback II, Fresenius, and Apotex counterclaims on October 20, 2017, March 5, 2018, October 6, 2017, and December 18, 2017, respectively. The Slayback I, Slayback II, Apotex, Fresenius and Mylan cases have been consolidated for all purposes, with Trial scheduled to begin September 3, 2019. All five cases are pending.

The FDA is stayed from approving Apotex’s, Fresenius’, and Mylan’s ANDAs until the earlier of (1) January 7, 2020, January 14, 2020, and April 30, 2020, respectively (the “30-month stay dates”); and (2) a court decision that each of the challenged patents is not infringed, invalid or unenforceable. The 30-month stay dates may be shortened or lengthened if either party to the action fails to reasonably cooperate in expediting the action. The FDA cannot approve Slayback’s ANDA until March 2033.

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

The following information should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q and the audited financial information and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on February 26, 2018. Unless otherwise indicated or required by context, reference throughout to "Eagle," the "Company," "we," "our," or "us" refer to financial information and transactions of Eagle Pharmaceuticals, Inc.

### Forward-Looking Information

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. The words "may," "will," "plan," "believe," "expect," "intend," "anticipate," "potential," "should," "estimate," "predict," "project," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those projected in the forward-looking statements.

Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified under Part I, Item 1A. "Risk Factors," in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on February 26, 2018, as updated in our Quarterly Reports on Form 10-Q subsequently filed during the current fiscal year, including this report. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to revise or update any forward-looking statements for any reason, except as required by law.

### Overview

Our business model is to develop proprietary innovations to FDA-approved, injectable drugs that offer commercial and/or functional advantages to currently available alternatives. We have historically been, and will continue to primarily be, focused on developing and commercializing injectable drugs, primarily in the critical care and oncology areas, using the United States Food and Drug Administration ("FDA")'s 505(b)(2) New Drug Application ("NDA") regulatory pathway. With our addition of Eagle Biologics, we hope to apply our proven market strategy to offer "biobetter" formulations, and to rapidly develop novel biologic products under the pathway provided by the Biologics Price Competition and Innovation Act. In addition, we plan to continue to market and/or commercialize our products through marketing partners and/or through our growing internal direct sales force.

Our product portfolio now includes four approved products: Argatroban, Ryanodex® (dantrolene sodium) ("Ryanodex"), docetaxel injection, non-alcohol formulation ("Non-Alcohol Docetaxel Injection"), and rapidly infused bendamustine RTD ("Bendeka"). We have three commercial partners: Chiesi USA, Inc. ("Chiesi") and Sandoz Inc. ("Sandoz"), who, pursuant to separate agreements, market Argatroban and Teva Pharmaceutical Industries Ltd. ("Teva"), which, through its subsidiary Cephalon, Inc. ("Cephalon"), markets Bendeka®. Bendeka was commercially launched by Teva in January 2016.

We currently have multiple product candidates in advanced stages of development and/or under review for approval by the FDA. Additionally, we have other product candidates under a collaborative agreement. Our advanced product candidates are EP-3101 (bendamustine RTD) ("EP-3101 RTD"), EP-4104 (dantrolene sodium for exertional heat stroke ("EHS")) ("EP-4104"), EP-5101 (PEMFEXY™, a pemetrexed injection ready-to-dilute formulation) ("EP-5101") and EGL-5385-C-1701 (fulvestrant). Despite having received a Complete Response Letter for EP-4104 in July 2017, we have agreed on a path forward with the FDA for an additional clinical trial.

### Recent Developments

On February 8, 2018, we entered into an amendment (the "Amendment") to the stock purchase agreement dated November 10, 2016 (the "Arsia SPA"), pursuant to which we acquired from Arsia Therapeutics, LLC (the "Seller") all of the outstanding capital stock of Arsia Therapeutics, Inc. (now Eagle Biologics). Pursuant to the Amendment, our obligations to make four separate milestone payments pursuant to the Arsia SPA, which could have aggregated to a total of \$48 million, were terminated in exchange for a single payment of \$15 million to the Seller.

In March 2018, the Company announced that the United States Patent and Trademark Office (USPTO) issued a new patent to the Company's Eagle Biologics division. Patent number 9,925,263 will expire in March 2036 and is the third patent issued in the Eagle Biologics family of patents.

In March 2018, the FDA approved a second manufacturing site for Bendeka.

On April 16, 2018, the Company announced the FDA's acceptance of our ANDA filing for vasopressin injection, 1ml. This product is the generic version of Endo International plc's original Vasostrict® formulation, which is indicated to increase blood pressure in adults with vasodilatory shock (e.g., post-cardiotomy or sepsis) who remain hypotensive despite fluids and catecholamines. Vasostrict had approximately \$400 million in brand sales in 2017.

## **Financial Operations Overview**

### **Revenue**

Our revenue consists of product sales, royalty revenue and license and other revenue.

*Product Sales.* We recognize revenues from product sales of Bendeka, Ryanodex, Argatroban, Non-Alcohol Docetaxel Injection, and diclofenac-misoprostol. Sales of Bendeka are sold to our commercial partner Teva. Argatroban is sold directly to our commercial partners Chiesi and Sandoz. Sales to our commercial partners are typically made at little or no profit for resale. Ryanodex, Non-Alcohol Docetaxel Injection, and diclofenac-misoprostol are sold directly to wholesalers, hospitals and surgery centers through a third party logistics partner. Diclofenac-misoprostol was divested in March 2016; however, we may continue to market diclofenac-misoprostol until such time that the purchaser is able to launch the product.

We typically enter into agreements with group purchasing organizations acting on behalf of their hospital members, in connection with the hospitals' purchases of our direct commercial products. Based on these agreements, most of our hospital customers have contracted prices for products and volume-based rebates on product purchases. These amounts are estimated and recorded at the time of sale. In the case of discounted pricing, we typically pay a chargeback, representing the difference between the price invoiced to the wholesaler and the customer contract price.

*Royalty revenue.* We recognize revenue from royalties based on a percentage of Teva's net sales of Bendeka and Sandoz's and Chiesi's gross profit of Argatroban, both net of discounts, returns and allowances incurred by our commercial partners. Royalty revenue is recognized as earned in accordance with contract terms when it can be reasonably estimated and collectability is reasonably assured.

*License and other revenue.*

Our revenues may either be in the form of the recognition of deferred revenues upon milestone achievement for which cash has already been received or recognition of revenue upon milestone achievement, the payment for which is reasonably assured to be received in the future.

The primary factors that determine our revenues derived from Bendeka are:

- the level of orders submitted by our commercial partner, Teva;
- the rate at which Teva can convert the current market to Bendeka;
- the level of institutional demand for Bendeka;
- unit sales prices charged by our commercial partner, net of any sales reserves; and
- the level of orders submitted by wholesalers, hospitals and surgery centers.

The primary factors that may determine our revenues derived from Argatroban are:

- the level of orders submitted by our commercial partners, Sandoz and Chiesi;
- the level of institutional demand for Argatroban; and
- unit sales prices charged by our commercial partners, net of any sales reserves.

The primary factors that may determine our revenues derived from Non-Alcohol Docetaxel Injection, Ryanodex and diclofenac-misoprostol and our future products are:

- the effectiveness of our sales force;
- the level of orders submitted by wholesalers, hospitals and surgery centers;
- the level of institutional demand for our products; and
- unit sales prices, net of any sales reserves.

**Cost of Revenues**

Cost of revenue consists of the costs associated with producing our products for our commercial partners. In particular, our cost of revenue includes production costs of our products paid to a contract manufacturing organization coupled with shipping and customs charges, cost of royalty and the amortization of intangible assets. Cost of revenue may also include the effects of product recalls, if applicable.

**Research and Development**

Costs for research and development are charged to expense as incurred and include: employee-related expenses including salaries, benefits, travel and stock-based compensation expense for research and development personnel, expenses incurred under agreements with contract research organizations, contract manufacturing organizations and service providers that assist in conducting clinical and preclinical studies; costs associated with preclinical activities and development activities, costs associated with regulatory operations; and depreciation expense for assets used in research and development activities.

Costs for certain development activities, such as clinical studies, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the patterns of costs incurred, and are reflected in the condensed consolidated financial statements as prepaid expenses or accrued expenses as deemed appropriate. Recoveries of previously recognized research and development expenses from third parties are recorded as a reduction to research and development expense in the period it becomes realizable.

**Selling, General and Administrative**

Selling, general and administrative costs consist primarily of salaries, benefits and other related costs, including stock-based compensation for executive, finance, sales and operations personnel. Selling, general and administrative expenses also include facility and related costs, professional fees for legal, consulting, tax and accounting services, insurance, selling, marketing, market research, advisory board and key opinion leaders, depreciation and general corporate expenses. We expect that our selling, general and administrative expenses will increase with the potential of further commercialization of our product candidates particularly as we continue to grow our commercial organization.

**Income Taxes**

We account for income taxes using the liability method in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), Topic 740, “Income Taxes” (“ASC 740”). Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured by applying enacted rates and laws to taxable years in which differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the rate changes. A valuation allowance is required when it is “more likely than not” that all or a portion of deferred tax assets will not be realized. In the fourth quarter of 2016, the Company reversed its valuation allowance on our net deferred tax assets (See Note 11. Income Taxes). ASC 740 also prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return, including a decision whether to file or not file a return in a particular jurisdiction. We recognize any interest and penalties accrued related to unrecognized tax benefits as income tax expense.

## Results of Operations

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

#### Revenues

	Three Months Ended March 31,		
	2018	2017	Decrease
	(in thousands)		
Product sales	\$ 10,838	\$ 15,286	\$ (4,448)
Royalty revenue	35,788	36,507	(719)
License and other revenue	—	25,000	(25,000)
Total revenue	<u>\$ 46,626</u>	<u>\$ 76,793</u>	<u>\$ (30,167)</u>

Total revenue decreased \$30.2 million in the three months ended March 31, 2018 to \$46.6 million as compared to \$76.8 million in the three months ended March 31, 2017.

Product sales decreased \$4.4 million in the three months ended March 31, 2018 primarily driven by decreases in product sales of Bendeka of \$2.6 million, Non-Alcohol Docetaxel Injection of \$0.7 million, and Argatroban of \$0.7 million. In addition, there was a \$0.4 million decrease in net product sales of diclofenac-misoprostol as the Company sold certain intellectual property related to this product in March 2016.

Royalty revenue decreased \$0.7 million primarily as a result of royalties on Bendeka in the quarter.

License and other revenue decreased as we realized a \$25.0 million milestone under the Cephalon agreement, related to Teva reaching \$500 million in cumulative net sales of Bendeka, during the three months ended March 31, 2017.

#### Cost of Revenue

	Three Months Ended March 31,		
	2018	2017	Decrease
	(in thousands)		
Cost of product sales	\$ 7,223	\$ 10,765	\$ (3,542)
Cost of royalty revenue	4,585	7,229	(2,644)
Total cost of revenue	<u>\$ 11,808</u>	<u>\$ 17,994</u>	<u>\$ (6,186)</u>

Cost of revenue decreased by \$6.2 million to \$11.8 million in the three months ended March 31, 2018 as compared to \$18.0 million in the three months ended March 31, 2017.

Cost of product sales decreased \$3.5 million in the three months ended March 31, 2018 to \$7.2 million as compared to \$10.8 million in the three months ended March 31, 2017, primarily as a result of decreased product sales of Bendeka, Argatroban, Non-Alcohol Docetaxel Injection, and diclofenac-misoprostol.

Cost of royalty revenue decreased \$2.6 million in the three months ended March 31, 2018 to \$4.6 million as compared to \$7.2 million in the three months ended March 31, 2017, primarily as a result of the royalty cost incurred in connection with the \$25 million sales-based milestone on Bendeka earned during the three months ended March 31, 2017.

#### Research and Development

	Three Months Ended March 31,		
	2018	2017	Increase
	(in thousands)		
Research and development	\$ 17,320	\$ 7,525	\$ 9,795

Research and development expenses increased \$9.8 million in the three months ended March 31, 2018 to \$17.3 million as compared to \$7.5 million in the three months ended March 31, 2017. The increase primarily resulted from an increase in project spending



for EGL-5385-C-1701 relating to the on-going clinical study, which completed randomization of 600 subjects during the quarter, certain other projects and higher salary and personnel-related expenses. These increases were partially offset by a decrease in project spending for EP-4104.

**Selling, General and Administrative**

	<b>Three Months Ended March 31,</b>		<b>Decrease</b>
	<b>2018</b>	<b>2017</b>	
	<b>(in thousands)</b>		
Selling, general and administrative	\$ 15,193	\$ 18,578	\$ (3,385)

Selling, general and administrative expenses decreased \$3.4 million in the three months ended March 31, 2018 to \$15.2 million as compared to \$18.6 million in the three months ended March 31, 2017. This decrease is primarily related to a \$5.0 million decrease in sales and marketing spend as we incurred significant preparation costs for the launch of Ryanodex for exertional heat stroke and had fees related to our co-promotion agreement during the three months ended March 31, 2017. This was partially offset by an increase of \$1.2 million in salary and personnel-related expenses, including stock based compensation expense, as we build out areas to support the growing needs of the business and sales force, \$0.6 million increase in professional fees, and a \$0.4 million increase in travel related expenses.

**Other Income (Expense)**

	<b>Three Months Ended March 31,</b>		<b>Decrease / Increase</b>
	<b>2018</b>	<b>2017</b>	
	<b>(in thousands)</b>		
Interest income	\$ 27	\$ 3	\$ 24
Interest expense	(675)	(27)	(648)
Total other expense, net	\$ (648)	\$ (24)	\$ (624)

Interest expense increased in the three months ended March 31, 2018 as compared to the three months ended March 31, 2017 due to cash interest on our debt and the amortization of debt issuance costs incurred on long-term debt.

**Income tax benefit (provision)**

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(in thousands)</b>	
Income tax benefit (provision)	\$ 959	\$ (9,748)
Effective tax rate	(58)%	30%

The benefit (provision) for income taxes was based on the applicable federal and state tax rates for those periods. The effective tax rate for the three months ended March 31, 2018 and 2017 reflects tax benefits related to stock option exercises in the period as well as credits for research and development activity (see Note to Condensed Consolidated Financial Statements - Note 11. Income Taxes).

**Net Income**

Net income for the three months ended March 31, 2018 was \$2.6 million as compared to net income of \$22.9 million in the three months ended March 31, 2017, as a result of the factors discussed above.

## Liquidity and Capital Resources

Our primary uses of cash are to fund working capital requirements, product development costs and operating expenses. Cash and cash equivalents were \$95.7 million and \$27.7 million as of March 31, 2018 and March 31, 2017, respectively.

For the three months ended March 31, 2018, we realized net income of \$2.6 million. As of March 31, 2018, we had a working capital surplus of \$140.1 million. For the three months ended March 31, 2017, we realized net income of \$22.9 million. Although the Company has incurred significant losses since its inception in January 2007, we recently became profitable and have retained earnings of \$28.9 million as of March 31, 2018.

We believe that future cash flows from operations will be sufficient to fund our currently anticipated working capital requirements.

The Company expects to use future loans, if any, under the Credit Facility, for general corporate purposes and any strategic acquisitions.

### *Operating Activities:*

Net cash provided by operating activities for the three months ended March 31, 2018 was \$4.9 million. Net income for the period was \$2.6 million offset by non-cash adjustments of approximately \$6.3 million from deferred income taxes, depreciation, amortization of intangible assets, stock-based compensation expense, amortization of debt issuance costs, and change in fair value of contingent consideration. Net changes in working capital decreased cash from operating activities by approximately \$4.0 million, due to an increase in inventory of \$1.0 million, a decrease in accounts receivable of \$0.4 million, a decrease in prepaid expenses and other current assets of \$1.5 million, a decrease in accounts payable of \$2.6 million, and a decrease in accrued expenses and other liabilities of \$2.3 million. The total amount of accounts receivable at March 31, 2018 was approximately \$53.4 million, which included approximately \$16.8 million of product sales and \$35.8 million of royalty and milestone income, all with payment terms of 45 days. For royalty income, the 45-day period starts at the end of the quarter upon receipt of the royalty statement detailing the amount of sales in the prior completed quarter, and, for product sales, the period starts upon delivery of product.

Net cash used in operating activities for the three months ended March 31, 2017 was \$12.4 million. Net income for the period was \$22.9 million offset by non-cash adjustments of approximately \$9.8 million from deferred income taxes, depreciation, amortization of intangible assets, stock-based compensation expense, and change in fair value of contingent consideration. Net changes in working capital decreased cash from operating activities by approximately \$45.1 million, due to an increase in accounts receivable of \$42.6 million, an increase in inventories of \$0.3 million, an increase in accounts payable of \$4.3 million, a decrease in prepaid expenses and other current assets of \$3.3 million and a decrease in accrued expenses and other liabilities of \$9.8 million. The total amount of accounts receivable at March 31, 2017 was approximately \$84.7 million, which included approximately \$23.2 million of product sales and \$61.5 million of royalty and milestone income, all with payment terms of 45 days. For royalty income, the 45-day period starts at the end of the quarter upon receipt of the royalty statement detailing the amount of sales in the prior completed quarter, and, for product sales, the period starts upon delivery of product.

### *Investing Activities:*

In the three months ended March 31, 2018 and 2017, we invested \$19 thousand and \$0.7 million in purchases of property and equipment, respectively.

### *Financing Activities:*

Net cash used in financing activities for the three months ended March 31, 2018 was \$23.9 million, primarily resulting from a \$15 million payment of contingent consideration in connection with the Arsia Amendment, \$7.0 million in cash settlements on repurchases of common stock, and a \$3.1 million payment of employee withholding tax for a net option exercise. This was offset by the issuance of common stock for stock option exercises of \$1.2 million.

Net cash used in financing activities for the three months ended March 31, 2017 was \$12.0 million, primarily resulting from \$13.7 million in cash settlements on repurchases of common stock and \$0.5 million payment of debt financing costs. This was partially offset by the issuance of common stock for stock option exercises of \$2.1 million.

## **Contractual Obligations**

Our future material contractual obligations include the following (in thousands):

Obligations	Total	2018	2019	2020	2021	2022	Beyond
Operating leases (1)	\$ 2,326	\$ 502	\$ 674	\$ 395	\$ 117	\$ 120	\$ 518
Credit facility	48,750	5,000	5,000	38,750	—	—	—
Purchase obligations (2)	80,369	80,369	—	—	—	—	—
Total obligations	\$ 131,445	\$ 85,871	\$ 5,674	\$ 39,145	\$ 117	\$ 120	\$ 518

(1) The Company leases its office and lab space under lease agreements that expire on June 30, 2020 and December 31, 2027. Rental expense was \$153 and \$162, for the three months ended March 31, 2018 and 2017, respectively. The remaining future lease payments under the operating lease are \$2,326 as of March 31, 2018, payable monthly through June 30, 2020 and December 31, 2027.

(2) At March 31, 2018, the Company has purchase obligations in the amount of \$80,369 which represents the contractual commitments under contract manufacturing and supply agreements with suppliers. The obligation under the supply agreement is primarily for finished product, inventory, and research and development.

## Recent Accounting Pronouncements

### *Recent Accounting Pronouncements - Not Yet Adopted*

In January 2016, the FASB issued ASU 2016-01, which revises the guidance in ASC 825-10, Recognition and Measurement of Financial Assets and Financial Liabilities, and provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The guidance is effective for reporting periods (interim and annual) beginning after December 15, 2017, for public companies. We are currently assessing the potential impact of this ASU on our financial position and results of operations.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The adoption of this new standard will increase assets and liabilities on our balance sheet when adopted. We are still fully assessing the overall impact of this ASU on our financial position and results of operations.

In January 2017, the FASB issued guidance to simplify the measurement of goodwill. The guidance eliminates Step 2 from the goodwill impairment test. Instead, under the amendments in this guidance, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss. The guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. The guidance is effective for public business entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and early adoption is permitted for interim or annual goodwill impairment tests performed for testing dates after January 1, 2017. The guidance must be adopted on a prospective basis. We do not expect this guidance to have an impact on our consolidated financial statements.

In January 2017, the FASB issued guidance clarifying the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The guidance provides a screen to determine when an integrated set of assets and activities is not a business, provides a framework to assist entities in evaluating whether both an input and substantive process are present, and narrows the definition of the term output. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, and early adoption is permitted. The guidance must be adopted on a prospective basis. We will consider the guidance for future transactions.

The Company adopted ASC 606, Revenue from Contracts with Customers with a date of initial application of January 1, 2018. As a result, the Company has updated its accounting policy for revenue recognition to reflect the new standard. The adoption of ASC 606 represents a change in accounting principle that will more closely align revenue recognition with the delivery of the Company's services and will provide financial statement readers with enhanced disclosures. The Company applied Topic 606 using the modified retrospective method. The Company has elected to apply this initial application of the standard only to contracts that are not completed at the date of initial application. For contracts which were modified before the adoption date, the Company has not restated the contract for those modifications. Instead, the Company reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price, if necessary. The cumulative effect of initially applying the new revenue standard would be applied as an adjustment to the opening balance of retained earnings. The Company has analyzed this effect and found the adoption of the new guidance did not have a material impact on our consolidated financial statements and our recognition is consistent with our historical accounting policies.

#### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

#### **Impact of Inflation**

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

During the three months ended March 31, 2018, there were no material changes to our market risk disclosures as set forth in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on February 26, 2018.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation at March 31, 2018, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

##### **Changes in Internal Control over Financial Reporting**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II-OTHER INFORMATION

### Item 1. Legal Proceedings

In addition to the below legal proceedings, from time to time, we may be a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

#### Commercial Litigation

##### *In Re: Taxotere (Docetaxel)*

On February 1, 2017, the Company was named as a defendant, among various other manufacturers, in several product liability suits that are consolidated in the U.S. District Court for the Eastern District of Louisiana as part of MDL 2740 (Civil Action No 2:16 md-2740). The claims are for personal injuries allegedly arising out of the use of docetaxel.

In March 2017, the Company reached agreements in principle with the Plaintiffs' Steering Committee in this matter to voluntarily dismiss the Company from all of the lawsuits in which it was named and from the master complaint. The Company is in the process of working with the other parties in this matter to have it removed from the Multidistrict litigation entirely. As part of the agreement, in the event a case is brought in the future with facts that justify the Company's inclusion, the plaintiffs reserved the right to include the Company in such matter. The plaintiffs have filed several additional lawsuits since the parties' agreement in principle to dismiss, and the Company is in the process of working with plaintiffs to explore the possibility of dismissing those lawsuits.

##### *Medicines Company v. Eagle*

On February 2, 2016, The Medicines Company ("MDCO") filed a complaint in the U.S. District Court for the District of New Jersey against the Company, SciDose LLC and TherDose Pharma Pvt. Ltd. (collectively the "Defendants") relating to the Defendants' work on a novel ready-to-use bivalirudin injection product ("EP-6101"). MDCO amended that complaint in April of 2016. The complaint cites the May 7, 2008 License and Development Agreement (the "LDA") between the Defendants and MDCO, which was terminated by the Company on September 17, 2013. In October 2017, the Defendants moved to dismiss the action for lack of subject matter jurisdiction and to stay discovery. In December 2017, while those motions were pending, the parties entered into a settlement agreement pursuant to which Defendants agreed to pay \$1.7 million and assign to MDCO all intellectual property rights relating to EP-6101. As a result of the settlement, the parties entered into a stipulation dismissing all claims with prejudice.

##### *Eagle v. Burwell*

On April 27, 2016, the Company filed an action in the U.S. District Court for the District of Columbia against the FDA and other federal defendants seeking an order requiring the FDA to grant us orphan drug exclusivity for Bendeka for the treatment of CLL and indolent B-cell NHL. The Company believes Bendeka is entitled to orphan drug exclusivity as a matter of law, and that the FDA's decision violates federal law and is inconsistent with the holding of the U.S. District Court for the District of Columbia in *Depomed Inc. v. U.S. Department of Health and Human Services*. The parties have filed all substantive motions and pleadings and oral arguments were heard on May 4, 2018.

##### *Eagle v. Eli Lilly*

On August 24, 2017, the Company filed an antitrust complaint in the United States District Court for the District of New Jersey against Eli Lilly and Company ("Lilly"), Case No. 2:17-CV-06415. The complaint alleges that Lilly engaged in anticompetitive conduct which restrained competition by delaying and blocking the Company's launch of a competing pemetrexed injection product, EP-5101 (to compete with Lilly's Alimta). Lilly has accepted service and answered the complaint on October 27, 2017. Lily also filed a motion to transfer this case to Delaware on October 27, 2017. Eagle filed a motion to oppose such transfer on November 6, 2017. No other dates or proceedings have been scheduled as of the date of the filing of this Quarterly Report on Form 10-Q.

#### Patent Litigation

*Eli Lilly and Company. v. Eagle Pharmaceuticals, Inc. (PEMFEXY<sup>TM</sup> (Pemetrexed))*

On August 14, 2017, Lilly filed suit against the Company in the United States District Court for the Southern District of Indiana (the “Indiana Suit”). Lilly alleged patent infringement based on the filing of the Company’s 505(b)(2) NDA seeking approval to manufacture and sell the Company’s EP-5101. EP-5101, if finally approved by FDA, will be a branded alternative to Alimta®, which is indicated (in combination with cisplatin) (a) for the treatment of patients with malignant pleural mesothelioma, or (b) for the initial treatment of locally advanced or metastatic nonsquamous non-small cell lung cancer. Alimta® also is indicated as a single-agent for the treatment of patients with locally advanced or metastatic nonsquamous non-small cell lung cancer after prior chemotherapy. Alimta® also is indicated for maintenance treatment of patients with locally advanced or metastatic nonsquamous non-small cell lung cancer whose disease has not progressed after four cycles of platinum-based first-line chemotherapy.

On September 8, 2017, Eagle moved to dismiss the Indiana Suit for improper venue. On September 11, 2017, Lilly voluntarily dismissed the Indiana Suit. It then filed a complaint in the United States District Court for the District of Delaware, alleging similar patent infringement claims (the “Delaware Suit”). Eagle answered and filed various counterclaims in the Delaware Suit on October 3, 2017. Lilly answered Eagle’s counterclaims on October 24, 2017. The Court held a scheduling conference on December 11, 2017 and set trial in the Delaware Suit to begin on September 9, 2019. The Delaware Suit is pending.

*Eagle Pharmaceuticals, Inc., et al. v. Slayback Pharma Limited Liability Company; Eagle Pharmaceuticals, Inc., et al. v. Apotex Inc. and Apotex Corp.; Eagle Pharmaceuticals, Inc., et al. v. Fresenius Kabi USA, LLC; Eagle Pharmaceuticals, Inc., et al. v. Mylan Laboratories Limited - (BENDEKA®)*

BENDEKA®, which contains bendamustine hydrochloride, is an alkylating drug that is indicated for the treatment of patients with chronic lymphocytic leukemia, as well as for the treatment of patients with indolent B-cell non-Hodgkin's lymphoma that has progressed during or within six months of treatment with rituximab or a rituximab-containing regimen. Four companies - Slayback Pharma Limited Liability Company (“Slayback”), Apotex Inc. and Apotex Corp. (“Apotex”), Fresenius Kabi USA, LLC (“Fresenius”), and Mylan Laboratories Limited (“Mylan”) - have filed Abbreviated New Drug Applications (“ANDAs”) referencing BENDEKA® that include challenges to one or more of the BENDEKA® Orange Book-listed patents.

The Company, Cephalon, Inc. and/or Teva Pharmaceuticals International GMBH (together the “Patentees”), filed separate suits against Slayback, Apotex, Fresenius and Mylan in the United States District Court for the District of Delaware on August 16, 2017 (Slayback (“Slayback I”)), August 18, 2017 (Apotex), August 24, 2017 (Fresenius), December 12, 2017 (Mylan), and January 19, 2018 (Slayback (“Slayback II”)). In these Complaints, the Patentees allege infringement of the challenged patents, namely U.S. Patent Nos. 8,791,270 and 9,572,887 against Slayback (Slayback I and Slayback II), and of U.S. Patent Nos. 8,609,707, 8,791,270, 9,000,021, 9,034,908, 9,144,568, 9,265,831, 9,572,796, 9,572,797, 9,572,887, 9,579,384, 9,597,397, 9,597,398, 9,597,399 against Fresenius, Apotex, and Mylan. Slayback, Apotex, Fresenius, and Mylan answered their Complaints and some filed various counterclaims on September 29, 2017 (Slayback I), February 12, 2018 (Slayback II), November 27, 2017, September 15, 2017, and February 14, 2018, respectively. The Patentees answered the Slayback I, Slayback II, Fresenius, and Apotex counterclaims on October 20, 2017, March 5, 2018, October 6, 2017, and December 18, 2017, respectively. The Slayback I, Slayback II, Apotex, Fresenius and Mylan cases have been consolidated for all purposes, with Trial scheduled to begin September 3, 2019. All five cases are pending.

The FDA is stayed from approving Apotex’s, Fresenius’, and Mylan’s ANDAs until the earlier of (1) January 7, 2020, January 14, 2020, and April 30, 2020, respectively (the “30-month stay dates”); and (2) a court decision that each of the challenged patents is not infringed, invalid or unenforceable. The 30-month stay dates may be shortened or lengthened if either party to the action fails to reasonably cooperate in expediting the action. The FDA cannot approve Slayback’s ANDA until March 2033.

#### **Item 1A. Risk Factors**

You should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017, which could materially affect our business, financial condition, cash flows or future results. There have been no material changes in our risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2017. The risks described in our Annual Report on Form 10-K for the year ended December 31, 2017 are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

#### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

##### **Issuer Purchases of Equity Securities**

The following table provides information about purchases of our equity securities during the three months ended March 31, 2018:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part Publicly Announced Plans or Programs (2)(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
				(dollars in thousands)
January 1, 2018 to January 31, 2018	—	\$ —	—	\$ 99,187
February 1, 2018 to February 28, 2018	35,699	\$ 56.02	35,699	97,186
March 1, 2018 to March 31, 2018	87,992	\$ 56.85	87,992	92,184
<b>Total</b>	<u>123,691</u>	<u>\$ 56.62</u>	<u>123,691</u>	

(1) All shares repurchased by the Company in this table were repurchased pursuant to the Share Repurchase Programs, described below and elsewhere in this Quarterly Report on Form 10-Q.

(2) On August 9, 2016, the Company announced a share repurchase program approved by the Company's board of directors authorizing the repurchase of up to \$75.0 million of the Company's common stock (the "Share Repurchase Program"). Under the Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The Share Repurchase Program has no time limit and may be suspended or discontinued completely at any time.

(3) On August 9, 2017, the Company announced a new share repurchase program approved by the Board, under which the Company may repurchase up to \$100 million of its outstanding common stock (the "New Share Repurchase Program"). Under the New Share Repurchase Program, the Company may repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The New Share Repurchase Program has no time limit and may be suspended or discontinued completely at any time.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Not applicable.

### Item 6. Exhibits

The exhibits listed below are filed or furnished (as applicable) as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

## EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1	<a href="#"><u>Amendment No. 1 to Stock Purchase Agreement, dated as of February 8, 2018 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, SEC File No. 001-36306, filed February 14, 2018)</u></a>
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, SEC File No. 001-36306, filed February 20, 2014)</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, SEC File No. 001-36306, filed February 20, 2014)</u></a>
10.1	<a href="#"><u>Separation Agreement by and between the Registrant and David E. Riggs, dated January 24, 2018 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, SEC File No. 001-36306, filed January 30, 2018)</u></a>
10.2	† <a href="#"><u>Form of Restricted Stock Unit Grant Package (2014 Equity Incentive Plan) (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K, SEC File No. 001-36306, filed February 26, 2018)</u></a>
10.3	† <a href="#"><u>Form of Performance Stock Unit Grant Package (2014 Equity Incentive Plan) (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K, SEC File No. 001-36306, filed February 26, 2018)</u></a>
10.4	(1) <a href="#"><u>Separation Agreement by and between the Registrant and Steven L. Krill, dated February 19, 201</u></a>
31.1	(1) <a href="#"><u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2	(1) <a href="#"><u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1	(1) <a href="#"><u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Management contract or compensatory plan or arrangement.

(1) Filed herewith.



## SIGNATURES

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

EAGLE PHARMACEUTICALS, INC.

DATED: May 10, 2018

By: /s/ Scott Tarriff  
Scott Tarriff  
Chief Executive Officer and Director  
(Principal Executive Officer)

DATED: May 10, 2018

By: /s/ Pete A. Meyers  
Pete A. Meyers  
Chief Financial Officer  
(Principal Accounting and Financial Officer)

February 19, 2018

Steven Krill  
6618 Colina Puesta  
San Clemente, CA 92673

**Re: Separation Agreement**

Dear Steven,

This letter sets forth the substance of the separation agreement (the “**Agreement**”) which Eagle Pharmaceuticals, Inc. (the “**Company**”) is offering to you to aid in your employment transition.

**1. Separation.** Your last day of work with the Company and your employment termination date will be February 26, 2018 (the “**Separation Date**”).

**2. Accrued Salary and Vacation.** On February 26, 2018, the Company will pay you all accrued salary and all accrued and unused vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. You will receive these payments regardless of if you sign this Agreement.

**3. Severance Benefits.** In exchange for your compliance with Sections 9, 14, 15, 16 and 17 hereof (collectively, the “**Consideration Requirements**”), as per your executed Officer Severance Benefit Plan Participation Agreement dated January 24, 2015 (the “**Participation Agreement**”), including the Eagle Pharmaceuticals, Inc. Officer Severance Plan, Approved by the Board of Directors as of August 4, 2015 (the “**Plan**,” and collectively with the Participation Agreement, the “**Severance Plan**”), if you timely return this Agreement, fully signed and dated, to the Company, and allow it to become effective, and you comply fully with the Consideration Requirements, the Company will pay you the cash severance (the “**Severance**”) set forth in paragraph 3(a) below as well as the additional consideration set forth in paragraphs 3(b), 3(c) and 4 below (collectively, the “**Consideration**”). You expressly acknowledge that you are not otherwise entitled to the Consideration and that the payments and benefits comprising the Consideration serve as adequate consideration for your compliance with the Consideration Requirements. The Company expressly acknowledges and agrees that (i) your termination of employment is a “Covered Termination” within the meaning of the Plan, (ii) as of the Separation Date, you were an “Eligible Officer” within the meaning of the Plan, (iii) as of the execution date of this Agreement, you will have satisfied all requirements to be eligible to receive the Consideration, subject to your continuing obligations under Sections 14, 15, 16 and 17 hereof and (iv) none of paragraphs 2(c), 2(d) or 3(c) of the Plan applies to the Consideration or any portion thereof.

(a) **Severance.** If on or after the Separation Date, you sign this Agreement and comply with its terms, the Company will pay you, as set forth in Exhibit A hereof, the gross amount of \$212,180.00 as Severance. Notwithstanding any provisions of the Severance Plan to the contrary, you will receive the Severance in a lump sum within 10 business days following the Effective Date, as defined in Section 18 hereof, provided that on or prior thereto you return to Company the letter attached as Exhibit B and you have not revoked this Agreement within the time allowed to revoke.

(b) **Pro Rata Bonus.** Subject to the terms of the Severance Plan, you will be entitled to receive the portion of your target annual bonus as shown on Exhibit A for the prorated amount of January and February 2018, calculated based on the number of days that you were employed during the performance year, which is the 12-consecutive month period commencing on January 1, 2018 and ending on December 31, 2018, less standard payroll deductions, taxes and other withholdings. Notwithstanding any provisions of the Plan to the contrary, you will receive the pro rata bonus in a lump sum within 10 business days following the Effective Date, provided that on or prior thereto you return to Company the letter attached as Exhibit B and you have not revoked this Agreement within the time allowed to revoke.

(c) **Outplacement Services.** You will become eligible to receive up to a total of \$15,000, in the aggregate of outplacement counseling and training services to be provided by an outplacement services company selected by the Company provided that such services are or have been provided between March 1, 2018 and February 28, 2019.

**4. Healthcare Continuation Coverage.** If you timely elect continued coverage under COBRA for yourself and/or your covered dependents under the Company's group health plans following the Separation Date, and provided you timely execute and return this fully signed and dated Agreement to the Company, allow it to become effective, and comply fully with the Consideration Requirements, then the Company will continue to pay, as and when due to the insurance carrier or COBRA administrator (as applicable), the Company portion of the premium for such coverage until the earlier of (A) the six month anniversary of the Separation Date; or (B) the expiration of your eligibility for the continuation coverage under COBRA, (such period from the termination date through the earlier of (A) or (B), the "**COBRA Payment Period**"). Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that the payment of the COBRA premiums would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code of 1986, as amended (the "**Code**") or any statute or regulation of similar effect (including but not limited to the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then provided you remain eligible for reimbursement in accordance with this Section 4, in lieu of providing the COBRA premiums, the Company will instead pay you on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA premiums for that month, subject to applicable tax withholdings for the remainder of the COBRA Payment Period. If you cease to be eligible for COBRA during the period provided in this clause, you must promptly notify the Company of such event, and all payments and obligations under this clause will cease.

#### **5. Benefit Plans.**

If you are currently participating in the Company's group health insurance plans, your participation as an employee will end on the last day of the month in which separation occurs. Thereafter, to the extent provided by the federal COBRA law or, if applicable, state insurance laws, and by the Company's current group health insurance policies, you will be eligible to continue your group health insurance benefits at your own expense, with the potential for certain portions to be paid by the Company in accordance with Section 4. Later, you may be able to convert to an individual policy through the provider of the Company's health insurance, if you wish.

Your participation in all Company provided insurance plans, including Employer-Sponsored Group Life Insurance and Short and Long Term Disability Insurance will cease as of the Separation Date;

however, you may elect to convert your Life Insurance by contacting HR on or before the end of the month.

Deductions for the 401(k) Plan will end with your last regular paycheck. You will receive information by mail concerning 401(k) plan rollover procedures should you be a participant in this program.

You have the right to continue your current Health Care Spending Account if you are participating in this program. Enclosed is the information concerning how to continue this benefit. Dependent Care Spending Accounts cannot be continued. Your last full Spending Account payroll deductions will be processed on your final check date February 26, 2018. If you have a Flexible Spending Account (FSA), it will be closed as of the Separation Date. You will be able to submit bills for reimbursement to your FSA for 90 days from the Separation Date but only for costs incurred before the Separation Date.

**6. Stock Options.** You were granted options to purchase shares of the Company's common stock totaling 283,467 shares (the "**Options**") pursuant to the Company's 2007 Incentive Compensation Plan, as amended (the "**2007 Plan**"), or the Company's 2014 Equity Incentive Plan (the "**2014 Plan**"). The 2007 Plan and the 2014 Plan will together be referred to as the "**Equity Plans**." As more fully set forth on Exhibit A hereto, of the 283,467 Options granted under the Equity Plans, 92,435 Options remain vested and unexercised after your previous exercises which totaled 90,596 Options. Such Options may be exercised, to the extent they were vested and exercisable as of your Separation Date, following the termination of your employment for a period equal to 90 days, but in no event later than the expiration date set forth in the applicable option agreements (or the day before the tenth (10th) anniversary of applicable date of grant of an Option, if earlier. All terms, conditions and limitations applicable to the Options will remain in full force and effect pursuant to the applicable option agreements and the Equity Plans.

**7. Other Compensation or Benefits.** You acknowledge that, except as expressly provided in this Agreement, you will not receive any additional compensation, severance or benefits after the Separation Date; provided, however, that the only compensation and benefits conditioned on your execution and non-revocation of this Agreement are the compensation and benefits comprising the Consideration.

**8. Expense Reimbursements. If you have been issued any Company credit or calling cards, the Company will cancel these card(s) effective the Separation Date.** You agree that, within ten (10) days of the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for reasonable business expenses pursuant to its regular business practice.

**9. Return of Company Property.** By the Separation Date, you agree to return to the Company all Company documents (and all copies thereof) and other Company property that you have had in your possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, computers), credit cards, entry cards, identification badges and keys; and, any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). Please coordinate return of Company property with Carol Malagoli. **Receipt of the severance benefits described in Section 3 of this Agreement is expressly conditioned upon return of all Company Property.**

**10. Proprietary Information and Post-Termination Obligations.** Both during and after your employment you acknowledge your continuing obligations under that certain Proprietary Information, Inventions Assignment, Non-Competition and Non-Solicitation Agreement dated as of November 24, 2015 (the “**Restrictive Covenants Agreement**”) to the extent provided therein. A copy of the Restrictive Covenants Agreement is attached hereto as Exhibit C. If you have any doubts as to the scope of the restrictions in the Restrictive Covenants Agreement, you should contact the Company’s Legal Department immediately to assess your compliance. As you know, the Company will enforce its contract rights. Please familiarize yourself with the enclosed agreement which you signed. Confidential information that is also a “trade secret,” as defined by law, may be disclosed (A) if it is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, in the event that you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you: (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order. Notwithstanding the foregoing, or any provision of the Restrictive Covenants Agreement, any option agreement governing options granted under the Equity Plans or any other agreement by and between the Company and you, you shall not be obligated to provide a copy of the Restrictive Covenants Agreement to any future employer or any future business arrangement in which you become involved that does not involve the performance of Conflicting Services for a Customer or Potential Customer, each as defined in the Restrictive Covenants Agreement.

**11. Confidentiality.** The provisions of this Agreement will be held in strictest confidence by you and the Company and will not be publicized or disclosed in any manner whatsoever; provided, however, that: (a) you may disclose this Agreement to your immediate family; (b) the parties may disclose this Agreement in confidence to their respective attorneys, accountants, auditors, tax preparers, and financial advisors; (c) the Company may disclose this Agreement as necessary to fulfill standard or legally required corporate reporting or disclosure requirements; and (d) the parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, you agree not to disclose the terms of this Agreement to any current or former Company employee. Notwithstanding the foregoing, nothing in this Agreement shall limit your right to voluntarily communicate with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Securities and Exchange Commission, other federal government agency or similar state or local agency or to discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act.

**12. Non-Disparagement.** Both you and the Company agree not to disparage the other party, and the other party’s officers, directors, employees, shareholders and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; provided that both you and the Company will respond accurately and fully to any question, inquiry or request for information when required by legal process. The Company’s obligations under this Section are limited to Company representatives with knowledge of this provision. Notwithstanding the foregoing, nothing in this Agreement shall limit your right to voluntarily communicate with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Securities and Exchange Commission, other federal government agency or similar state or local agency or to discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act.

**13. Cooperation after Termination.** You agree to cooperate reasonably with the Company in all matters relating to the transition of your work and responsibilities on behalf of the Company, including, but not limited to, any present, prior or subsequent relationships and the orderly transfer of any such work and institutional knowledge to such other persons as may be designated by the Company, by making yourself reasonably available during regular business hours. As a condition to your compliance with this Section 13, the Company agrees to reimburse you for time (at an hourly rate of \$450/hr.) and reasonable expenses associated with such cooperation. Any such reimbursements will be effectuated pursuant to the Company's regular business practice.

**14. General Release, Claims Not Released and Related Provisions.**

a. **General Release of All Claims.** You knowingly and voluntarily release and forever discharge Company, its affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively referred to throughout the remainder of this Agreement as "Releasees"), of and from any and all claims, known and unknown, asserted or unasserted, which you have or may have against Releasees as of the date of execution of this Agreement, including, but not limited to, any alleged violation of:

Title VII of the Civil Rights Act of 1964;

The Age Discrimination in Employment Act of 1967 ("ADEA");

Sections 1981 through 1988 of Title 42 of the United States Code;

The Employee Retirement Income Security Act of 1974 ("ERISA") (except for any vested benefits under any tax qualified benefit plan or otherwise);

The Immigration Reform and Control Act;

The Americans with Disabilities Act of 1990;

The Workers Adjustment and Retraining Notification Act;

The Fair Credit Reporting Act;

The Family and Medical Leave Act;

The Equal Pay Act;

The Genetic Information Nondiscrimination Act of 2008;

The Sarbanes-Oxley Act of 2002;

The California Fair Employment and Housing Act, as amended;

The California Family Rights Act – Cal. Gov't Code § 12945.2 et seq.

The California Unruh Civil Rights Act – Cal. Civ. Code § 51 et seq.;

The California Confidentiality of Medical Information Act– Cal. Civ. Code §56 et seq.;

The California Paid Sick Leave Laws, Cal. Lab. Code §§ 246 – 249;

The California Equal Pay Law – Cal. Lab. Code §1197.5;

The California WARN Act – Cal. Lab. Code § 1400 et seq.;

The California Consumer Credit Reporting Agencies Act– Cal. Civ. Code §1785 et seq.;

The California Investigative Consumer Reporting Agencies Act – Cal. Civ. Code §1786 et seq.;

Those Other Provisions of the California Labor Code That Lawfully May Be Released;

Any other federal, state or local law, rule, regulation, or ordinance;

Any public policy, contract, tort, or common law; or

Any claim for costs, fees, or other expenses including attorneys' fees incurred in these matters.

b. **Claims Not Released.** Notwithstanding the foregoing, the Parties agree that the scope of this release does not apply to (1) any rights you may have to vested accrued employee benefits under Employer's health, welfare, or retirement benefit plans as of the Separation Date; (2) any claims for workers' compensation benefits (including disability payments) or unemployment insurance benefits, (3) claims for indemnification of employee's reasonable expenses incurred for the Employer under California Labor Code section 2802 and/or the Company's directors and officers, errors and omissions or similar insurance policies, (4) other claims that by law may not be waived, (5) claims seeking to enforce this Agreement, or (6) challenges to the validity of this Agreement.

c. **Governmental Agencies.** Nothing in this Agreement prohibits or prevents you from filing a charge with or participating, testifying or assisting in any investigation, hearing, or other proceeding before any federal, state or local government agency. However, to the maximum extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover any individual monetary relief or other individual remedies.

d. **Collective/Class Action Waiver.** If any claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which Company or any other Releasee identified in this Agreement is a party.

## 15. Waiver of ADEA Claims.

a. You agree that by signing this Agreement, you waive any claims you may have under the Age Discrimination in Employment Act of 1967, as amended (the ADEA). You agree this waiver is knowing and voluntary. You and Company agree this waiver does not apply to ADEA claims or rights that might arise after you sign this Agreement. You also agree you have no right to the Severance unless you sign this Agreement.

- b. You also agree that this Agreement advises you in writing that:
- i. You should consult with an attorney before signing this Agreement;
  - ii. You have at least 21 days from the Separation Date to consider whether to sign this Agreement;
  - iii. You have seven days after signing this Agreement to revoke it;
  - iv. If you revoke this Agreement, you will not receive the Severance; and
  - v. This Agreement does not prevent you from later challenging the validity of the Agreement or from filing a charge with any government agency.

**16. Waiver of California Civil Code §1542 and of Unknown Claims.** You agree that by signing this Agreement and accepting the benefits it provides, and by voluntarily releasing and discharging Company and all Releasees from any and all claims as described above, you specifically and freely waive any and all rights you may have under California Civil Code section 1542, which states:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

In waiving the protections of Civil Code section 1542, you acknowledge that you know the actual facts and circumstances surrounding the Agreement upon which this release is given. So that this Agreement provides a full and complete waiver and release, you assume the risk that you may later discover facts different from those facts you now know or believe to be true.

**17. Your Acknowledgments and Affirmations/ Effective Date of Agreement.** You acknowledge that you are knowingly and voluntarily waiving and releasing any and all rights you may have under the ADEA, as amended. You also acknowledge and agree that (i) the consideration given to you in exchange for the waiver and release in this Agreement is in addition to anything of value to which you were already entitled, and (ii) that you have been paid for all time worked, have received all the leave, leaves of absence and leave benefits and protections for which you are eligible, and have not suffered any on-the-job injury for which you have not already filed a claim of any kind. You affirm that all of the decisions of the Releasees regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law. You affirm that you have not filed or caused to be filed, and are not presently a party to, a claim of any kind against any of the Releasees. You further affirm that you have no known workplace injuries or occupational diseases. You acknowledge and affirm that you have not been retaliated against for reporting any allegation of corporate fraud or other wrongdoing by any of the Releasees, or for exercising any rights protected by law, including any rights protected by the Fair Labor Standards Act, the Family Medical Leave Act or any related statute or local leave or disability accommodation laws, or any applicable state



workers' compensation law. You further acknowledge and affirm that you have been advised by this writing that: (a) your waiver and release do not apply to any rights or claims that may arise after the execution date of this Agreement; (b) you have been advised hereby that you have the right to consult with an attorney prior to executing this Agreement; (c) you have been given at least twenty-one (21) days to consider this Agreement (although you may choose to voluntarily execute this Agreement earlier, though no earlier than the Separation Date, and if you do you will sign the Consideration Period Waiver below); (d) you have seven (7) days following your execution of this Agreement to revoke this Agreement; and (e) this Agreement shall not be effective until the date upon which the revocation period has expired unexercised (the "**Effective Date**"), which shall be the eighth day after this Agreement is executed by you.

**18. No Admission.** This Agreement does not constitute an admission by either the Company or you of any wrongful action or violation of any federal, state, or local statute, or common law rights, including those relating to the provisions of any law or statute concerning employment actions, or of any other possible or claimed violation of law or rights.

**19. Breach.** You agree that upon any material breach of this Agreement you will forfeit all amounts paid or owing to you under this Agreement comprising the Consideration. Further, you acknowledge that it may be impossible to assess the damages caused by your violation of the terms of Sections 9, 10, 11, 12 and 13 of this Agreement and further agree that any threatened or actual violation or breach of those Sections of this Agreement will constitute immediate and irreparable injury to the Company. You therefore agree that, in addition to any and all other damages and remedies available to the Company upon your material breach of this Agreement, the Company shall be entitled to an injunction to prevent you from violating or breaching this Agreement. You agree that if the Company is successful in whole or part in any legal or equitable action against you under this Agreement, you agree to pay all of the costs, including reasonable attorneys' fees, incurred by the Company in enforcing the terms of this Agreement.

**20. Section 409A.** The payment to you of the Consideration hereunder is intended to be exempt from Section 409A of the Code ("**Section 409A**") as follows: (i) each of Severance and the pro rata bonus is intended to be exempt from Section 409A under the short-term deferral rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and/or the separation pay rule set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii) to the maximum cumulative extent thereof, it being understood, acknowledged and agreed by the parties that the Company terminated the Executive other than for Cause (as defined in the Plan) as of the Separation Date; (ii) the COBRA reimbursements are intended to be exempt from Section 409A under the exemption therefor set forth in Treasury Regulation Section 1.409A-1(b)(9)(v)(B) and/or the short-term deferral rule described in clause (i) to the maximum cumulative extent provided therein; (iii) the outplacement services are intended to be exempt from Section 409A under the exemption therefor set forth in Treasury Regulation Section 1.409A-1(b)(9)(v)(A) and/or the short-term deferral rule described in clause (i) to the maximum cumulative extent provided therein; (iv) option exercisability hereunder is intended to be exempt from Section 409A under the exemption therefor set forth in Treasury Regulation Section 1.409A-1(b)(5), applies to options granted with an exercise price equal to at least fair market value of the underlying shares as of the grant date; and (v) taxable reimbursements or in-kind benefits hereunder, to the extent not otherwise exempt from Section 409A, shall be made in accordance with the following requirements: (A) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (B) the reimbursement of an eligible expense shall be made on or before December 31 of the calendar year immediately following the calendar year in which the

expense was incurred; and (C) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, to the extent that any portion of the Consideration constitutes deferred compensation subject to the requirements of Section 409A, this Agreement shall be construed in such a manner as to make such portion of the Consideration payable in a Section 409A-compliant manner. Without in any way limiting the generality of the foregoing, the provisions of Section 5 of the Plan shall apply hereunder (in addition to the foregoing provisions of this Section 20) in respect of the Consideration.

**21. Miscellaneous.** This Agreement, including Exhibits A, B and C, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement, without regard to the Restrictive Covenants Agreement (with respect to which you and the Company reserve all rights concerning the applicability of the governing law set forth therein), will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California as applied to contracts made and to be performed entirely within California.

If this Agreement is acceptable to you, please sign below and return the original to me on or before March 23, 2018.

I wish you good luck in your future endeavors.

Sincerely,

**EAGLE PHARMACEUTICALS, INC.**

By: /s/ David Pernock

---

David Pernock  
President

**I UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE UNKNOWN CLAIMS THAT IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS AGREEMENT.**

AGREED TO AND ACCEPTED:

/s/ Steven Krill

---

Steven Krill

Exhibit A – Calculation of Option Grants

Exhibit B – Agreement and General Release

Exhibit C – Proprietary Information, Inventions Assignment, Non-Competition and Non-Solicitation Agreement

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, Scott Tarriff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eagle Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Scott Tarriff

Scott Tarriff  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Pete A. Meyers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eagle Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Pete A. Meyers

Pete A. Meyers  
Chief Financial Officer  
(Principal Accounting and Financial Officer)

**Certification Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), **Scott Tarriff**, Chief Executive Officer of Eagle Pharmaceuticals, Inc. (the "Company"), and **Pete A. Meyers**, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2018, (the "Quarterly Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**In Witness Whereof**, the undersigned have set their hands hereto as of the 10<sup>th</sup> day of May 2018.

By: /s/ Scott Tarriff  
Scott Tarriff  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Pete A. Meyers  
Pete A. Meyers  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Eagle Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.