UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

☐ **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 001-08568

Teligent, Inc.

(Formerly IGI Laboratories, Inc.)
(Exact name of registrant as specified in its charter)

Delaware	**01-0355758**
(State or other Jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
105 Lincoln Avenue **Buena, New Jersey**	**08310**
(Address of Principal Executive Offices)	*(Zip Code)*

(856) 697-1441
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting 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	☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). ☐

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

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

The number of shares outstanding of the issuer's common stock is 53,537,888 shares as of August 6, 2018.

OTHER INFORMATION

When used in this report, the terms, “we,” the “Company,” “our,” and “us” refer to Teligent, Inc., a Delaware corporation (formerly IGI Laboratories, Inc.), and its consolidated subsidiaries.

PART I
FINANCIAL INFORMATION

ITEM 1. Financial Statements

TELIGENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share information)

	June 30, 2018 (Unaudited)	December 31, 2017* (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,675	$ 26,692
Accounts receivable, net	16,232	18,143
Inventories, net	17,575	16,075
Prepaid expenses and other receivables	2,206	3,622
Total current assets	49,688	64,532
Property, plant and equipment, net	83,027	68,355
Intangible assets, net	52,930	56,017
Goodwill	445	471
Other assets	577	611
Total assets	$ 186,667	$ 189,986
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,654	$ 10,595
Accrued expenses	9,269	13,502
Total current liabilities	17,923	24,097
2021 Term Loan, net of debt discount and debt issuance costs (face of $15,000 as of June 30, 2018)	14,198	—
Convertible 3.75% Senior Notes, net of debt discount and debt issuance costs (face of $68,660 and $143,750 as of June 30, 2018 and December 31, 2017, respectively)	60,312	120,977
Convertible 4.75% Senior Notes, net of debt discount and debt issuance costs (face of $75,090 as of June 30, 2018)	54,963	—
Deferred tax liability	148	159
Total liabilities	147,544	145,233
Commitments and Contingencies		
Stockholders' equity:		
Common stock, $0.01 par value, 100,000,000 shares authorized; 53,512,888 and 53,400,281 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	554	554
Additional paid-in capital	126,532	106,312
Accumulated deficit	(85,612)	(60,094)
Accumulated other comprehensive loss	(2,351)	(2,019)
Total stockholders' equity	39,123	44,753
Total liabilities and stockholders' equity	$ 186,667	$ 189,986

*Derived from the audited December 31, 2017 financial statement
The accompanying notes are an integral part of the condensed consolidated financial statements.

TELIGENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except shares and per share information)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenue, net	$ 16,751	$ 18,408	$ 31,296	$ 38,299
Costs and expenses:				
Cost of revenues	11,728	10,371	21,053	19,328
Selling, general and administrative expenses	5,961	4,706	11,321	9,005
Product development and research expenses	3,967	5,113	7,358	8,781
Total costs and expenses	21,656	20,190	39,732	37,114
Operating (loss) income	(4,905)	(1,782)	(8,436)	1,185
Other income (expense):				
Foreign currency exchange (loss) gain	(3,220)	3,822	(1,895)	4,901
Debt partial extinguishment of Convertible 3.75% Senior Notes	(10,069)	—	(10,069)	—
Interest and other expense, net	(2,499)	(2,936)	(5,071)	(6,068)
(Loss) income before income tax expense	(20,693)	(896)	(25,471)	18
Income tax expense	23	23	47	106
Net loss attributable to common shareholders	$ (20,716)	$ (919)	$ (25,518)	$ (88)
Basic and diluted loss per share	$ (0.39)	$ (0.02)	$ (0.48)	$ —
Weighted average shares of common stock outstanding:				
Basic and diluted shares	53,510,712	53,304,407	53,484,756	53,250,109

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELIGENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(Unaudited)

	Three months ended June 30,		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Net loss	$ (20,716)	$ (919)	$ (25,518)	$ (88)
Other comprehensive loss, net of tax;				
Foreign currency translation adjustment	(28)	(163)	(332)	(245)
Other comprehensive loss	(28)	(163)	(332)	(245)
Comprehensive loss	$ (20,744)	$ (1,082)	$ (25,850)	$ (333)

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELIGENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the six months ended June 30, 2018
(in thousands, except share information)
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance, December 31, 2017	53,400,281	$ 554	$ 106,312	$ (2,019)	$ (60,094)	$ 44,753
Stock based compensation expense	—	—	1,165	—	—	1,165
Stock options exercised	—	—	12	—	—	12
Issuance of stock for vested restricted stock units	112,607	—	—	—	—	—
Fair value of conversion feature on Convertible 4.75% Senior Notes	—	—	19,043	—	—	19,043
Cumulative translation adjustment	—	—	—	(332)	—	(332)
Net loss	—	—	—	—	(25,518)	(25,518)
Balance, June 30, 2018	53,512,888	$ 554	$ 126,532	$ (2,351)	$ (85,612)	$ 39,123

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELIGENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from operating activities:		
Net loss	$ (25,518)	$ (88)
Reconciliation of net loss to net cash used in operating activities		
Depreciation and amortization of fixed assets	1,133	822
Provision for bad debt expense	811	26
Provision for write down of inventory	1,154	918
Stock based compensation	1,113	1,739
Amortization of debt issuance costs	502	456
Amortization of intangibles	1,550	1,396
Foreign currency exchange loss (gain)	1,895	(4,901)
Partial extinguishment of Convertible 3.75% Senior Notes	10,069	—
Amortization of debt discount	4,425	4,183
Loss on impairment of intangible assets	22	—
Changes in operating assets and liabilities		
Accounts receivable	1,023	(5,530)
Inventories	(2,816)	(2,554)
Prepaid expenses and other current receivables	1,443	(208)
Other assets	35	20
Accounts payable and accrued expenses	(9,604)	2,414
Net cash used in operating activities	(12,763)	(1,307)
Cash flows from investing activities:		
Capital expenditures	(12,270)	(15,286)
Net cash used in investing activities	(12,270)	(15,286)
Cash flows from financing activities:		
Proceeds from exercise of common stock options	12	267
Proceeds from 2021 Term Loan	15,000	—
Debt issuance costs on Convertible 4.75% Senior Notes and 2021 Term Loan	(2,457)	—
Net cash provided by financing activities	12,555	267
Effect of exchange rate on cash and cash equivalents	(540)	536
Net decrease in cash, cash equivalents and restricted cash	(12,478)	(16,326)
Cash, cash equivalents and restricted cash at beginning of period	27,165	66,481
Cash, cash equivalents and restricted cash at end of period	$ 14,147	$ 50,691
Supplemental Cash flow information:		
Cash payments for interest	$ 2,475	$ 2,695
Cash payments for income taxes	48	93
Non cash investing and financing transactions:		
Acquisition of capital expenditures in accounts payable and accrued expenses	$ 3,042	$ 4,260
Capitalized interest in capital expenditures	477	—
Capitalized stock compensation in capital expenditures	53	66

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELIGENT, INC. AND SUBSIDIARIES
NOTES TO (UNAUDITED) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, *2017, as updated by other reports we may file from time to time with the Securities and Exchange Commission ("SEC"). The condensed consolidated balance sheet as of December 31, 2017 has been derived from those audited consolidated financial statements. Operating results for the six month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.*

1. Nature of the Business and Liquidity

Nature of the Business

Teligent, Inc. and its subsidiaries (collectively the "Company"), is a specialty generic pharmaceutical company. Our mission is to become a leader in the specialty generic pharmaceutical market in alternate dosage forms. Under our own label, we currently market and sell generic topical and generic and branded generic injectable pharmaceutical products in the United States and Canada. In the United States, we currently market 28 generic topical pharmaceutical products and four branded generic injectable pharmaceutical products. In Canada, we sell over 30 generic and branded generic injectable products and medical devices. Generic pharmaceutical products are bioequivalent to their brand name counterparts. We also provide contract manufacturing services to the pharmaceutical, over-the-counter ("OTC"), and cosmetic markets. We operate our business under one segment. Our common stock is traded on the NASDAQ Global Select Market under the trading symbol "TLGT." Our principal executive office, laboratories and manufacturing facilities are located at 105 Lincoln Avenue, Buena, New Jersey. We have additional offices located in Iselin, New Jersey, Toronto, Canada, and Tallinn, Estonia.

Liquidity

For the six months ended June 30, 2018, we incurred a net loss of $25.5 million and cash outflows of $12.5 million. Additionally, we have an accumulated deficit of $85.6 million. The reduction in cash was largely due to the additional year-to-date investment of $12.3 million in the Company's new manufacturing facility, along with the timing of accounts receivable collections and expense payments related primarily to the launch of five new products in the U.S. market.

Our liquidity needs have typically arisen from the funding of our manufacturing facility, research and development programs and the launch of new products. In the past, we have met these cash requirements through cash inflows from operations, working capital management, and proceeds from our Convertible 3.75% Senior Notes ("2019 Notes"). The 2019 Notes were issued in December 2014 and are due in December 2019. On April 27, 2018, the Company entered into separate exchange agreements with certain holders of the 2019 Notes. The agreements gave the holder the right to exchange in aggregate $75.1 million of the 2019 Notes for $75.1 million of new Convertible 4.75% Senior Notes due 2023 ("2023 Notes"). Additional information is provided in Note 6.

In order to continue normal business operations and execution of the Company's growth strategy, the Company has and will continue to exercise its ability to significantly defer or reduce planned discretionary investments in research and development and capital projects or seek other financing alternatives. Other financing alternatives may include raising additional capital through the sale of its equity, a strategic alliance with a third party or securing debt. If additional acquisition and growth opportunities arise, external financing will be required.

On May 4, 2018, the Company filed Form S-3 under the Securities Act of 1933. The S-3 registration allows the Company to issue, from time to time and at prices to be determined at or prior to the offering, up to $50.0 million of any combination of the securities described in the prospectus, either individually or in units should the need to raise cash arise.

On June 1, 2018, the Company secured a term loan ("2021 Term Loan") for $25.0 million to support the operations of the business. The first $15.0 million of loan proceeds was received on June 1, 2018. The remaining loan proceeds of $10.0 million was received on July 16, 2018. The Company is currently evaluating alternative financing methods. As the Company continues to review its capital and debt structure, there can be no assurance that a strategic alliance or debt financing will be available on terms acceptable to the Company, or at all. The board of directors and management of the Company intend to exercise all options available in order to enable the Company to support its current growth strategy and operations beyond August 2019.

Out of Period Adjustments

For the three and six months ended June 30, 2018, the Company recorded net adjustments of $0.4 million and $0.3 million, respectively, related to prior periods. The net impact of the adjustments, described below, on any prior annual or interim periods financial statements was not significant.

	Three months ended June 30, 2018	Six months ended June 30, 2018
Wholesale fees (Revenue)	$ 0.9	$ 0.9
Medicaid (Revenue)	0.3	—
Sales return reserve (Revenue)	—	(0.6)
Inventory adjustments (Cost of revenues)	—	0.8
Bad debt expense (Selling, general and administrative expenses)	(0.8)	(0.8)
	$ 0.4	$ 0.3

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the historical valuation of the derivative liability, sales returns and allowances, allowances for excess and obsolete inventories, allowances for doubtful accounts, provisions for income taxes and related valuation allowances, stock based compensation, the assessment for the impairment of long-lived assets (including intangibles, goodwill and property, plant and equipment), property, plant and equipment and legal accruals for environmental cleanup and remediation costs. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid instruments purchased with the original maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. Cash and cash equivalents include cash on hand and bank demand deposits used in the Company's cash management program.

The Company has restricted cash, consisting of escrow accounts and letter of credits, which is included within other assets on the Condensed Consolidated Balance Sheet. The Company also presents restricted cash with cash and cash equivalents in the Condensed Consolidated Statement of Cash Flows.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported in the Consolidated Balance Sheet to the total amounts in the Consolidated Statement of Cash Flows as follows (in thousands):

	June 30, 2018	December 31, 2017	June 30, 2017	December 31, 2016
Cash and cash equivalents	$ 13,675	$ 26,692	$ 50,216	$ 66,006
Restricted cash in other assets	472	473	475	475
Cash, cash equivalents and restricted cash in the statement of cash flows	$ 14,147	$ 27,165	$ 50,691	$ 66,481

Stock Based Compensation

ASC 718-10 defines the fair-value-based method of accounting for stock-based employee compensation plans and transactions used by the Company to account for its issuances of equity instruments to record compensation cost for stock-based employee compensation plans at fair value as well as to acquire goods or services from non-employees. Transactions in which the Company issues stock-based compensation to employees, directors and advisors and for goods or services received from non-employees are accounted for based on the fair value of the equity instruments issued. The Company utilizes pricing models in determining the fair values of options, RSU's and warrants issued as stock-based compensation. These pricing models utilize the market price of the Company's common stock and the exercise price of the option or warrant, as well as time value and volatility factors underlying the positions. Stock-based compensation expense is recognized over the requisite service period of the award, which usually coincides with the vesting period of the grant.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade receivables, notes payable, accounts payable and other accrued liabilities at June 30, 2018 approximate their fair value for all periods presented. As of June 30, 2018, the net carrying value of the 2019 Notes and 2023 Notes (discussed in Note 6) was approximately $115.3 million compared to their face value of $143.75 million. This variance is due to the conversion feature in the Notes rather than to changes in market interest rates. The Notes carry a fixed interest rate and therefore do not subject the Company to interest rate risk. As of June 30, 2018, the net carrying value of the 2021 Term Loan (discussed in Note 6) was approximately $14.2 million compared to the face value of $15.0 million. The variance is due to debt discount and debt financing costs. The 2021 Term Loan bears interest at a rate of LIBOR plus 9%, and is therefore subject to market risk.

Loss Per Share

Basic loss per share of common stock is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted loss per share of common stock is computed using the weighted average number of shares of common stock and potential dilutive common stock equivalents outstanding during the period. Potential dilutive common stock equivalents include shares issuable upon the conversion of the 2019 and 2023 Notes, the exercise of options, and the vesting of restricted stock units ("RSU's"). For the three and six months ended June 30, 2018, the potential dilutive common stock equivalents have been excluded from the computation of diluted loss per share, as their effect would have been anti-dilutive.

(in thousands except shares and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Basic loss per share computation:				
Net loss - basic and diluted	$ (20,716)	$ (919)	$ (25,518)	$ (88)
Weighted average common shares - basic and diluted	53,510,712	53,304,407	53,484,756	53,250,109
Basic and diluted loss per share	$ (0.39)	$ (0.02)	$ (0.48)	$ 0.00

Revenue Recognition

The Company recognizes revenue 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. The Company's revenue is recorded net of accruals for estimated chargebacks, rebates, cash discounts, other allowances, and returns. The Company derives its revenues from three types of transactions: sales of its own pharmaceutical products (Company product sales), sales of manufactured product for its customers (contract manufacturing sales), and research and product development services performed for third parties. Due to differences in the substance of these transaction types, the transactions require, and the Company utilizes, different revenue recognition policies for each. Taxes collected from customers and remitted to government authorities and that are related to the sales of the Company's products are excluded from revenues. See more detailed information in Note 3.

Adoption of ASC Topic 606, "Revenue from Contracts with Customers"

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The standard, including subsequently issued amendments, replaces most existing revenue recognition guidance in U.S. GAAP. The key focus of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company performed a comprehensive review of its existing revenue arrangements as of January 1, 2018 following the aforementioned five-step model. Based on the Company's analysis, there were no changes identified that impacted the amount or timing of revenues recognized under the new guidance as compared to the previous guidance. Additionally, the Company's analysis indicated that there were no changes to how costs to obtain and fulfill our customer contracts would be recognized under the new guidance as compared to the previous guidance. The impact of the adoption of this standard on the Company's Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Operations, and Condensed Consolidated Statement of Cash Flows was not material. The adoption of the new guidance impacted the way the Company analyzes, documents, and discloses revenue recognition under customer contracts beginning on January 1, 2018 and resulted in additional disclosures in the Company's financial statements.

The new revenue standard also provides additional clarity on the balance sheet classification of the Company's provisions for estimated sales returns and allowances. This resulted in reclassification of certain amounts previously reflected as accrued expenses to reductions in accounts receivable. See more detailed information in Note 3.

Property, Plant and Equipment

Depreciation and amortization of property, plant and equipment is provided for under the straight-line method over the assets' estimated useful lives as follows:

	Useful Lives
Buildings and Improvements	10 - 40 years
Machinery and Equipment	5 - 15 years
Computer Hardware and Software	3 - 5 years
Furniture Fixtures	5 years

Leasehold improvements are amortized over the shorter of estimated useful life or the lease term. Repair and maintenance costs are charged to operations as incurred while major improvements are capitalized. Construction in progress ("CIP") costs are amortized based on the asset class when they are put into service. When assets are retired or disposed, the related cost and accumulated depreciation thereon are removed and any gains or losses are included in operating results.

Concentration of Credit Risk

Major customers of the Company are defined as those constituting greater than 10% of our total revenue. For the three months ended June 30, 2018, two of the Company's customers accounted for 47% of the Company's revenue, consisting of 34% and 13%, respectively. For the three months ended June 30, 2017, three of the Company's customers accounted for 55% of the Company's revenue, consisting of 26%, 12% and 17%, respectively. For the six months ended June 30, 2018, two of the Company's customers accounted for 48% of the Company's revenue, consisting of 36% and 12%, respectively. For the six months ended June 30, 2017, three of the company's customers accounted for 57% of the Company's revenue, consisting of 26%, 15% and 16%, respectively. Accounts receivable related to the Company's major customers comprised 49% of all accounts receivable as of June 30, 2018, and 82% of all accounts receivable as of June 30, 2017. This decrease is a result of the adoption of ASC 606, "Revenue from Contracts with Customers." The loss of one or more of these major customers could have a significant impact on our revenues and harm our business and results of operations**.**

For the three months ended June 30, 2018, domestic net revenues were $11.9 million and foreign net revenues were $4.9 million. For the six months ended June 30, 2018, domestic net revenues were $22.1 million and foreign net revenues were $9.2 million. As of June 30, 2018, domestic assets were $125.8 million and foreign assets were $60.9 million. For the three months ended June 30, 2017, domestic net revenues were $14.8 million and foreign net revenues were $3.6 million. For the six months ended June 30, 2017, domestic net revenues were $31.8 million and foreign net revenues were $6.5 million. As of June 30, 2017, domestic assets were $127.4 million and foreign assets were $69.0 million.

Foreign Currency Translation

The net assets of international subsidiaries where the local currencies have been determined to be the functional currencies are translated into U.S. dollars using current exchange rates. The U.S. dollar effects that arise from translating the net assets of these subsidiaries at changing rates are recorded in the foreign currency translation account, which is included in Accumulated Other Comprehensive Income (Loss) ("AOCI") and reflected as a separate component of equity. For those subsidiaries where the U.S. dollar has been determined to be the functional currency, non-monetary foreign currency assets and liabilities are translated using historical rates, while monetary assets and liabilities are translated at current rates, with the U.S. dollar effects of rate changes included in Foreign currency exchange gain line item under the Other income (expense), net section of the Income Statement.

Debt Issuance Costs

Expenses related to debt financing activities are capitalized and amortized on an effective interest method, over the term of the loan and are to be netted against the carrying value of the financial liability, as required by ASU 2015-3. This standard aligns the treatment of debt issuance costs and debt discounts in that both reduce the carrying value of the liability. Amortization of debt issuance costs is to be recorded as interest expense on the income statement.

Reclassification

Certain prior year amounts were reclassified to conform to current year presentation.

Adoption of Other Recent Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): "Restricted Cash (a consensus of the FASB Emerging Issues Task Force)". The update addresses the diversity in the industry with respect to classification and presentation of changes in restricted cash on the statement of cash flows. These amendments require that a statement of cash flows explain the restricted cash change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. It affects those reporting entities that are required to evaluate whether they should consolidate a variable interest entity "VIE". The amendments in this update were effective for fiscal years beginning after December 15, 2017 for public business entities, including interim periods within those fiscal years. For the Company, the amendments were effective January 1, 2018. The Company's adoption of this ASU, effective January 1, 2018, did not have a significant impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): “Clarifying the Definition of a Business”. The update clarifies the definition of a business, specifically for companies to better evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this update were effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those annual periods. The Company's adoption of this ASU, effective January 1, 2018, did not have a significant impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-03, Accounting Changes and Error Corrections (Topic 250) and Investments—Equity Method and Joint Ventures (Topic 323): “Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings”. The update shows amendments to two SEC Announcements made late in 2016 regarding four specific standards as follows: ASU 2014-09, Revenue from Contracts with Customers (Topic 606), ASU 2016-02, Leases (Topic 842), ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), and ASU 2014-01, Investments - Equity Method and Joint Ventures (Topic 323). The amendments in this update require changes to the U.S. GAAP Financial Reporting Taxonomy and the changes will be incorporated into the proposed 2018 Taxonomy which are available for public comment and finalized as part of the annual release process. The Company's adoption of this ASU, effective January 1, 2018, did not have a significant impact on its consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): “Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets”. This update addresses guidance for partial sales of nonfinancial assets. It affects (i) an entity that enters into a contract to transfer to a customer a nonfinancial asset, group of nonfinancial assets, or ownership interest in a consolidated subsidiary that is not a business or nonprofit entity, (ii) an entity that historically had transactions within the scope of the real estate-specific derecognition guidance, and (iii) an entity that contributes nonfinancial assets that are not a business or a nonprofit activity to a joint venture or other noncontrolled investee. The amendments were effective at the same time as the amendments in ASU 2014-09. Therefore, for the Company, the amendments were effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Public entities may apply the guidance earlier but only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company does not currently expect to enter into any such nonfinancial asset or ownership interest in its consolidated subsidiaries agreements but will refer to the guidance in ASU 2017-05 should that occur. The Company's adoption of this ASU, effective January 1, 2018, did not have any significant impact on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718): “Scope of Modification Accounting”. This update provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The amendments affect any entity that changes the terms or conditions of a share-based payment award. The amendments are effective for fiscal years beginning after December 15, 2017. For the Company, the amendments were effective January 1, 2018. The Company has not made any changes to the terms or conditions of share-based payment awards but will refer to the guidance in ASU 2017-09 should that occur. The Company's adoption of this ASU, effective January 1, 2018, did not have a significant impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842): “Recognition and Measurement of Financial Assets and Financial Liabilities”. The update supersedes Topic 840, Leases and requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Topic 842 retains a distinction between finance leases and operating leases, with cash payments from operating leases classified within operating activities in the statement of cash flows. The amendments in this update are effective for fiscal years beginning after December 15, 2018 for public business entities, which for the Company means January 1, 2019. The Company is reviewing all lease agreements inclusive of supplier agreements. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): “Simplifying the Test for Goodwill Impairment”. The update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. It affects public entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. A public entity that is a U.S. Securities and Exchange Commission ("SEC") filer should adopt the amendments in this update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. For the Company, the amendments are effective January 1, 2020. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. This guidance is effective for all entities for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. The amendments in ASU 2018-02 should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated Financial Statements and related disclosures.

3. Revenues, Recognition and Allowances

Revenue Recognition

As of January 1, 2018, the Company adopted the ASC 606 guidance for revenue recognition for contracts, using the modified retrospective method. The implementation of this guidance had no material impact on the measurement or recognition of revenue from customer contracts of prior periods.

Upon adoption of this new guidance, the Company recognizes revenue using the following five steps:
- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price, including the identification and estimation of variable consideration;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when we satisfy a performance obligation.

The Company derives its revenues from three types of transactions: sales of its own pharmaceutical products (Company product sales), sales of manufactured product for its customers (contract manufacturing sales), and research and product development services performed for third parties.

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 the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price using the expected value method based on historical experience as well as applicable information currently available.

The table below summarizes the effect of the adoption of ASC 606 on the Company's Condensed Consolidated Balance Sheet as of June 30, 2018:

	As Reported	Balance Without Adoption of New Revenue Standard	Effect of Change Higher/(Lower)
ASSETS			
Current assets:			
Accounts receivable, net	$ 16,232	$ 18,144	$ (1,912)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accrued expenses	$ 9,269	$ 11,181	$ (1,912)

The table below summarizes the effect of the adoption of ASC 606 on the Company's Condensed Consolidated Statement of Operations as of June 30, 2018:

	Three months ended June 30,			Six months ended June 30,		
	As Reported	Balance Without Adoption of New Revenue Standard	Effect of Change Increase/(Decrease)	As Reported	Balance Without Adoption of New Revenue Standard	Effect of Change Increase/(Decrease)
Revenue, net	$ 16,751	$ 17,228	$ (477)	$ 31,296	$ 32,408	$ (1,112)
Cost of revenue	11,728	12,205	(477)	21,053	22,165	(1,112)
Gross margin	30%	29%	(1)%	33%	32%	(1)%

Company Product Sales

Revenue from Company product sales is recognized upon transfer of control of a product to a customer at a point in time, generally as the Company's products are sold on an FOB destination basis and because inventory risk and risk of ownership passes to the customer upon delivery.

Company product sales are recorded net of accruals for estimated chargebacks, rebates, cash discounts, other allowances, and returns (collectively, sales returns and allowances or "SRA").

Contract Manufacturing Sales

The Company recognizes revenue for contract manufacturing sales upon transfer of control of a product to a customer, which is generally upon shipment of products. However, with the new adoption of revenue recognition for contracts, the Company recognizes the revenue over time, rather than upon shipment. These shipments are made in accordance with sales commitments and related sales orders entered into with customers either verbally or in written form.

Contract manufacturing sales are recognized net of accruals for cash discounts and returns which are established at the time of sale, and are included in Product sales, net in the Company's Condensed Consolidated Statement of Operations.

Research and Development Services and Other Income

The Company establishes agreed upon product development agreements with its customers to perform product development services. Revenues are recognized in accordance with the agreement upon the completion of the phases of development and when the Company has no future performance obligations relating to that phase of development. Other types of revenue include royalty or licensing revenue, and would be recognized over time, or at a point in time, based upon the contractual term upon completion of the earnings process. Judgments are required to evaluate contingencies such as potential variances in schedule and the costs, the impact of change orders, liability claims, contract disputes and achievement of contractual performance standards.

Revenues by Transaction Type

The Company operates in one reportable segment and, therefore, the results of the Company's operations are reported on a consolidated basis for purposes of segment reporting, consistent with internal management reporting for the chief decision makers. Net Sales (in thousands) for the three and six months ended June 30, 2018 and 2017 were as follows (prior-period amounts are not adjusted under the modified-retrospective method of adoption):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Company product sales	$ 15,179	$ 15,888	$ 28,415	$ 32,324
Contract manufacturing sales	1,450	2,407	2,748	5,824
Research and development services and other income	122	113	$ 133	$ 151
Revenue, net	$ 16,751	$ 18,408	$ 31,296	$ 38,299

Disaggregated information for the Company product sales revenue has been recognized in the accompanying unaudited interim Condensed Consolidated Statements of Operations is presented below according to contract type (in thousands):

	Three months ended June 30,		Six months ended June 30,	
Company Product Sales	2018	2017	2018	2017
Topical	$ 8,369	$ 9,885	$ 16,277	$ 18,833
Injectables	6,810	6,003	12,138	13,491
Total	$ 15,179	$ 15,888	$ 28,415	$ 32,324

In the six months ended June 30, 2018, Company did not incur, and therefore did not defer, any material incremental costs to obtain contracts.

Sales Returns and Allowances

As is customary in the pharmaceutical industry, the Company's product sales are subject to a variety of deductions including chargebacks, rebates, cash discounts, other allowances, and returns. Product sales are recorded net of accruals for SRA, which are established at the time of sale. The Company analyzes the adequacy of its accruals for SRA quarterly. Amounts accrued for sales deductions are adjusted when trends or significant events indicate that an adjustment is appropriate. Accruals are also adjusted to reflect actual results. These provisions are estimates based on historical payment experience, historical relationship to revenues, estimated customer inventory levels and current contract sales terms with direct and indirect customers. The Company uses a variety of methods to assess the adequacy of its SRA reserves to ensure that its financial statements are fairly stated. These include periodic reviews of customer inventory data, customer contract programs, subsequent actual payment experience, and product pricing trends to analyze and validate the SRA reserves.

Net Company product sales of $15.2 million and $15.9 million for the three months ended June 30, 2018 and 2017, respectively, are included in product sales, net in the Condensed Consolidated Statements of Operations. Net Company product revenue of $28.4 million and $32.3 million for the six months ended June 30, 2018 and 2017, respectively, are included in product sales, net in the Condensed Consolidated Statements of Operations. Accounts receivable are presented net of SRA balances of $19.3 million and $30.9 million at June 30, 2018 and 2017, respectively. Accounts payable and accrued expenses include $0.0 million and $5.5 million at June 30, 2018 and 2017, respectively, for certain fees related to services provided by the wholesalers. For the six months ended June 30, 2018, the Company recorded income of $0.8 million due to a decrease in the Medicaid reserve primarily related to finalizing the payment per the terms of the product acquisition agreement.

The accrual for chargebacks is one of the Company's most significant estimates for recognition of product sales. A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to the Company by its wholesale customer for a particular product and the negotiated contract price that the wholesaler's customer pays for that product. The Company's chargeback provision and related reserve varies with changes in product mix, changes in customer pricing and changes to estimated wholesaler inventories. The provision for chargebacks also takes into account an estimate of the expected wholesaler sell-through levels to indirect customers at contract prices. The Company validates the chargeback accrual quarterly through a review of the inventory reports obtained from its largest wholesale customers. This customer inventory information is used to establish the estimated liability for future chargeback claims based on historical chargeback and contract rates. These large wholesalers represent a majority of the Company's chargeback payments. The Company continually monitors current pricing trends and wholesaler inventory levels to ensure the liability for future chargebacks is fairly stated.

The rebate accrual is used for various discounts and rebates provided to customers. This account has been used for various one-time discounts given to customers. The Company reviews the percentage of products sold through these programs by reviewing chargeback data and uses the appropriate percentages to calculate the rebate accrual. Rebates are invoiced monthly or quarterly and reviewed against the accruals. Other items that could be included in accrued rebates would be price protection fees, shelf stock adjustments (SSAs), or other various amounts that would serve as one time discounts on specific products.

The Company's adjustments for the deductions to gross product sales are as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Gross product sales	$ 48,142	$ 66,744	$ 84,690	$ 121,044
Deduction to gross product sales:				
Chargebacks and billbacks	21,449	44,090	38,364	74,105
Wholesaler fees for service	477	—	1,112	—
Sales discounts and other allowances	11,037	6,766	16,799	14,615
Total reduction to gross product sales	$ 32,963	$ 50,856	$ 56,275	$ 88,720
Company product sales, net	$ 15,179	$ 15,888	$ 28,415	$ 32,324

Financing and Payment

The Company's payment terms vary by the type and location of the customer and the products or services offered. The term between invoicing and when payment is due is not significant. The Company generally does not have incremental costs to obtain contracts that would otherwise not have been incurred. The Company does not adjust revenue for the promised amount of consideration for the effects of a significant financing component because the Company's customers generally pay the Company within 100 days.

Costs to Obtain or Fulfill a Customer Contract

Sales commissions are expensed when incurred because the amortization period would have been one year or less. These costs are recorded in selling, general and administrative expense in the Condensed Consolidated Statements of Operations.

Costs related to shipping and handling is comprised of outbound freight and associated labor. The Company accounts for shipping and handling activities related to contracts with customers as fulfillment costs which are included in cost of sales in the Condensed Consolidated Statements of Operations.

In connection with four of the 30 products the Company currently manufactures, markets and distributes in its own label in the U.S., in accordance with an agreement entered into in December of 2011, the Company is required to pay a royalty calculated based on net sales to one of its pharmaceutical partners. The royalty is calculated based on contracted terms of 40% of net sales for the four products, which is to be paid quarterly to the pharmaceutical partner. In accordance with the agreement, net sales exclude fees related to services provided by the wholesalers. Accounts payable and accrued expenses include $0.6 million and $0.4 million at June 30, 2018 and 2017, respectively, related to these royalties. Royalty expense of $0.7 million and $0.4 million was included in cost of sales in the Condensed Consolidated Statements of Operations for the three months ended June 30, 2018 and 2017, respectively. Royalty expense of $1.5 million and $0.9 million was included in cost of sales in the Condensed Consolidated Statements of Operations for the six months ended June 30, 2018 and 2017, respectively.

4. Inventories

Inventories are valued at the lower of cost or net realizable value, using the first-in-first-out method and consist of the following (in thousands):

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Raw materials	$ 10,655	$ 8,231
Work in progress	944	616
Finished goods	8,434	8,532
Inventories reserve	(2,458)	(1,304)
Inventories, net	$ 17,575	$ 16,075

5. Property, Plant and Equipment

Property, plant and equipment consists of the following (in thousands):

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Land	$ 257	$ 257
Building and improvements	17,474	8,613
Machinery and equipment	9,674	9,142
Computer hardware and software	4,059	3,244
Furniture and fixtures	553	449
Construction in progress	60,268	55,017
	92,285	76,722
Less accumulated depreciation and amortization	(9,258)	(8,367)
Property, plant and equipment, net	$ 83,027	$ 68,355

The Company recorded depreciation expense of $1.1 million and $0.8 million for the six months ended June 30, 2018 and June 30, 2017, respectively. During the three months ended June 30, 2018 and June 30, 2017, there was $1.5 million of interest and $0.7 million of interest, respectively, capitalized into construction in progress. For the six months ended June 30, 2018 and June 30, 2017, there was $2.8 million of interest and $1.2 million of interest, respectively, capitalized into construction in progress. This increase in capitalized interest is related to outstanding costs for the Company's facility expansion project in Buena. During the three months ended June 30, 2018 and June 30, 2017, there was $0.4 million of payroll costs and $0.2 million of payroll costs, respectively, capitalized into construction in progress. For the six months ended June 30, 2018 and

June 30, 2017, there was $0.8 million of payroll costs and $0.4 million of payroll costs, respectively, capitalized into construction in progress.

6. Debt

Convertible Notes

On December 16, 2014, the Company issued $125.0 million aggregate principal amount of Convertible 3.75% Senior Notes, due 2019 (the "2019 Notes"). On December 22, 2014, the Company announced the closing of the initial purchasers' exercise in full of their option to purchase an additional $18.75 million aggregate principal amount of 2019 Notes. The 2019 Notes bear interest at a fixed rate of 3.75% per year, payable semiannually in arrears on June 15 and December 15 of each year, beginning on June 15, 2015, and mature on December 15, 2019, unless earlier repurchased, redeemed or converted. The 2019 Notes are convertible into shares of the Company's common stock, cash or a combination thereof. On May 20, 2015, the Company received shareholder approval for the increase in the number of shares of common stock authorized and available for issuance upon conversion of the 2019 Notes.

On April 27, 2018, the Company entered into separate exchange agreements with certain holders of the 2019 Notes. The agreements gave the holder the right to exchange in aggregate $75.1 million of the 2019 Notes for $75.1 million of new Convertible 4.75% Senior Notes due 2023 (the “2023 Notes”). The new 2023 Notes bear a fixed interest rate of 4.75% per year, payable semi-annually with the principal payable in May 2023. The 2023 Notes incurred loan issue costs of $1.6 million and a discount of $19.0 million. Consistent with the 2019 Notes, the 2023 Notes are convertible into shares of the Company’s common stock, cash or a combination thereof. The discount is directly related to the convertible feature on the 2023 Notes. The initial conversion rate is $224.71 per share, subject to certain adjustments, related to either the Company's stock price volatility, or the Company's declaration of a stock dividend, stock distribution, share combination or share split expected dividends or other anti-dilutive activities. In addition, holders will be entitled to receive additional shares of common stock for a potential increase of the conversion rate up to $280.90 per share under a make-whole provision in some circumstances. The issue costs and discount are recognized as interest expense over the term of the Notes. The effective interest, inclusive of the debt discounts and issue costs, is 12.10%. The $75.1 million exchange of the 2019 Notes for 2023 Notes is considered an extinguishment under ASC 470, as the present value of the future cash flows has changed greater than 10%. The extinguishment of this portion of the 2019 Notes has been referenced here as "partial extinguishment". The partial extinguishment resulted in the recognition of an additional $10.1 million of non-cash interest expense in the quarter ended June 30, 2018. The $10.1 million is related to an unamortized debt discount of $9.1 million and unamortized debt financing costs of $1.0 million associated with the partial extinguishment of the $75.1 million of the 2019 Notes.

Term Loan

On June 1, 2018, the Company entered into a credit agreement for $25.0 million secured by all Company assets, due June 1, 2021 (“2021 Term Loan”). The 2021 Term Loan has limited financial and non-financial covenants inclusive of a minimum cash carry balance of $5.0 million. The 2019 Notes and 2023 Notes are subordinate to the 2021 Term Loan. The first $15.0 million of loan proceeds was received on June 1, 2018. The remaining loan proceeds of $10.0 million were subject to closing conditions as defined in the agreement and were received on July 16, 2018. The 2021 Term Loan incurred loan issue costs of $0.5 million and a discount of $0.4 million. The discount is due to lender fees paid on the initial drawdown of $15.0 million. The issue costs and discount are recognized as interest expense over the term of the 2021 Term Loan. The 2021 Term Loan bears interest at a rate of LIBOR plus 9%, with a stated floor of 2%. The effective interest, inclusive of the debt discounts and issue costs is 13.56% per year.

At June 30, 2018 and December 31, 2017, the net carrying value of the debt and the remaining unamortized debt discounts and debt issuance costs were as follows (in thousands):

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Face amount of the 2019 Notes (due December 2019)	$ 68,660	$ 143,750
Face amount of the 2021 Loan (due June 2021)	15,000	—
Face amount of the 2023 Notes (due May 2023)	75,090	—
	158,750	143,750
Less unamortized discounts and debt issuance costs	29,277	22,773
Total Carrying Value, Net	$ 129,473	$ 120,977

For the six months ended June 30, 2018 and 2017, the Company recorded the following expenses in relation to the debt (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Interest expense of the 2019 Notes (1)	$ 878	$ 1,347	$ 2,226	$ 2,695
Interest expense of the 2021 Loan	141	—	141	—
Interest expense of the 2023 Notes (1)	634	—	634	—
Debt partial extinguishment of 2019 Notes	10,069	—	10,069	—
Debt discount amortization of the 2019 Notes (1)	1,571	2,126	3,910	4,183
Debt discount amortization of the 2021 Loan	17	—	17	—
Debt discount amortization of the 2023 Notes (1)	498	—	498	—
Debt financing amortization of the 2019 Notes (1)	191	232	446	456
Debt financing amortization of the 2021 Loan	14	—	14	
Debt financing amortization of the 2023 Notes (1)	42	—	42	
Interest expense	$ 14,055	$ 3,705	$ 17,997	$ 7,334

(1) Included within "Interest and other expense, net" on the Condensed Consolidated Statements of Operations, offset by interest income and capitalized interest, as disclosed Note 5.

7. Goodwill and Intangible Assets

Goodwill

The Company acquired the assets of Canadian pharmaceutical company Alveda Pharmaceuticals, Inc., in November 2015. As a result of the acquisition, we recorded goodwill of $0.4 million. We assess the recoverability of the carrying value of goodwill in the fourth quarter of each year, and whenever events occur or circumstances change that would, more likely than not, reduce the fair value of our reporting unit below its carrying value. There have been no events or changes in circumstances that would have reduced the fair value of our reporting unit below its carrying value from December 31, 2017, through June 30, 2018. No impairment losses were recognized during the six months ended June 30, 2018.

Changes in goodwill during the six months ended June 30, 2018 were as follows (in thousands):

Goodwill balance at December 31, 2017	$ 471
Foreign currency translation	(26)
Goodwill balance at June 30, 2018	$ 445

Intangible Assets

The following sets forth the major categories of the Company's intangible assets and the weighted-average remaining amortization period as of June 30, 2018 and December 31, 2017 (in thousands).

	June 30, 2018			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Amortization Period (Years)
Trademarks and Technology	$ 39,294	$ (6,875)	$ 32,419	12.4
In process research and development ("IPR&D")	17,831	—	17,831	N/A
Customer relationships	3,637	(957)	2,680	7.6
Total	$ 60,762	$ (7,832)	$ 52,930	

	December 31, 2017			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Amortization Period (Years)
Trademarks and Technology	$ 40,380	$ (5,684)	$ 34,696	12.8
In-process research and development ("IPR&D")	18,311	—	18,311	N/A
Customer relationships	3,783	(773)	3,010	7.9
Total	$ 62,474	$ (6,457)	$ 56,017	

Changes in intangibles during the six months ended June 30, 2018 were as follows (in thousands):

	Trademarks and Technology	IPR&D	Customer Relationships
Balance at January 1, 2018	$ 34,696	$ 18,311	$ 3,010
Amortization	(1,363)	—	(187)
Loss on impairment	(7)	(15)	—
Foreign currency translation	(907)	(465)	(143)
Balance at June 30, 2018	$ 32,419	$ 17,831	$ 2,680

Assuming no additions, disposals or adjustments are made to the carrying values and/or useful lives of the intangible assets, annual amortization expense on product rights and other related intangibles as of June 30, 2018 over the remainder of 2018 and each of the next five years is estimated to be as follows (in thousands):

	Amortization Expense *
2018 (remainder of the year)	$ 1,550
2019	3,099
2020	3,099
2021	3,099
2022	3,099
2023	3,099
Thereafter	18,054
Total	$ 35,099

*IPR&D amounts are assessed for impairment at least annually and will be amortized once products are approved, including the product's respective manufacturing process approvals, and are not included in the table.

The useful lives of the Company's intangibles are as follows:

Intangibles Category	Amortizable Life
Trademarks and Technology	15
Customer Relationships	10

8. Stock-Based Compensation

Stock Options

The 1999 Director Stock Option Plan, as amended (the "Director Plan"), provides for the grant of stock options to non-employee directors of the Company at an exercise price equal to the fair market value per share on the date of the grant. As of December 31, 2017, an aggregate of 1,975,000 shares had been approved and authorized for issuance pursuant to the Director Plan with no change as of June 30, 2018. A total of 2,634,798 options had been granted to non-employee directors through December 31, 2017, with no change as of June 30, 2018. A total of 807,782 of those had been forfeited through December 31, 2017 and returned to the option pool for future issuance, with no change as of June 30, 2018. The options granted under the Director Plan vest in full one year after their respective grant dates and have a maximum term of ten years. As of December 31, 2017 and June 30, 2018 there were 500,000 shares of common stock options outstanding. As of December 31, 2017, the 147,984 options available were transferred to a plan that has superseded the Director Plan, as discussed further in this section, with no additional options transferred as of June 30, 2018.

The 1999 Stock Incentive Plan, as amended ("1999 Plan"), replaced all previously authorized employee stock option plans, and no additional options may be granted under those previous plans. Under the 1999 Plan, options or stock awards may be granted to all of the Company's employees, officers, directors, consultants and advisors to purchase a maximum of 3,200,000 shares of common stock. However, pursuant to the terms of the 1999 Plan, no awards may be granted after March 16, 2009. A total of 2,892,500 options, having a maximum term of ten years, have been granted at 100% of the fair market value of the Company's common stock at the date of grant. Options outstanding under the 1999 Plan were generally exercisable in cumulative increments over four years commencing one year from date of grant. As of June 30, 2018, there are no options outstanding under the 1999 Plan.

On June 26, 2009, the Board of Directors adopted, and the Company's stockholders subsequently approved by written consent, the IGI Laboratories, Inc. 2009 Equity Incentive Plan (the "2009 Plan"). The 2009 Plan became effective on July 29, 2009. The 2009 Plan allows the Company to continue to grant options and restricted stock, as under the 1999 Plan, but also authorizes the Board of Directors to grant a broad range of other equity-based awards, including stock appreciation rights, restricted stock units ("RSUs") and performance awards. The 2009 Plan has been created, pursuant to and consistent with the Company's current compensation philosophy, to assist the Company in attracting, retaining and rewarding designated employees, directors, consultants and other service providers of the Company and its subsidiaries and affiliates, in a manner that will be cost efficient to the Company from both an economic and financial accounting perspective. On April 12, 2010, the Board of Directors adopted, and the Company's stockholders subsequently approved, an amendment and restatement of the 2009 Plan to increase the number of shares of Common Stock available for grant under such plan by adding 2,000,000 shares of Common Stock. The 2009 Plan, as amended on May 29, 2010, authorizes up to 5,000,000 shares of the Company's common stock for issuance pursuant to the terms of the 2009 Plan. The maximum number of shares that may be subject to awards made to any individual in any single calendar year under the 2009 Plan is 1,000,000 shares. As of June 30, 2018, there were 24,376 RSUs outstanding, 1,493,960 shares of stock outstanding, and options to purchase 2,932,846 shares of common stock outstanding. As of December 31, 2017, there were 99,626 RSUs outstanding, 1,422,020 shares of stock outstanding and options to purchase 3,038,634 shares of common stock outstanding. As of December 31, 2017, the 249,052 options available were transferred to a plan that has superseded the 2009 Plan, as discussed further in this section. As of June 30, 2018, an additional 98,098 options available were transferred to the superseded plan.

On May 25, 2016, the Board of Directors approved the Company's 2016 Equity Incentive Plan (the "2016 Plan"). On May 21, 2018, the Board of Directors adopted, and the Company's stockholders subsequently approved, an amendment and restatement of the 2016 Plan to increase the number of shares of Common Stock available for grant under such plan by adding 2,000,000 shares of Common Stock. The 2016 Plan, as amended, provides for the issuance of awards of up to 4,000,000 shares of the Company's common stock, plus any shares of common stock that are represented by awards granted under our Director Plan and 2009 Plan that are forfeited, expire or are canceled without delivery of shares of common stock or which result in the forfeiture of shares of common stock back to the Company on or after May 25, 2016, up to 2,500,000 shares. Generally, shares of common stock reserved for awards under the 2016 Plan that lapse or are canceled, will be added back to the share reserve available for future awards. However, shares of common stock tendered in payment for an award or shares of common stock withheld for taxes will not be available again for grant. The 2016 Plan provides that no participant may receive awards for more than 1,000,000 shares of common stock in any fiscal year. As the 2016 Plan supersedes both the Director Plan and the 2009 Plan, any available shares from both are now incorporated into the 2016 Plan. As of June 30, 2018, there were 174,472 RSUs outstanding, 49,667 shares of common stock outstanding and options to purchase 1,335,529 shares of common stock outstanding under the 2016 Plan. As compared to 2017, as of December 31, 2017, there were 89,003 RSUs outstanding, 20,000 shares of common stock outstanding and options to purchase 761,176 shares of common stock
outstanding under the 2016 Plan. As of June 30, 2018 and December 31, 2017, there were a total of 2,935,736 shares of common stock and 1,526,857 shares of common stock available under the 2016 Plan, respectively.

As of June 30, 2018 and December 31, 2017, there were options to purchase 4,768,105 and 4,299,810 shares of common stock outstanding, respectively, collectively in the Director Plan, 2009 Plan, and the 2016 Plan.

In the interest of maintaining consistency with the Company's 2016 Equity Incentive Plan, on March 13, 2017, the Company entered into (i) an amendment to the option agreements governing each option grant currently outstanding under the Company's 2009 Equity Incentive Plan, and (ii) an amendment to the RSU, agreements governing each RSU grant currently outstanding under the 2009 Plan. The amendments provide for the automatic vesting upon a change of control of the Company of each option grant and RSU grant, as applicable, outstanding under the 2009 Plan. The amendments had a de minimis value to the holders as of June 30, 2018, and therefore no additional stock compensation expense was recognized related to the amendments.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing formula that uses assumptions noted in the following table. Expected volatilities and risk-free interest rates are based upon the expected life of the grant.

	Six months ended June 30,	
Assumptions	**2018**	**2017**
Expected dividends	—	—
Risk-free rate	2.36%	1.55%
Expected volatility	60.5% - 62.3%	58.0% - 69.7%
Expected term (in years)	3.2 - 3.3 years	3.2 - 3.3 years

Expected volatility was calculated using the historical volatility of the Company's stock over the expected life of the options. The expected life of the options was estimated based on the Company's historical data. The risk free interest rate is based on U.S. Treasury yields for securities with terms approximating the terms of the grants. Forfeitures are recognized in the period they occur. The assumptions used in the Black-Scholes options valuation model are highly subjective, and can materially affect the resulting valuation.

A summary of option activity under the Director Plan, the 2009 Plan and the 2016 Plan as of June 30, 2018 and changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding as of January 1, 2018	4,299,810	$ 5.09
Issued	679,785	3.29
Exercised	(11,000)	1.08
Forfeited	(200,490)	7.02
Expired	—	—
Outstanding as of June 30, 2018	4,768,105	$ 4.76
Exercisable as of June 30, 2018	3,546,700	$ 4.63

The following tables summarize information regarding options outstanding and exercisable at June 30, 2018:

Outstanding:

Range of Exercise Prices	Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$0.55 - $1.50	1,735,000	$ 1.06	3.61
$1.51 - $5.50	873,469	3.18	8.52
$5.51 - $10.67	2,159,636	8.38	7.45
Total	4,768,105	$ 4.76	6.25

Exercisable:

Range of Exercise Prices	Stock Options Exercisable	Weighted Average Exercise Price
$0.55 - $1.50	1,735,000	$ 1.06
$1.51 - $5.50	202,166	2.75
$5.51 - $10.67	1,609,534	8.72
Total	3,546,700	$ 4.63

As of June 30, 2018, the intrinsic value of the options outstanding was $4.5 million and the intrinsic value of the options exercisable was $4.3 million. As of June 30, 2018, there was $2.0 million of total unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the Plan. The costs will be recognized through February 2021.

Restricted Stock and RSUs

The Company periodically grants restricted stock and RSU awards to certain officers and other employees that typically vest one to three years from their grant date. The Company recognized $120,000 and $245,000 of compensation expense during the three months ended June 30, 2018 and 2017, respectively, and $303,000 and $468,000 during the six months ended June 30, 2018 and 2017, respectively, related to restricted stock and RSU awards. Stock compensation expense is recognized over the vesting period of the restricted stock and RSUs. At June 30, 2018, the Company had approximately $0.8 million of total unrecognized compensation cost related to non-vested restricted stock and RSUs, all of which will be recognized through April 2021. The following table summarizes the number of unvested RSUs and their weighted average exercise price for the six months ended June 30, 2018.

	Number of RSUs	Weighted Average Exercise Price
Non-vested balance at January 1, 2018	188,629	$ 8.27
Changes during the period:		
Shares granted	122,949	3.36
Shares vested	(101,607)	9.07
Shares forfeited	(11,123)	7.21
Non-vested balance at June 30, 2018	198,848	$ 4.88

9. Income Taxes

The Company conducts operations in the United States and certain foreign countries. It is the intent of the Company to permanently reinvest any earnings and profits generated by its foreign affiliates. One of its foreign affiliates is subject to tax in Estonia. Estonia has a dual tax regime: 0% tax rate for earnings and profits as they are generated and 14% to 20% tax rates for earnings and profits that are distributed to shareholders. The Company has taken the position that the 14% to 20% tax rates apply only when dividends have been declared and recognized as a liability. Accordingly, the Company has provided no taxes on the current earnings generated by its Estonian affiliate.

Income tax expense for the three and six months ended June 30, 2018 and June 30, 2017, is recognized based on the Company's estimated annual effective tax rate, which is based on the tax rate expected for the full calendar year applied to the pre-tax income of the interim period adjusted for discrete items. The Company excludes from the calculation of the annual effective tax rate those jurisdictions that are projected to operate at a loss and in which a tax benefit will not be recognized or which operate in a zero tax rate jurisdiction.

The Company has assessed the impacts of the changes resulting from the United States Tax Cuts and Jobs Act (U.S. TCJA) and has recognized an income tax benefit and a corresponding receivable of $0.1 million related to the recoverability of Alternative Minimum Tax Credits. Deferred tax assets, liabilities and valuation allowances have been remeasured at the new rate of 21%. Except for the recognition of the Alternative Minimum Tax Credit, there was no income impact from the remeasurement since all U.S. net deferred tax assets are fully reserved by the Company. At present, we do not estimate any material impacts from the repatriation tax. While we have completed our provisional analysis of the income tax effects of the U.S.TCJA, the related tax effects may need to be adjusted, possibly materially, due to further refinement of our calculations, changes in interpretations and assumptions that we have made, additional guidance that may be issued by regulatory bodies, and actions and related accounting policy decision we may take as a result of the new legislation. We will complete our analysis over the one-year measurement period from the enactment of the law as provided for by SAB 118, and any adjustments during this measurement period will be included in net earnings from continuing operations as an adjustment to income tax expense in the reporting period(s) when such adjustments are determined.

The Company evaluates the recoverability of its net deferred tax assets based on its history of operating results, its expectations for the future and expiration dates. Based on the preponderance of the evidence, the Company has concluded that it is more likely than not it will be unable to realize the net deferred tax assets in the immediate future and has established a valuation allowance for all U.S. and foreign net deferred tax assets.

At December 31, 2017, the Company's U.S. federal net operating loss carryforwards totaled $41.7 million. The Company's ability to use net operating loss carry forwards is subject to limitation in future periods under certain provisions of Section 382 of the Internal Revenue Code of 1986, as amended, which limit the utilization of net operating losses upon a more than 50% change in ownership of the Company's stock that is held by 5% or greater stockholders. The Company examined the application of Section 382 with respect to an ownership change that took place during 2010, as well as the limitation on the application of net operating loss carry forwards. The Company believes that operating losses subsequent to the change date in 2010 (aggregating $23.1 million) are not subject to Section 382 limitations. The Company has estimated that the annual limitation starting in 2010 aggregates from $1.0 million to $2.3 million per year including the effect of amortization of built in gains. The Company's loss carryforwards may be further limited in the future if additional ownership changes occur.

The Company is subject to the provisions of ASC 740-10-25, "*Income Taxes*". ASC 740 prescribes a more likely-than-not threshold for the financial statement recognition of uncertain tax positions. ASC 740 clarifies the accounting for income taxes by prescribing a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. On a quarterly basis, the Company undergoes a process to evaluate whether income tax accruals are in accordance with ASC 740 guidance on uncertain tax positions. For federal purposes, post 1998 tax years remain open to examination as a result of net operating loss carryforwards. The Company is currently open to audit by the appropriate state income taxing authorities for tax years 2013 to 2017. The Company has not recorded any liability for uncertain tax positions.

10. Accrued Expenses

Accrued expenses represent various obligations of the Company including certain operating expenses and taxes payable.

As of June 30, 2018 and December 31, 2017, the largest components of accrued expenses were (in thousands):

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Capital expenditures	$ 2,476	$ 1,947
Payroll	1,483	1,580
Professional fees	1,284	546
Interest expense	763	240
Clinical studies	603	596
Royalties	578	856
Medicaid and Medicare *	542	—
Inventory and Supplies	460	58
Rebates *	332	—
Income Tax	60	58
Wholesaler fees *	—	7,044
Other	688	577
	$ 9,269	$ 13,502

* Wholesale fees ($2.8 million) have been reclassified to Accounts Receivable and Medicaid $0.5 million, Medicare Fees $0.1 million and Rebates $0.3 million have been reclassified to Accrued Expenses upon adoption of ASC Topic 606, "Revenue from Contracts and Customers" in 2018.

11. Legal and U.S. Regulatory Proceedings

The Company is involved from time to time in claims which arise in the ordinary course of business. In management's opinion, the Company has made adequate provision for potential liabilities, if any, arising from any such matters. However, litigation is inherently unpredictable, and the costs and other effects of pending or future litigation, governmental investigations, legal and administrative cases and proceedings (whether civil or criminal), settlements, judgments and investigations, claims and changes in any such matters, and developments or assertions by or against the Company relating to intellectual property rights and intellectual property licenses, could have a material adverse effect on its business, financial condition and operating results.

To date, twelve putative class action antitrust lawsuits have been filed against the Company along with co-defendants, including Taro Pharmaceuticals U.S.A., Inc. and Perrigo New York Inc. One "opt-out" action has additionally been filed against the Company along with thirty-four generic manufacturer co-defendants regarding the pricing of econazole nitrate cream along with twenty-nine additional drug products not manufactured or sold by the Company. All actions have been consolidated by the Judicial Panel on Multidistrict Litigation to the Eastern District of Pennsylvania for pre-trial proceedings as part of the In re Generic Pharmaceuticals Pricing Antitrust Litigation matter, and the class actions have been consolidated into three actions: the direct purchaser, end payer and indirect reseller actions.

The class plaintiffs seek to represent nationwide or state classes consisting of persons who directly purchased, indirectly purchased, paid and/or reimbursed patients for the purchase of generic econazole from July 1, 2014 until the time the defendants' allegedly unlawful conduct ceased or will cease.

The opt-out plaintiffs allege a conspiracy by thirty-five generic manufacturers to fix prices for thirty drug products, including econazole nitrate cream, in violation of federal antitrust laws. The opt-out plaintiffs seek treble damages for alleged price overcharges for the thirty drug products identified in the complaint during the alleged period of conspiracy, and also seek injunctive relief against the defendants.

All of these cases are in their initial stages and motions to dismiss have been filed with respect to each of the three consolidated class actions. Due to the early stage of these cases, we are unable to form a judgment at this time as to whether an unfavorable outcome is either probable or remote or to provide an estimate of the amount or range of potential loss. We believe these cases are without merit, and we intend to vigorously defend against these claims.

On October 20, 2017, a Demand for Arbitration was filed with the American Arbitration Association by Stayma Consulting Services, Inc. (“Stayma”) against the Company regarding the Company’s development and manufacture for Stayma of two generic drug products, one a lotion and one a cream, containing 0.05% of the active pharmaceutical ingredient flurandrenolide. The Company developed the two products and Stayma purchased commercial quantities of each; however, Stayma alleges that the Company breached agreements between the parties by developing an additional and different generic drug product, an ointment, containing flurandrenolide, and failing to meet certain contractual requirements. Stayma seeks monetary damages. Because discovery in this matter is ongoing, the Company is unable to form a judgment at this time as to whether an unfavorable outcome is either probable or remote or to provide an estimate of the amount or range of potential loss. The Company believes this case is without merit, and the Company intends to vigorously defend against these claims. The Company filed a counter-claim against Stayma for its failure to pay several past due invoices of approximately $1.7 million relating to the development and commercial supply of the two subject products.

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

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of this Quarterly Report on Form 10-Q contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, that are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates and on management's beliefs and assumptions. In addition, other written or oral statements, which constitute forward-looking statements, may be made by or on behalf of the Company. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on current expectations of management and are not guarantees of future performance, and involve certain risks, uncertainties and assumptions, which are difficult to predict. These risks and uncertainties include, without limitation, competitive factors, outsourcing trends in the pharmaceutical industry, the general economic conditions in the markets in which the Company operates, levels of industry research and development spending, the Company's ability to continue to attract and retain qualified personnel, the fixed price nature of product development agreements or the loss of customers and other factors described in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section as set forth in our Annual Report on Form 10-K for the year ended December 31, 2017, as updated below in this Quarterly Report on Form 10-Q. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The forward-looking statements set forth herein speak only as of the date of this report. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Company Overview

Strategic Overview

Teligent, Inc. and its subsidiaries (collectively the "Company") is a specialty generic pharmaceutical company. All references to "Teligent," the "Company," "we," "us," and "our" refer to Teligent, Inc. Our mission is to become a leader in the specialty generic pharmaceutical market. Our platform for growth is centered around the development, manufacturing and marketing a portfolio of generic pharmaceutical products in our own label in topical, injectable, complex and ophthalmic dosage forms. We believe that expanding our development and commercial base beyond topical generics, historically the cornerstone of our expertise, to include injectable generics, complex generics and ophthalmic generics (what we call our "TICO" strategy"), will leverage our existing expertise and capabilities, and broaden our platform for more diversified strategic growth.

Our pipeline includes 26 Abbreviated New Drug Applications ("ANDAs") for additional pharmaceutical products filed with the FDA. Our pipeline also includes one Prior Approval Supplement for our first opthalmic product filed in the second quarter 2017. We have three abbreviated new drug submissions ("ANDSs") on file with Health Canada. In addition, we have 39 product candidates at various stages of our development pipeline. We expect to continue to expand our presence in the generic topical pharmaceutical market through the filing of additional ANDAs with the FDA, the filing of applications to Health Canada, and the subsequent launch of products as these applications are approved. We will also seek to license or acquire further products, intellectual property, or pending applications to expand our portfolio.

We currently market and sell generic topical and generic and branded generic injectable pharmaceutical products in the United States and Canada. In the United States, we currently market 28 generic topical pharmaceutical products and four branded generic injectable pharmaceutical products. In Canada, we sell over 30 generic and branded generic injectable products and medical devices. Generic pharmaceutical products are bioequivalent to their brand name counterparts. We also provide contract manufacturing services to the pharmaceutical, ("OTC"), and cosmetic markets. We operate our business under one segment. Our common stock is traded on the NASDAQ Global Select Market under the trading symbol "TLGT." Our principal executive office, laboratories and manufacturing facilities are located at 105 Lincoln Avenue, Buena, New Jersey. We have additional offices located in Iselin, New Jersey, Toronto, Canada, and Tallinn, Estonia.

The manufacturing and commercialization of generic specialty pharmaceutical markets is competitive, and there are established manufacturers, suppliers and distributors actively engaged in all phases of our business. We currently manufacture and sell topical generic pharmaceutical products under our own label.

The three large wholesale drug distributors are AmerisourceBergen Corporation ("ABC"); Cardinal Health, Inc. ("Cardinal"); and McKesson Drug Company, ("McKesson"). ABC, Cardinal and McKesson are key distributors of our products, as well as a broad range of health care products for many other companies. None of these distributors is an end user of our products. Generally, if sales to any one of these distributors were to diminish or cease, we believe that the end users of our products would likely find little difficulty obtaining our products either directly from us or from another distributor. However, the loss of one or more of these distributors, together with a delay or inability to secure an alternative distribution source for end users, could have a material negative impact on our revenue, business, financial condition and results of operations. There are generally three major negotiating entities in the US market. Walgreens Boot Alliance Development consists of Walgreens, AmerisourceBergen's PRxO Generics program, and Econdisc members. Red Oak Sourcing consists of CVS and Cardinal’s source program. Finally, ClarusOne consists of Walmart, RiteAid and McKesson’s OneStop program. A loss of any of these major entities could result in a significant reduction in revenue.

We consider our business relationships with ABC, Cardinal and McKesson to be in good standing and have fee for services contracts with each of them. However, a change in purchasing patterns, a decrease in inventory levels, an increase in returns of our products, delays in purchasing products and delays in payment for products by one or more of these distributors could have a material negative impact on our revenue, business, financial condition and results of operations. We continue to analyze the market for other specialty generic drug products through internal research and development. In addition, we continue to explore business development opportunities to add additional products and/or capabilities to our existing portfolio.

For the three months ended June 30, 2018, we had sales to two customers, which individually accounted for 10% or more of our total revenue. Total sales to these customers represented 34% and 13%, respectively, and represented 47% of total revenues. Accounts receivable related to these major customers comprised 33% and 16%, respectively, of all accounts receivable as of June 30, 2018. For the three months ended June 30, 2017, we had sales to three customers which individually accounted for more than 10% of our total revenue. Total sales to these customers represented 26%, 17% and 12%, respectively, and represented 55% of total revenues. Accounts receivable related to these major customers comprised 82% of all accounts receivable as of June 30, 2017. For the six months ended June 30, 2018, we had sales to two customers, which individually accounted for more than 10% of our total revenue. Total sales to these customers represented 36% and12%, respectively, and represented 48% of total revenues. For the six months ended June 30, 2017, we had sales to three customers, which individually accounted for more than 10% of our total revenue. Total sales to these customers represented 26%, 16% and 15%, respectively, and represented 57% of total revenues.

Our customers in the contract manufacturing business generally consist of pharmaceutical companies, as well as cosmetic and OTC product marketers, who require product development/manufacturing support. For the three months ended June 30, 2018, approximately 67% of our contract manufacturing revenue was derived from pharmaceutical projects, as compared to 86% of total contract manufacturing revenue for the three months ended June 30, 2017. For the six months ended June 30, 2018, approximately 75% of our contract manufacturing revenue was derived from pharmaceutical projects, as compared to 85% of total contract manufacturing revenue for the six months ended June 30, 2017. None of our contract manufacturing services customers represented greater than 10% of total revenue for both the three months ended June 30, 2018 and June 30, 2017. None of our contract manufacturing services customers represented greater than 10% of total revenue for both the six months ended June 30, 2018 and June 30, 2017.

Product and Pipeline Approvals

The following is a summary of significant approvals received in 2018:

On February 14, 2018, we announced approval of an ANDA for Betamethasone Dipropionate Lotion USP (Augmented), 0.05%. This was our first approval for 2018 and our twentieth approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We launched this product in May of 2018.

On March 21, 2018, we announced approval of an ANDA for Halobetasol Propionate Ointment, 0.05%. This was our second approval for 2018 and our twenty-first approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We launched this product in April of 2018.

On April 6, 2018, we announced approval of an ANDA for Ciclopirox Shampoo, 1%. This was our third approval for 2018 and our twenty-second approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We launched this product in May of 2018.

On April 17, 2018, we announced approval of an ANDA for Clobetasol Propionate Cream USP, 0.05%. This was our fourth approval for 2018 and our twenty-third approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We launched this product in May of 2018.

On June 13, 2018, we announced approval of an ANDA for Diflorasone Diacetate Ointment, 0.05%. This was our fifth approval for 2018 and our twenty-fourth approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We expect to launch this product in the third quarter of 2018.

On June 20, 2018, we announced approval of an ANDA for Fluocinonide Gel USP, 0.05%. This was our sixth approval for 2018 and our twenty-fifth approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We expect to launch this product in the third quarter of 2018.

On July 2, 2018, we announced approval of an ANDA for Lidocaine and Prilocaine Cream USP, 2.5%/2.5%. This was our seventh approval for 2018 and our twenty-sixth approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We expect to launch this product in the third quarter of 2018.

On July 24, 2018, we announced approval of an ANDA for Hydrocortisone Cream USP, 2.5%. This was our eighth approval for 2018 and our twenty-seventh approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We expect to launch this product in the third quarter of 2018.

On July 30, 2018, we announced approval of an ANDA for Hydrocortisone Lotion USP, 2.5%. This was our ninth approval for 2018 and our twenty-eighth approval from our internally-developed pipeline of topical generic pharmaceutical medicines. We expect to launch this product in the third quarter of 2018.

Out of Period Adjustments

For the three and six months ended June 30, 2018, the Company recorded net adjustments of $0.4 million and $0.3 million, respectively, related to prior periods. The net impact of the adjustments, described below, on any prior annual or interim periods financial statements was not significant.

	Three months ended June 30, 2018	Six months ended June 30, 2018
Wholesale fees (Revenue)	$ 0.9	$ 0.9
Medicaid (Revenue)	0.3	—
Sales return reserve (Revenue)	—	(0.6)
Inventory adjustments (Cost of revenues)	—	0.8
Bad debt expense (Selling, general and administrative expenses)	(0.8)	(0.8)
	$ 0.4	$ 0.3

Results of Operations

Three months ended June 30, 2018 compared to June 30, 2017

We had a net loss of $20.7 million, or $0.39 per share, for the three months ended June 30, 2018, compared to a net loss of $0.9 million, or $0.02 per share, for the three months ended June 30, 2017. Product Sales, net, include Company Product Sales and Contract Manufacturing Sales, as follows:

Revenues (in thousands):

	Three Months Ended June 30,		Increase/(Decrease)	
Components of Revenue:	2018	2017	$	%
Product sales, net	$ 16,629	$ 18,295	$ (1,666)	(9)%
Research and development services and other income	122	113	9	8 %
Total Revenues	$ 16,751	$ 18,408	$ (1,657)	(9)%

Revenues were $16.8 million for the three months ended June 30, 2018, compared to $18.4 million for the same period in the prior year. This represents a $1.7 million decrease in 2018 from the same period in the prior year. This decrease in product sales of $1.7 million is attributed to a decrease in revenue from Zantac Injectable which represented 9% of total revenue in the second quarter of 2017, as compared to 7% of total revenue in the second quarter of 2018, Lidocaine Ointment which represented 22% of total revenue in the second quarter of 2017, as compared to 7% of total revenue in the second quarter of 2018 and contract manufacturing services revenue decreased quarter over quarter, from 13% of total revenue down to 9%. This was partially offset by the product launch of Hydrocortisone Butyrate Lotion.

Research and development services and other income will not be consistent and will vary, from period to period, depending on the required timeline of each development project and/or agreement.

Costs and Expenses (in thousands):

	Three Months Ended June 30,		Increase/(Decrease)	
	2018	2017	$	%
Cost of revenues	$ 11,728	$ 10,371	$ 1,357	13 %
Selling, general and administrative expenses	5,961	4,706	1,255	27 %
Product development and research expenses	3,967	5,113	(1,146)	(22)%
Totals costs and expenditures	$ 21,656	$ 20,190	$ 1,466	7 %

Cost of revenues increased as a percentage of total revenue to 70% for the three months ended June 30, 2018 as compared to 56% for the same period in 2017. The increase in cost of sales as a percentage of revenue was driven by new product launches as well as changes in product mix, pricing and related fees, such as wholesaler fees, in addition to customer and product mix for our contract services revenue. For the three months ended June 30, 2018, cost of revenues also included an increase in inventory reserves of $0.5 million of costs related to the write-down of inventory and other costs. Some production inefficiencies can be attributed to the expanding of our manufacturing footprint and capacity in topical manufacturing, and adding sterile manufacturing capabilities at the existing facility.

Selling, general and administrative expenses for the three months ended June 30, 2018 increased by $1.3 million as compared to the same period in 2017. In 2018 there were increases of $0.8 million for bad debt expense, $0.5 million increase in legal and professional fees and $0.1 million increase in salaries and related costs due to an increase in headcount.

Product development and research expenses for the three months ended June 30, 2018 decreased by approximately $1.1 million as compared to the same period in 2017. The decrease in product development and research expenses was primarily due to a decrease in clinical studies of $1.1 million and related testing of $0.4 million offset by an increase in GDUFA fees of $0.3 million and an increase in business insurance of $0.1 million.

Other Expense (in thousands):

	Three Months Ended June 30,		Increase/(Decrease)	
	2018	2017	$	%
Debt partial extinguishment of 2019 Notes	$ (10,069)	$ —	$ 10,069	— %
Interest and other expense, net	$ (2,499)	$ (2,936)	$ (437)	(15)%
Foreign currency exchange (loss) gain	$ (3,220)	$ 3,822	$ (7,042)	(184)%

As discussed in Note 6, on April 27, 2018, the Company entered into separate exchange agreements with certain holders of the 2019 Notes. There was a $75.1 million exchange of the 2019 Notes for 2023 Notes, which is considered a partial extinguishment, and which resulted in the acceleration of $10.1 million of non-cash interest expense in the quarter ended June 30, 2018. Interest expense decreased by $0.4 million for the three months ended June 30, 2018 as compared to the same period in 2017. The decrease is related to the increase in capitalized interest, from $0.7 million for the three months ended June 30, 2017 to $1.5 million for the three months ended June 30, 2018 (related to our facility expansion), offset by a slight increase in interest expense, amortization of debt discount and amortization of debt issuance costs of the new debt. A foreign exchange loss of $3.2 million was recorded in the three months ended June 30, 2018, primarily related to the foreign currency translation of our intercompany loans denominated in U.S. dollars to our foreign subsidiaries. Depending on the changes in foreign currency exchange rates, we will continue to record a non-cash gain or loss on translation for the remainder of the term of these loans. Due to the nature of this transaction, there is no economic benefit to the Company to hedge this transaction.

Net Loss (in thousands, except per share numbers):

	Three Months Ended June 30,		Increase/(Decrease)	
	2018	2017	$	%
Net loss attributable to common stockholders	$ (20,716)	$ (919)	$ (19,797)	(2,154)%
Basic and diluted loss per share	$ (0.39)	$ (0.02)	$ (0.37)	(1,850)%

Net loss for the three months ended June 30, 2018 was $20.7 million as compared to $0.9 million in the same period last year. The increase in loss is due to a decrease in revenue of $1.7 million and increases in costs and expenses in 2018 of $1.5 million, an increase in interest and other expense of $9.6 million; and an increase in the foreign currency exchange loss of $7.0 million.

Six months ended June 30, 2018 compared to June 30, 2017

We had net loss of $25.5 million, or $0.48 per share, for the six months ended June 30, 2018, compared to a net loss of $0.1 million, or $0.00 per share, for the six months ended June 30, 2017, which resulted from the following:

Revenues (in thousands):

	Six Months Ended June 30,		Increase/(Decrease)	
Components of Revenue:	2018	2017	$	%
Product sales, net	$ 31,163	$ 38,148	$ (6,985)	(18)%
Research and development services and other income	133	151	(18)	(12)%
Total Revenues	$ 31,296	$ 38,299	$ (7,003)	(18)%

Revenues were $31.3 million for the six months ended June 30, 2018, compared to $38.3 million for the same period in the prior year. This represents a $7.0 million decrease in 2018 from the same period in the prior year. This decrease in product sales of $7.0 million is attributed to a decrease in revenue from Zantac Injectable which represented 14% of total revenue for the six months ended June 30, 2017, as compared to 7% of total revenue for the six months ended June 30, 2018, Lidocaine Ointment which represented 19% of total revenue for the six months ended June 30, 2017, as compared to 6% of total revenue for the six months ended June 30, 2018 and contract manufacturing services revenue decreased year over year, from 15% of total revenue down to 9%. This was partially offset by the product launch of Hydrocortisone Butyrate Lotion.

Research and development services and other income will not be consistent and will vary, from period to period, depending on the required timeline of each development project and/or agreement.

Costs and Expenses (in thousands):

	Six Months Ended June 30,		Increase/(Decrease)	
	2018	2017	$	%
Cost of revenues	$ 21,053	$ 19,328	$ 1,725	9 %
Selling, general and administrative expenses	11,321	9,005	2,316	26 %
Product development and research expenses	7,358	8,781	(1,423)	(16)%
Totals costs and expenditures	$ 39,732	$ 37,114	$ 2,618	7 %

Cost of revenues increased as a percentage of total revenue to 67% for the six months ended June 30, 2018 as compared to 50% for the same period in 2017. The increase in cost of sales as a percentage of revenue was driven by new product launches as well as changes in product mix, pricing and related fees, such as wholesaler fees, in addition to customer and product mix for our contract services revenue. For the six months ended June 30, 2018, cost of revenues also included an increase in inventory reserves of $1.4 million of costs related to inventory and raw materials that were expected to expire in less than six months, and other costs. Some production inefficiencies can be attributed to the expanding of our manufacturing footprint and capacity in topical manufacturing, and adding sterile manufacturing capabilities at the existing facility.

Selling, general and administrative expenses for the six months ended June 30, 2018 increased by $2.3 million as compared to the same period in 2017. In 2018 there were increases of $1.1 million in legal and professional fees, $0.8 million in bad debt expense, $0.7 million in salaries and related costs, primarily driven by a one time payment of $0.2 million (see Exhibit 33.1), $0.2 million in other costs, offset by a decrease of $0.5 million in stock based compensation related to options and restricted stock.

Product development and research expenses for the six months ended June 30, 2018 decreased by approximately $1.4 million as compared to the same period in 2017. The decrease in product development and research expenses was primarily due to a decrease in clinical studies of $1.4 million and related testing of $0.5 million offset by an increase in GDUFA fees of $0.3 million and an increase in business insurance of $0.2 million, due to an increase in headcount.

Other Expense (in thousands):

	Six Months Ended June 30,		Increase/(Decrease)	
	2018	2017	$	%
Debt partial extinguishment of 2019 Notes	$ (10,069)	$ —	$ 10,069	—%
Interest and other expense, net	$ (5,071)	$ (6,068)	$ (997)	(16)%
Foreign currency exchange (loss) gain	$ (1,895)	$ 4,901	$ (6,796)	(139)%

As discussed in Note 6, on April 27, 2018, the Company entered into separate exchange agreements with certain holders of the 2019 Notes. There was a $75.1 million exchange of the 2019 Notes for 2023 Notes, which is considered a partial extinguishment, and which resulted in the acceleration of $10.1 million of non-cash interest expense in the quarter ended June 30, 2018. Interest expense decreased by $1.0 million for the six months ended June 30, 2018 as compared to the same period in 2017. The decrease is related to the increase in capitalized interest, from $1.2 million for the six months ended June 30, 2017 to $2.8 million for the six months ended June 30, 2018 (related to our facility expansion), offset by an increase in interest expense, amortization of debt discount and amortization of debt issuance costs of the new debt. A foreign exchange loss of $1.9 million was recorded in the six months ended June 30, 2018, as compared to a $4.9 million foreign exchange gain, recorded in the six months ended June 30, 2017, primarily related to the foreign currency translation of our intercompany loans denominated in U.S. dollars to our foreign subsidiaries. Depending on the changes in foreign currency exchange rates, we will continue to record a non-cash gain or loss on translation for the remainder of the term of these loans. Due to the nature of this transaction, there is no economic benefit to the Company to hedge this transaction.

Net Loss (in thousands, except per share numbers):

	Six Months Ended June 30,		Increase/(Decrease)	
	2018	2017	$	%
Net loss attributable to common stockholders	$ (25,518)	$ (88)	$ (25,606)	—%
Basic and diluted loss per share	$ (0.48)	$ 0.00	$ (0.48)	—%

Net loss for the six months ended June 30, 2018 was $25.5 million as compared to $0.1 million in the same period last year. The increase in loss is due to a decrease in revenue of $7.0 million and increases in costs and expenses in 2018 of $2.6 million, an increase in interest and other expense of $9.1 million and an increase in the foreign currency exchange loss of $6.8 million, as noted above.

Liquidity and Capital Resources

Our cash flows from operating, investing and financing activities, as reflected in the Consolidated Statements of Cash Flows, are summarized in the following table (in thousands):

	Six Months Ended June 30,			
	2018		2017	
Net cash provided by (used in)				
Operating Activities	$	(12,763)	$	(1,307)
Investing Activities	$	(12,270)	$	(15,286)
Financing Activities	$	12,555	$	267

Operating Activities

Our operating activities used $12.8 million of cash in the six months ended June 30, 2018, compared to $1.3 million used during the same period last year. The cash used in operating activities for the six months ended June 30, 2018 was a result of our net loss, adjusted for $22.9 million of non-cash expenses offset by a $10.1 million change in operating assets and liabilities. The change is related to a significant decrease in accounts payable and accrued expenses resulting from payments made towards our manufacturing expansion project. The cash used in operating activities for the six months ended June 30, 2017 was a result of our net loss, adjusted for $4.6 million of non-cash expenses offset by a $5.8 million change in operating assets and liabilities.

Investing Activities

Our investing activities used $12.3 million during the six months ended June 30, 2018, compared to $15.3 million of cash used in investing activities during the same period last year. The funds used for both periods were for capital expenditures, mainly related to the ongoing facility expansion located in Buena, New Jersey. The decrease during the six months ended June 30, 2018 is due to the timing of payments directly related to our manufacturing expansion project.

Financing Activities

Our financing activities provided $12.6 million cash during the six months ended June 30, 2018, compared to $267,000 of cash provided during the six months ended June 30, 2017. In the six months ended June 30, 2018, $15.0 million was borrowed from the 2021 Term Loan, while $2.5 million was used to pay costs associated with the 2019 Notes, 2023 Notes and 2021 Term Loan. The $267,000 of cash provided in the six months ended June 30, 2017 consisted of proceeds from the exercise of options to purchase common stock.

Our principal sources of liquidity are cash and cash equivalents of approximately $13.7 million at June 30, 2018 and future cash from operations. Our working capital was $31.8 million at June 30, 2018.

In order to continue normal business operations and execution of the Company’s growth strategy, the Company will need to exercise its ability to significantly defer or reduce planned discretionary investments in research and development and capital projects or seek other financing alternatives. Other financing alternatives may include raising additional capital through the sale of its equity, a strategic alliance with a third party or securing debt. If additional acquisition and growth opportunities arise, external financing will be required. On May 4, 2018, the Company filed Form S-3 under the Securities Act of 1933. The S-3 registration allows the Company to issue, from time to time and at prices to be determined at or prior to the offering, up to $50 million of any combination of the securities described in the prospectus, either individually or in units should the need to raise cash arise. On June 1, 2018, the Company entered into a credit agreement for $25 million, due June 1, 2021 ('2021 Term Loan") to support the operations of the business. The first $15.0 million of loan proceeds was received on June 1, 2018. The remaining loan proceeds of $10.0 million was received on July 16, 2018.

The Company still has a portion of convertible senior notes (“2019 Notes”) due December 2019. The Company is currently evaluating alternative financing methods to assist with repayment of the 2019 Notes in addition to continued financing of major projects including the manufacturing facility in Buena. As the Company continues to review its capital and debt structure, there can be no assurance that a strategic alliance or debt financing will be available on terms acceptable to the Company, or at all. The board of directors and management of the Company intend to exhaust all options available in order to enable the Company to support its current growth strategy and operations beyond August 2019.

Off Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our shareholders.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles, which require management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for a complete list of all Critical Accounting Policies and Estimates. See also Item 1 for our Condensed Consolidated Financial Statements.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

As of June 30, 2018, our principal debt obligation was related to our 2019 and 2023 Notes. Interest accrues at a fixed rate of 3.75% on the outstanding principal amount of the 2019 Notes and is paid semi-annually every June 15 and December 15 until the 2019 Notes mature on December 15, 2019. Interest accrues at a fixed rate of 4.75% on the outstanding principal amount of the 2023 Notes and is paid semi-annually every May 1 and November 1 until the 2023 Notes mature on May 1, 2023. Since the interest rate is fixed, we have no market risk related to the 2019 and 2023 Notes.

Additionally, on June 1, 2018, the Company entered into a credit agreement for $25.0 million secured by all Company assets, due June 1, 2021 (“2021 Term Loan”). The first $15.0 million of loan proceeds was received on June 1, 2018. The remaining loan proceeds of $10.0 million was received on July 16, 2018. The 2021 Term Loan bears interest at a rate of LIBOR plus 9%, and is therefore subject to market risk.

Our financial instruments include cash and cash equivalents, accounts receivable, accounts payable and the Notes. The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate book value because of the short maturity of these instruments. Based on the closing price of our common stock as of June 30, 2018, the fair value of our Notes was approximately $115.3 million compared to their face value of $143.75 million as of June 30, 2018. However, this variance is due to the conversion feature in the Notes rather than to changes in market interest rates. As noted above, the Notes carry a fixed interest rate and therefore do not subject us to interest rate risk.

At June 30, 2018, the majority of our cash and cash equivalents was invested in overnight instruments, the interest rates of which may change daily. Accordingly, these overnight investments are subject to market risk.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934) required by Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, our Chief Executive Officer and our Chief Financial Officer have concluded that the Company has not maintained effective controls due to material weaknesses in internal control over financial reporting described in Part II, Item 9A of our 2017 Form 10-K for the year ended December 31, 2017. These material weaknesses remain unremediated as of June 30, 2018. Furthermore, management also concluded that the Company has not maintained effective controls over the transition and implementation of the new accounting standard related to revenue recognition in the first quarter of 2018.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during our second quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, as noted below, we have begun to implement changes to our internal control over financial reporting to address the material weakness described above.

Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting

Remediation

To remediate the material weaknesses, the Company has begun to implement new procedures and employ additional resources, including the following:

- Hiring new team members and engaging external resources with significant prior experience with systems similar to the Company's new ERP system to provide additional capacity, analytical and functional capabilities, and cross-training.
- Implementing business process improvements, that are anticipated to both strengthen controls governing management review and approvals and enable a more efficient and effective month end close.
- Conducting regular reviews of all information system access to validate that access is appropriate and appropriate segregation of duties exist.
- Hired a new senior leader in one of its foreign affiliates who, among other responsibilities, will ensure customer contract terms are reviewed with key members of the Finance Department on a timely basis to ensure customer price concessions are reflected appropriately in the financial records.
- Establishing formal policies and procedures for the accounting and internal audit function.
- Developing policies and procedures addressing the internal control framework of the Company's ERP service provider.

PART II
OTHER INFORMATION

ITEM 1. Legal Proceedings

We are involved from time to time in claims which arise in the ordinary course of business. In the opinion of management, we have made adequate provision for potential liabilities, if any, arising from any such matters. However, litigation is inherently unpredictable, and the costs and other effects of pending or future litigation, governmental investigations, legal and administrative cases and proceedings (whether civil or criminal), settlements, judgments and investigations, claims and changes in any such matters, and developments or assertions by or against us relating to intellectual property rights and intellectual property licenses, could have a material adverse effect on our business, financial condition and operating results.

To date, twelve putative class action antitrust lawsuits have been filed against us along with co-defendants, including Taro Pharmaceuticals U.S.A., Inc. and Perrigo New York Inc. One "opt-out" action has additionally been filed against us along with thirty five generic manufacturer co-defendants regarding the pricing of econazole nitrate cream and twenty nine additional drug products not manufactured or sold by us. All actions have been transferred by the Judicial Panel on Multidistrict Litigation to the Eastern District of Pennsylvania for pre-trial proceedings as part of the In *re Generic Pharmaceuticals Pricing Antitrust Litigation* matter, and the class actions have been consolidated into direct purchaser, end payer and indirect reseller actions.

The class plaintiffs seek to represent nationwide or state classes consisting of persons who directly purchased, indirectly purchased, paid, and/or reimbursed patients for the purchase of generic econazole from July 1, 2014 until the time the defendants' allegedly unlawful conduct ceased or will cease.

The opt-out plaintiffs allege a conspiracy by thirty six generic manufacturers to fix prices for thirty drug products including econazole nitrate cream, in violation of federal antitrust laws. The opt-out plaintiffs seek treble damages for alleged price overcharges for the thirty drug products identified in the complaint during the alleged period of conspiracy, and also seek injunctive relief against the defendants.

All of these cases are in their initial stages and motions to dismiss have been filed with respect to each of the complaints. Due to the early stage of these cases, we are unable to form a judgment at this time as to whether an unfavorable outcome is either probable or remote or to provide an estimate of the amount or range of potential loss. We believe these cases are without merit, and we intend to vigorously defend against these claims.

On October 20, 2017, a Demand for Arbitration was filed with the American Arbitration Association by Stayma Consulting Services, Inc. ("Stayma") against us regarding our development and manufacture for Stayma of two generic drug products, one a lotion and one a cream, containing 0.05% of the active pharmaceutical ingredient flurandrenolide. We developed the two products and Stayma purchased commercial quantities of each; however, Stayma now alleges that we breached agreements between the parties by developing an additional and different generic drug product, an ointment, containing flurandrenolide, and failing to meet certain contractual requirements. Stayma seeks monetary damages. Because discovery in this matter is ongoing, we are unable to form a judgment at this time as to whether an unfavorable outcome is either probable or remote or to provide an estimate of the amount or range of potential loss. We believe this case is without merit, and we intend to vigorously defend against these claims. We filed a counter-claim against Stayma for its failure to pay several past due invoices of approximately $1.7 million relating to the development and commercial supply of the two subject products.

ITEM 1A. Risk Factors

Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2017 includes a detailed discussion of risks and uncertainties which could adversely affect our future results. Except as set forth below, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2017 have not materially changed.

Risks Related to Our Business

We have a history of losses and cannot assure you that we will become profitable, and as a result, we may have to cease operations and liquidate our business.

With the exception of 2015 and the three month period ended March 31, 2017, our expenses have exceeded our revenue in each of the last 12 years, and no net income has been available to common stockholders during each of these years. As of June 30, 2018, our stockholders' equity was $39.1 million and we had an accumulated deficit of $85.6 million. Our future profitability depends on revenue exceeding expenses, but we cannot assure you that this will occur. If we do not become profitable or continue to raise external financing, we could be forced to curtail operations and sell or liquidate our business, and you could lose some or all of your investment.

We rely on a limited number of customers for a large portion of our revenues.

We depend on a limited number of customers for a large portion of our revenue. Two of our customers accounted for 47% of our revenue for the three months ended June 30, 2018, and three of our customers accounted for 55% of our revenue for the three months ended June 30, 2017. For the six months ended June 30, 2018, two of our customers accounted for 48% of our revenue and for the six months ended June 30, 2017, three of our customers accounted for 57% of our revenue. The loss of one or more of these customers could have a significant impact on our revenues and harm our business and results of operations.

Due to concentration of sales in a limited number of products, our business will be materially adversely affected if these products do not perform as well as expected.

We expect to generate a significant portion of our total revenues and gross margin from the sale of a limited number of products. While we continue to diversify our product portfolio, two of our products accounted for 14% of our revenue for the three months ended June 30, 2018. Any material adverse developments, including increased competition, loss of customers, pricing pressures and supply shortages, with respect to the sale or use of our products and prospective products, or our failure to successfully introduce such products, could have a material adverse effect on our revenues and gross margin.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, and current and potential stockholders may lose confidence in our financial reporting.

We are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses in those internal controls.

As disclosed elsewhere herein, in connection with our financial review management concluded that a material weakness related to the Company not having adequate personnel and resources in place for its implementation of a new ERP existed, and consequently, the same financial reporting personnel were not able to perform a timely and effective review of our period-end closing process.

Since the determination regarding this material weakness, we have devoted, and will continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. Our plans include the following: new internal and external personnel, new business process improvements and a review of relevant training. The elements of our remediation plan can only be accomplished over time and we can offer no assurance that these initiatives will ultimately have the intended effects. Any failure to maintain such internal controls could adversely impact our ability to report our financial results on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations, which may have a material adverse effect on our business.

We are subject to stringent regulatory requirements. Failure to adhere to such requirements could harm our business and results of operations.

In the United States, we and our suppliers of raw materials are also subject to regulation under the Occupational Safety and Health Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other current and potential future federal, state or local regulations. Failure to adhere to such regulations, by either us or our suppliers, could harm our business and results of operations. In addition, our analytical department uses certain hazardous materials and chemicals in limited and controlled quantities. We have implemented safety procedures for handling and disposing of such materials, however, such procedures may not comply with the standards prescribed by federal, state and local regulations. Even if we follow such safety procedures for handling and disposing of hazardous materials and chemicals and such procedures comply with applicable law, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages and any such liability could exceed our resources.

Our operations and properties are also subject to a wide variety of increasingly complex and stringent federal, state and local environmental laws and regulations, including those governing the remediation of contaminated soil and groundwater. Such environmental laws may apply to conditions at properties and facilities presently or formerly owned or operated by us, as well as to conditions at properties at which wastes or other contamination attributable to us have been sent or otherwise come to be located. One of our facilities has undergone remediation of environmental contamination, and one of our facilities is currently undergoing remediation of environmental contamination. The total estimated costs for the clean-up and remediation is $0.9 million as of June 30, 2018, and remaining costs accrued at June 30, 2018 totaled $0.1 million. Based on information provided to us from our environmental consultants and what is known to date, we believe the reserves are sufficient for the remaining remediation of the environmental contamination. There is a possibility, however, that the remediation costs may exceed our estimates. In addition, we can give no assurance that the future cost of compliance with existing environmental laws will not give rise to additional significant expenditures or liabilities that would be material to us. Future events, such as new information, changes in existing environmental laws or their interpretation, and more vigorous enforcement policies of federal, state or local regulatory agencies, may have a material adverse effect on our business, financial condition and results of operations.

In Canada, we and our suppliers of raw materials are also subject to regulation under Hazardous Products Act, Controlled Products Regulations, Consumer Product Safety Act, Canadian Environmental Protection Act and other current and potential future federal, provincial/territorial or local regulations. Failure to adhere to such regulations, by either us or our suppliers, could harm our business and results of operations. In addition, our analytical department uses certain hazardous materials and chemicals in limited and controlled quantities. We have implemented safety procedures for handling and disposing of such materials, however, such procedures may not comply with the standards prescribed by federal, provincial/territorial and local regulations. Even if we follow such safety procedures for handling and disposing of hazardous materials and chemicals and such procedures comply with applicable law, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages and any such liability could exceed our resources.

Future events, such as new information, changes in existing environmental laws or their interpretation, and more vigorous enforcement policies of federal, provincial/territorial or local regulatory agencies, may have a material adverse effect on our business, financial condition and results of operations.

Significant balances of intangible assets, including goodwill, are subject to impairment testing and may result in impairment charges, which may materially and adversely affect our results of operations and financial condition.

A significant amount of our total assets is related to goodwill and intangible assets. As of June 30, 2018, the value of our goodwill and intangible assets net of accumulated amortization was $53.4 million. Goodwill and other intangible assets are tested for impairment annually when events occur or circumstances change that could potentially reduce the fair value of the reporting unit or intangible asset. Impairment testing compares the fair value of the reporting unit or intangible asset to its carrying amount. Any future goodwill or other intangible asset impairment, if any, would be recorded in operating income and could have a material adverse effect on our results of operations and financial condition.

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

As of December 31, 2017, we had U.S. federal net operating losses (NOLs) of approximately $41.7 million which will expire from 2020 through 2037. The use of these NOLs may be limited in future years under IRC Section 382 which imposes an annual limitation on the amount of taxable income that can be offset by NOL carryovers and certain built in losses (collectively referred to as Pre-change Losses) that are attributable to the period preceding an ownership change. Under Code Section 382, an ownership change occurs when one or more “Five-percent Shareholders” increase their ownership in the corporation’s stock, in the aggregate, by more than fifty percentage points during a three-year testing period. An ownership change as defined by Code Section 382 occurred during 2010 and triggered a limitation under Code Section 382 on the usage of an aggregated $23.3 million of NOLs at the change date. We estimate that the annual limitation on such NOLs aggregates from $1.0 million to $2.3 million per year including the effect of amortization of built in gains. Net Operating Losses since the 2010 change date aggregate $23.1 million and we do not believe that these NOLs are subject to limitation. Limitation NOLs utilized aggregated $4.7 million as of December 31, 2017.

Currency fluctuations and changes in exchange rates could adversely affect our business, financial condition, results of operations, cash flows, and/or common stock price.

Although we report our financial results in U.S. Dollars, a portion of our revenues and other liabilities and our costs are denominated in non-U.S. currencies, including the Euro and Canadian Dollar. Our results of operations and, in some cases, cash flows, have in the past been and may in the future be adversely affected by certain movements in currency exchange rates. The occurrence of any of the above risks could cause a material adverse effect on our business, financial condition, results of operations, cash flows, and/or share price.

The Company is exposed to market risk from fluctuations in currency exchange rates.

The Company operates in multiple jurisdictions denominated in currencies of the local jurisdiction. Additionally, the Company may enter into acquisition, licensing, borrowing or other financial transactions that may give rise to currency exposure. Since the Company cannot, with certainty, foresee and mitigate against such adverse fluctuations, fluctuations in currency exchange rates could negatively affect the Company’s results of operations, financial position and cash flows.

We have identified material weaknesses in our internal control over financial reporting, and if we are unable to satisfy regulatory requirements relating to internal controls, our stock price could suffer.

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to conduct a comprehensive evaluation of the effectiveness of their internal control over financial reporting. At the end of each fiscal year, we must perform an evaluation of our internal control over financial reporting, include in our annual report the results of the evaluation and have our external auditors also publicly attest to the effectiveness of our internal control over financial reporting. We have identified material weaknesses in our internal control over financial reporting, and if additional material weaknesses are found in our internal controls in the future, if we fail to remediate our existing material weaknesses, if we fail to complete future evaluations on time or if our external auditors cannot attest to the effectiveness of our internal control over financial reporting, we could fail to meet our regulatory reporting requirements and be subject to regulatory scrutiny and a loss of public confidence in our internal controls, which could have an adverse effect on our stock price.

We have identified material weaknesses in our internal control over financial reporting, which could continue to impact negatively our ability to report our results of operations and financial condition accurately and in a timely manner.

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management has conducted an evaluation of the effectiveness of our internal control over financial reporting at June 30, 2018. We identified a number of material weaknesses in our internal control over financial reporting and concluded that, as of June 30, 2018, we did not maintain effective control over financial reporting based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. For a detailed description of these material weaknesses, see Item 9A, "Controls and Procedures." Each of our material weaknesses results in more than a remote likelihood that a material misstatement of the annual or interim financial statements that we prepare will not be prevented or detected. As a result, we must perform extensive additional work to obtain reasonable assurance regarding the reliability of our financial statements. As described in Item 4, "Controls and Procedures" we restated our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017. Moreover, other material weaknesses may be identified.

We are in the process of remedying all of the identified material weaknesses, and this work will continue during fiscal 2018 and beyond. For a detailed description of our remedial efforts, see Item 4, "Controls and Procedures." There can be no assurance as to when all of the material weaknesses will be remedied. Until our remedial efforts are completed, management will continue to devote significant time and attention to these efforts, and we will continue to incur expenses associated with the additional procedures and resources required to prepare our Consolidated Financial Statements. Certain of our remedial actions, such as hiring additional qualified personnel to implement our reconciliation and review procedures, will be ongoing and will result in our incurring additional costs even after our material weaknesses are remedied.

If we are unsuccessful in implementing or following our remediation plan, or fail to update our internal control over financial reporting as our business evolves or to integrate acquired businesses into our controls system, we may not be able to timely or accurately report our financial condition, results of operations or cash flows or to maintain effective disclosure controls and procedures. If we are unable to report financial information in a timely and accurate manner or to maintain effective disclosure controls and procedures, we could be subject to, among other things, regulatory or enforcement actions by the SEC, an inability for us to be accepted for listing on any national securities exchange in the near future, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects and the market value of our Common Stock. Further, there are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. We could face additional litigation exposure and a greater likelihood of an SEC enforcement or other regulatory action if further restatements were to occur or other accounting-related problems emerge. In addition, any future restatements or other accounting-related problems may adversely affect our financial condition, results of operations and cash flows.

Risks Related to our Indebtedness

Our substantial indebtedness could materially adversely affect our business, financial condition or results of operations and prevent us from fulfilling our obligations under the Notes.

As of June 30, 2018, our total consolidated net indebtedness was $129.5 million. Our substantial level of indebtedness coupled with our net loss increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on, or other amounts due in respect of our indebtedness. Our substantial indebtedness, combined with our other financial obligations and contractual commitments, may have a material adverse impact on us. For example, it could

- make it difficult for us to satisfy our obligations with respect to our outstanding and other future debt obligations;
- increase our vulnerability to general adverse economic conditions or a downturn in the industries in which we operate;
- impair our ability to obtain additional financing in the future for working capital, investments, acquisitions and other general corporate purposes;
- require us to dedicate a substantial portion of our cash flows to the payment to our financing sources, thereby reducing the availability of our cash flows to fund working capital, investments, acquisitions and other general corporate purposes; and
- place us at a disadvantage compared to our competitors.

Risks Related to Our Securities

Shares of our common stock are relatively illiquid which may affect the trading price of our common stock.

For the six months ended June 30, 2018, the average daily trading volume of our common stock on the NASDAQ Global Select Market was approximately 693,254 shares. As a result of our relatively small public float, our common stock may be less liquid than the stock of companies with broader public ownership. Among other things, trading of a relatively small volume of our common stock may have a greater impact on the trading price for our shares than would be the case if our public float were larger.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit Number	Description
31.1*	Certification of the President and Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
33.1*	Separation Agreement
10.1*	The Company is filing a corrected copy of its Amended and Restated 2016 Equity Incentive Plan (the "2016 Plan") as Exhibit [10.1] hereto, in the interest of correcting a typographical error that appeared in the previous filing of the 2016 Plan. No other changes have been made to the 2016 Plan."
101*	The following financial information from this Quarterly Report on Form 10-Q for the period ended June 30, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations; (ii) the Condensed Consolidated Balance Sheets; (iii) the Condensed Consolidated Statements of Cash Flows; (iv) the Condensed Consolidated Statement of Comprehensive Income(Loss); (v) the Condensed Consolidated Statement of Equity; and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

* 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.

		Teligent, Inc.
Date: August 9, 2018	By:	/s/ Jason Grenfell-Gardner
		Jason Grenfell-Gardner President and Chief Executive Officer
Date: August 9, 2018	By:	/s/ Damian Finio
		Damian Finio Chief Financial Officer

Exhibit Index

Exhibit Number	Description
31.1*	Certification of the President and Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
33.1*	Separation Agreement
10.1*	The Company is filing a corrected copy of its Amended and Restated 2016 Equity Incentive Plan (the "2016 Plan") as Exhibit [10.1] hereto, in the interest of correcting a typographical error that appeared in the previous filing of the 2016 Plan. No other changes have been made to the 2016 Plan."
101*	The following financial information from this Quarterly Report on Form 10-Q for the period ended June 30, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations; (ii) the Condensed Consolidated Balance Sheets; (iii) the Condensed Consolidated Statements of Cash Flows; (iv) the Condensed Consolidated Statement of Comprehensive Income(Loss); (v) the Condensed Consolidated Statement of Equity; and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

* Filed herewith.

TELIGENT, INC.

2016 EQUITY INCENTIVE PLAN
(as amended on May 21, 2018)

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Teligent, Inc. 2016 Equity Incentive Plan, have the following meanings:

a. Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

b. Affiliate means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

c. Agreement means an agreement between the Company and a Participant pertaining to a Stock Right delivered pursuant to the Plan in such form as the Administrator shall approve.

d. Board of Directors means the Board of Directors of the Company.

e. Cause means, with respect to a Participant (a) dishonesty with respect to the Company or any Affiliate, (b) insubordination, substantial malfeasance or non-feasance of duty, (c) unauthorized disclosure of confidential information, (d) breach by a Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate, and (e) conduct substantially prejudicial to the business of the Company or any Affiliate; provided, however, that any provision in an agreement between a Participant and the Company or an Affiliate, which contains a conflicting definition of Cause for termination and which is in effect at the time of such termination, shall supersede this definition with respect to that Participant. The determination of the Administrator as to the existence of Cause will be conclusive on the Participant and the Company.

f. Change of Control means the occurrence of any of the following events:

1. *Ownership*. Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its Affiliates or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board of Directors does not approve; or

2. *Merger/Sale of Assets*. (A) A merger or consolidation of the Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) more than 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the sale or disposition by the Company of all or substantially all of the Company's assets in a transaction requiring shareholder approval; or

3. *Change in Board Composition*. A change in the composition of the Board of Directors, as a result of which fewer than a majority of the directors are Incumbent Directors. "**Incumbent Directors**" shall mean directors who either (A) are directors of the Company as of May 25, 2016, or (B) are elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);

provided, that if any payment or benefit payable hereunder upon or following a Change of Control would be required to comply with the limitations of Section 409A(a)(2)(A)(v) of the Code in order to avoid an additional tax under Section 409A of the Code, such payment or benefit shall be made only if such Change in Control constitutes a change in ownership or control of the Company, or a change in ownership of the Company's assets in accordance with Section 409A of the Code.

g. <u>Code</u> means the United States Internal Revenue Code of 1986, as amended including any successor statute, regulation and guidance thereto.

h. <u>Committee</u> means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan the composition of which shall at all times satisfy the provisions of Section 162(m) of the Code.

i. <u>Common Stock</u> means shares of the Company's common stock, $0.01 par value per share.

j. <u>Company</u> means Teligent, Inc., a Delaware corporation.

k. <u>Consultant</u> means any natural person who is an advisor or consultant that provides bona fide services to the Company or its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company's or its Affiliates' securities.

l. Disability or Disabled means permanent and total disability as defined in Section 22(e)(3) of the Code.

m. Employee means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

n. Exchange Act means the Securities Exchange Act of 1934, as amended.

o. Fair Market Value of a Share of Common Stock means:

1. If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or, if not applicable, the last price of the Common Stock on the composite tape or other comparable reporting system for the trading day on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;

2. If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and

3. If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine in compliance with applicable laws.

p. ISO means an option intended to qualify as an incentive stock option under Section 422 of the Code.

q. Non-Qualified Option means an option which is not intended to qualify as an ISO.

r. Option means an ISO or Non-Qualified Option granted under the Plan.

s. Participant means an Employee, director or Consultant of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, “Participant” shall include “Participant’s Survivors” where the context requires.

t. Performance Based Award means a Stock Grant or Stock-Based Award which vests based on the attainment of written Performance Goals as set forth in Paragraph 9 hereof.

u. Performance Goals means performance goals based on one or more of the following criteria: (i) pre-tax income or after-tax income; (ii) income or earnings including operating income, earnings before or after taxes, interest, depreciation, amortization, and/or extraordinary or special items; (iii) net income excluding amortization of intangible assets, depreciation and impairment of goodwill and intangible assets and/or excluding charges attributable to the adoption of new accounting pronouncements; (iv) earnings or book value per share (basic or diluted); (v) return on assets (gross or net), return on investment, return on capital, return on invested capital or return on equity; (vi) return on revenues; (vii) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (viii) economic value created; (ix) operating margin or profit margin; (x) stock price or total shareholder return; (xi) income or earnings from continuing operations; (xii) cost targets, reductions and savings, expense management, productivity and efficiencies; (xiii) operational objectives, consisting of one or more objectives based on achieving progress in research and development programs or achieving regulatory milestones related to development and or approval of products; and (xiv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or market share of one or more products or customers, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions. Where applicable, the Performance Goals may be expressed in terms of a relative measure against a set of identified peer group companies, attaining a specified level of the particular criterion or the attainment of a percentage increase or decrease in the particular criterion, and may be applied to one or more of the Company or an Affiliate of the Company, or a division or strategic business unit of the Company, all as determined by the Committee. The Performance Goals may include a threshold level of performance below which no Performance-Based Award will be issued or no vesting will occur, levels of performance at which Performance-Based Awards will be issued or specified vesting will occur, and a maximum level of performance above which no additional issuances will be made or at which full vesting will occur. Each of the foregoing Performance Goals shall be evaluated in an objectively determinable manner in accordance with Section 162(m) of the Code and in accordance with generally accepted accounting principles where applicable, unless otherwise specified by the Committee, and shall be subject to certification by the Committee. The Committee shall have the authority to make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting the Company or any Affiliate or the financial statements of the Company or any Affiliate, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles provided that any such change shall at all times satisfy the provisions of Section 162(m) of the Code.

v. Plan means this Teligent, Inc. 2016 Equity Incentive Plan.

w. Securities Act means the Securities Act of 1933, as amended.

x. Shares means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

y. Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award which is not an Option or a Stock Grant, which the Committee may, in its sole discretion, structure to qualify in whole or in part as "performance-based compensation" under Section 162(m) of the Code.

z. Stock Grant means a grant by the Company of Shares under the Plan, which the Committee may, in its sole discretion, structure to qualify in whole or in part as "performance-based compensation" under Section 162(m) of the Code.

aa. Stock Right means a right to Shares or the value of Shares of the Company granted pursuant to the Plan — an ISO, a Non-Qualified Option, a Stock Grant or a Stock-Based Award.

bb. Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees and directors of and certain Consultants to the Company and its Affiliates in order to attract and retain such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs, Non-Qualified Options, Stock Grants and Stock-Based Awards.

3. SHARES SUBJECT TO THE PLAN.

(a) (a) The number of Shares which may be issued from time to time pursuant to this Plan shall be the sum of: (i) 4,000,000 shares of Common Stock and (ii) any shares of Common Stock that are represented by awards granted under the Company's 1999 Director Plan and 2009 Equity Incentive Plan that are forfeited, expire or are cancelled without delivery of shares of Common Stock or which result in the forfeiture of shares of Common Stock back to the Company on or after May 25, 2016, or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 25 of this Plan; provided, however, that no more than 2,500,000 Shares shall be added to the Plan pursuant to subsection (ii).

(b) If an Option ceases to be "outstanding," in whole or in part (other than by exercise), or if the Company shall reacquire (at not more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued or reacquired Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan. Notwithstanding the foregoing, if a Stock Right is exercised, in whole or in part, by tender of Shares or if the Company or an Affiliate's tax withholding obligation is satisfied by withholding Shares, the number of Shares deemed to have been issued under the Plan for purposes of the limitation set forth in Paragraph 3(a) above shall be the number of Shares that were subject to the Stock Right or portion thereof, and not the net number of Shares actually issued. However, in the case of ISOs, the foregoing provisions shall be subject to any limitations under the Code.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Notwithstanding the foregoing, the Board of Directors may not take any action that would cause any outstanding Stock Right that would otherwise qualify as performance-based compensation under Section 162(m) of the Code to fail to so qualify. Subject to the provisions of the Plan, the Administrator is authorized to:

(a) Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

(b) Determine which Employees, directors and Consultants shall be granted Stock Rights;

(c) Determine the number of Shares for which a Stock Right or Stock Rights shall be granted, provided, however, that in no event shall Stock Rights with respect to more than 1,000,000 Shares be granted to any Participant in any fiscal year;

(d) Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted, provided however, except in the case of death, disability, retirement or Change of Control, Stock Rights shall not vest, and any right of the Company to restrict or reacquire Shares subject to a Stock Grant shall not lapse, less than one (1) year from the date of grant, provided that time-based vesting may accrue incrementally over such one-year period; and provided further that, notwithstanding the foregoing, Stock Rights may be granted to non-employee directors having time-based vesting of less than one (1) year from the date of grant so long as no more than five percent (5%) of the Shares reserved for issuance under the Plan pursuant to Paragraph 3(a) above (as adjusted under Paragraph 25 of this Plan) may be granted in the aggregate pursuant to such awards;

(e) Determine Performance Goals no later than such time as required to ensure that a Performance-Based Award which is intended to comply with the requirements of Section 162(m) of the Code so complies;

(f) Amend any term or condition of any outstanding Stock Right, other than reducing the exercise price or purchase price, provided that (i) such term or condition as amended is not prohibited by the Plan; (ii) any such amendment shall not impair the rights of a Participant under any Stock Right previously granted without such Participant's consent or in the event of death of the Participant the Participant's Survivors; and (iii) any such amendment shall be made only after the Administrator determines whether such amendment would cause any adverse tax consequences to the Participant, including, but not limited to, the annual vesting limitation contained in Section 422(d) of the Code and described in Paragraph 6(b)(iv) below with respect to ISOs and pursuant to Section 409A of the Code;

(g) Make any adjustments in the Performance Goals included in any Performance-Based Awards provided that such adjustments comply with the requirements of Section 162(m) of the Code; and

(h) Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company, any Affiliate or to Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of not causing any adverse tax consequences under Section 409A of the Code and preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs and in accordance with Section 162(m) of the Code for all other Stock Rights to which the Committee has determined Section 162(m) is applicable. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

To the extent permitted under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. The Board of Directors or the Committee may revoke any such allocation or delegation at any time. Notwithstanding the foregoing, only the Board of Directors or the Committee shall be authorized to grant a Stock Right to any director of the Company or to any "officer" of the Company as defined by Rule 16a-1 under the Exchange Act.

5. ELIGIBILITY FOR PARTICIPATION.

(a) General: The Administrator will, in its sole discretion, name the Participants in the Plan; provided, however, that each Participant must be an Employee, director or Consultant of the Company or of an Affiliate at the time a Stock Right is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person not then an Employee, director or Consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. ISOs may be granted only to Employees who are deemed to be residents of the United States for tax purposes. Non-Qualified Options, Stock Grants and Stock-Based Awards may be granted to any Employee, director or Consultant of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights or any grant under any other benefit plan established by the Company or any Affiliate for Employees, directors or Consultants.

(b) Grants to Non-Employee Directors: The maximum grant-date fair value of Stock Rights granted under the Plan in any 12-month period to any one non-Employee director shall be $500,000, in each case computed in accordance with FASB ASC Topic 718 (or any successor provision). The foregoing limit related to non-Employee directors shall not apply to any Stock Rights or Shares granted pursuant to a non-Employee director's election to receive Stock Rights or Shares in lieu of cash retainers or other fees (to the extent such Stock Rights or Shares have a fair value equal to the value of such cash retainers or other fees).

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto. The Option Agreements shall be subject to at least the following terms and conditions:

(a) Non-Qualified Options: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

(i) Exercise Price: Each Option Agreement shall state the exercise price (per share) of the Shares covered by each Option, which exercise price shall be determined by the Administrator and shall be at least equal to the Fair Market Value per share of Common Stock on the date of grant of the Option.

(ii) Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.

(iii) Vesting: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain performance conditions or the attainment of stated goals or events.

(iv) Additional Conditions: Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:

A. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and

B. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

(v) Term of Option: Each Option shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide.

(b) ISOs: Each Option intended to be an ISO shall be issued only to an Employee who is deemed to be a resident of the United States for tax purposes, and shall be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the Code and relevant regulations and rulings of the Internal Revenue Service:

(i) Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(a) above, except clause (i) and (v) thereunder.

(ii) Exercise Price: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:

A. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Common Stock on the date of grant of the Option; or

B. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than 110% of the Fair Market Value per share of the Common Stock on the date of grant of the Option.

(iii) Term of Option: For Participants who own:

A. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or

B. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five years from the date of the grant or at such earlier time as the Option Agreement may provide.

(iv) Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of ISOs which may become exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined on the date each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed $100,000.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each Stock Grant to a Participant shall state the principal terms in an Agreement duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

(i) Each Agreement shall state the purchase price per share, if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator but shall not be less than the minimum consideration required by the Delaware General Corporation Law, if any, on the date of the grant of the Stock Grant;

(ii) Each Agreement shall state the number of Shares to which the Stock Grant pertains; and

(iii) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant, including the time period or attainment of Performance Goals or such other performance criteria upon which such rights shall accrue and the purchase price therefor, if any.

8. TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS.

The Administrator shall have the right to grant other Stock-Based Awards based upon the Common Stock having such terms and conditions as the Administrator may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of stock appreciation rights, phantom stock awards or stock units. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company. Each Agreement shall include the terms of any right of the Company including the right to terminate the Stock-Based Award without the issuance of Shares, the terms of any vesting conditions, Performance Goals or events upon which Shares shall be issued. Under no circumstances may the Agreement covering stock appreciation rights (a) have an exercise price (per share) that is less than the Fair Market Value per share of Common Stock on the date of grant or (b) expire more than ten years following the date of grant.

The Company intends that the Plan and any Stock-Based Awards granted hereunder be exempt from the application of Section 409A of the Code or meet the requirements of paragraphs (2), (3) and (4) of subsection (a) of Section 409A of the Code, to the extent applicable, and be operated in accordance with Section 409A so that any compensation deferred under any Stock-Based Award (and applicable investment earnings) shall not be included in income under Section 409A of the Code. Any ambiguities in the Plan shall be construed to effect the intent as described in this Paragraph 8.

9. PERFORMANCE BASED AWARDS.

Notwithstanding anything to the contrary herein, during any period when Section 162(m) of the Code is applicable to the Company and the Plan, Stock Rights granted under Paragraph 7 and Paragraph 8 may be granted by the Committee in a manner which is deductible by the Company under Section 162(m) of the Code ("**Performance-Based Awards**"). A Participant's Performance-Based Award shall be determined based on the attainment of written Performance Goals, which must be objective and approved by the Committee for a performance period of between one and five years established by the Committee (I) while the outcome for that performance period is substantially uncertain and (II) no more than 90 days after the commencement of the performance period to which the Performance Goal relates or, if less, the number of days which is equal to 25% of the relevant performance period. The Committee shall determine whether, with respect to a performance period, the applicable Performance Goals have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be issued for such performance period until such certification is made by the Committee. The number of shares issued in respect of a Performance-Based Award to a given Participant may be less than the amount determined by the applicable Performance Goal formula, at the discretion of the Committee. The number of shares issued in respect of a Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period. Nothing in this Section shall prohibit the Company from granting Stock-Based Awards subject to performance criteria that do not comply with this Paragraph.

10. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee (in a form acceptable to the Administrator, which may include electronic notice), together with provision for payment of the aggregate exercise price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Administrator), shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the exercise price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months (if required to avoid negative accounting treatment) having a Fair Market Value equal as of the date of the exercise to the aggregate cash exercise price for the number of Shares as to which the Option is being exercised; or (c) at the discretion of the Administrator, by having the Company retain from the Shares otherwise issuable upon exercise of the Option, a number of Shares having a Fair Market Value equal as of the date of exercise to the aggregate exercise price for the number of

Shares as to which the Option is being exercised; or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator; or (e) at the discretion of the Administrator, by any combination of (a), (b), (c) and (d) above or (f) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

11. PAYMENT IN CONNECTION WITH THE ISSUANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.

Any Stock Grant or Stock-Based Award requiring payment of a purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being granted shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months (if required to avoid negative accounting treatment) and having a Fair Market Value equal as of the date of payment to the purchase price of the Stock Grant or Stock-Based Award; or (c) at the discretion of the Administrator, by any combination of (a) and (b) above; or (d) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall when required by the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was made to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

12. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right except after due exercise of an Option or issuance of Shares as set forth in any Agreement, tender of the aggregate exercise or purchase price, if any, for the Shares being purchased and registration of the Shares in the Company's share register in the name of the Participant.

13. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement provided that no Stock Right may be transferred by a Participant for value. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above during the Participant's lifetime a Stock Right shall only be exercisable by or issued to such Participant (or his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

14. EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement, in the event of a termination of service (whether as an Employee, director or Consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

(i) A Participant who ceases to be an Employee, director or Consultant of the Company or of an Affiliate (for any reason other than termination for Cause, Disability, or death for which events there are special rules in Paragraphs 15, 16, and 17, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

(ii) Except as provided in Subparagraph (iii) below, or Paragraph 16 or 17, in no event may an Option intended to be an ISO, be exercised later than three months after the Participant's termination of employment.

(iii) The provisions of this Paragraph, and not the provisions of Paragraph 16 or 17, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy; provided, however, in the case of a Participant's Disability or death within three months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

(iv) Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Administrator determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then such Participant shall forthwith cease to have any right to exercise any Option.

(v) A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide; provided, however, that, for ISOs, any leave of absence granted by the Administrator of greater than ninety days, unless pursuant to a contract or statute that guarantees the right to reemployment, shall cause such ISO to become a Non-Qualified Option on the 181st day following such leave of absence.

(vi) Except as required by law or as set forth in a Participant’s Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant’s status within or among the Company and any Affiliates, so long as the Participant continues to be an Employee, director or Consultant of the Company or any Affiliate.

15. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR CAUSE.

Except as otherwise provided in a Participant’s Option Agreement, the following rules apply if the Participant’s service (whether as an Employee, director or Consultant) with the Company or an Affiliate is terminated for Cause prior to the time that all his or her outstanding Options have been exercised:

(i) All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated for Cause will immediately be forfeited.

(ii) Cause is not limited to events which have occurred prior to a Participant’s termination of service, nor is it necessary that the Administrator’s finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant’s termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant’s termination the Participant engaged in conduct which would constitute Cause, then the right to exercise any Option is forfeited.

16. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant’s Option Agreement:

(i) A Participant who ceases to be an Employee, director or Consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant to the extent that the Option has become exercisable but has not been exercised on the date of the Participant’s termination of service due to Disability;

(ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of the Participant’s termination of service due to Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of the Participant’s termination of service due to Disability;

(iii) A Disabled Participant may exercise the Option only within the period ending one year after the date of the Participant’s termination of service due to Disability, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not been terminated due to Disability and had continued to be an Employee, director or Consultant or, if earlier, within the originally prescribed term of the Option; and

(iv) The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

17. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Option Agreement:

(i) In the event of the death of a Participant while the Participant is an Employee, director or Consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors to the extent that the Option has become exercisable but has not been exercised on the date of death;

(ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death; and

(iii) If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an Employee, director or Consultant or, if earlier, within the originally prescribed term of the Option.

18. EFFECT OF TERMINATION OF SERVICE ON STOCK GRANTS AND STOCK-BASED AWARDS.

In the event of a termination of service (whether as an Employee, director or Consultant) with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant or a Stock-Based Award and paid the purchase price, if required, such grant shall terminate.

For purposes of this Paragraph 18 and Paragraph 19 below, a Participant to whom a Stock Grant or a Stock-Based Award has been issued under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 18 and Paragraph 19 below, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a termination of employment, director status or consultancy so long as the Participant continues to be an Employee, director or Consultant of the Company or any Affiliate.

19. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE, DEATH or DISABILITY.

Except as otherwise provided in a Participant's Agreement, in the event of a termination of service for any reason (whether as an Employee, director or Consultant), other than termination for Cause, death or Disability for which there are special rules in Paragraphs 20, 21, and 22 below, before all forfeiture provisions or Company rights of repurchase shall have lapsed, then the Company shall have the right to cancel or repurchase that number of Shares subject to a Stock Grant or Stock-Based Award as to which the Company's forfeiture or repurchase rights have not lapsed.

20. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR CAUSE.

Except as otherwise provided in a Participant's Agreement, the following rules apply if the Participant's service (whether as an Employee, director or Consultant) with the Company or an Affiliate is terminated for Cause:

(i) All Shares subject to any Stock Grant or Stock-Based Award that remain subject to forfeiture provisions or as to which the Company shall have a repurchase right shall be immediately forfeited to the Company as of the time the Participant is notified his or her service is terminated for Cause.

(ii) Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then all Shares subject to any Stock Grant or Stock-Based Award that remained subject to forfeiture provisions or as to which the Company had a repurchase right on the date of termination shall be immediately forfeited to the Company.

21. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Agreement, the following rules apply if a Participant ceases to be an Employee, director or Consultant of the Company or of an Affiliate by reason of Disability: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of Disability, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the date of Disability.

The Administrator shall make the determination both as to whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

22. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an Employee, director or Consultant of the Company or of an Affiliate: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's date of death.

23. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares shall have been effectively registered under the Securities Act, the Company shall be under no obligation to issue Shares under the Plan unless and until the following conditions have been fulfilled:

(i) The person who receives a Stock Right shall warrant to the Company, prior to the receipt of Shares, that such person is acquiring such Shares for his or her own account, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person acquiring such Shares shall be bound by the provisions of the following legend (or a legend in substantially similar form) which shall be endorsed upon the certificate evidencing the Shares issued pursuant to such exercise or such grant:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

(ii) At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued in compliance with the Securities Act without registration thereunder.

24. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, to the extent required under the applicable Agreement, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

25. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement.

(a) Stock Dividends and Stock Splits. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, each Stock Right and the number of shares of Common Stock deliverable thereunder shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made including, in the exercise or purchase price per share, to reflect such events. The number of Shares subject to the limitations in Paragraph 3(a) and 4(c) shall also be proportionately adjusted upon the occurrence of such events and the Performance Goals applicable to outstanding Performance-Based Awards.

(b) Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a merger, consolidation, or sale of all or substantially all of the Company's assets other than a transaction to merely change the state of incorporation (a "**Corporate Transaction**"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "**Successor Board**"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that such Options must be exercised (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period such Options which have not been exercised shall terminate; or (iii) terminate such Options in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock into which such Option would have been exercisable (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph) less the aggregate exercise price thereof. For purposes of determining the payments to be made pursuant to Subclause (iii) above, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Board of Directors.

With respect to outstanding Stock Grants, the Administrator or the Successor Board, shall make appropriate provision for the continuation of such Stock Grants on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity. In lieu of the foregoing, in connection with any Corporate Transaction, the Administrator may provide that, upon consummation of the Corporate Transaction, each outstanding Stock Grant shall be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock comprising such Stock Grant (to the extent such Stock Grant is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Administrator, all forfeiture and repurchase rights being waived upon such Corporate Transaction).

In taking any of the actions permitted under this Paragraph 25(b), the Administrator shall not be obligated by the Plan to treat all Stock Rights, all Stock Rights held by a Participant, or all Stock Rights of the same type, identically.

(c) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the price paid upon such exercise or acceptance if any, the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

(d) Adjustments to Stock-Based Awards. Upon the happening of any of the events described in Subparagraphs (a), (b) or (c) above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph 25, including, but not limited to the effect of any, Corporate Transaction and Change of Control and, subject to Paragraph 4, its determination shall be conclusive.

(e) Modification of Options. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph (a), (b) or (c) above with respect to Options shall be made only after the Administrator determines whether such adjustments would (i) constitute a "modification" of any ISOs (as that term is defined in Section 424(h) of the Code) or (ii) cause any adverse tax consequences for the holders of Options, including, but not limited to, pursuant to Section 409A of the Code. If the Administrator determines that such adjustments made with respect to Options would constitute a modification or other adverse tax consequence, it may refrain from making such adjustments, unless the holder of an Option specifically agrees in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such “modification” on his or her income tax treatment with respect to the Option. This paragraph shall not apply to the acceleration of the vesting of any ISO that would cause any portion of the ISO to violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6(b)(iv).

(f) Modification of Performance-Based Awards . Notwithstanding the foregoing, with respect to any Performance-Based Award that is intended to comply as “performance based compensation” under Section 162(m) of the Code, the Committee may adjust downwards, but not upwards, the number of Shares payable pursuant to a Performance-Based Award, and the Committee may not waive the achievement of the applicable Performance Goals except in the case of death or disability of the Participant.

26. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

27. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

28. CONVERSION OF ISOS INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOS.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant’s ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an Employee of the Company or an Affiliate at the time of such conversion. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant’s ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

29. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act (“**F.I.C.A.**”) withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant’s salary, wages or other remuneration in connection with the issuance of a Stock Right or Shares under the Plan or for any other reason required by law, the Company may withhold from the Participant’s compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company’s Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner set forth under the definition of Fair Market Value provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the Fair Market Value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

30. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any Shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale or gift) of such Shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the Code. If the Employee has died before such Shares are sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

31. TERMINATION OF THE PLAN.

The Plan will terminate on April 5, 2026, the date which is ten years from the earlier of the date of its adoption by the Board of Directors and the date of its approval by the shareholders of the Company. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.

32. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment as may be afforded incentive stock options under Section 422 of the Code (including deferral of taxation upon exercise), and to the extent necessary to qualify the Shares issuable under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers and in order to continue to comply with Section 162(m) of the Code; provided that any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Other than as set forth in Paragraph 25 of the Plan, the Administrator may not without shareholder approval reduce the exercise price of an Option or cancel any outstanding Option in exchange for a replacement option having a lower exercise price, any Stock Grant, any other Stock-Based Award or for cash. In addition, the Administrator not take any other action that is considered a direct or indirect "repricing" for purposes of the shareholder approval rules of the applicable securities exchange or inter-dealer quotation system on which the Shares are listed, including any other action that is treated as a repricing under generally accepted accounting principles. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant. Nothing in this Paragraph 32 shall limit the Administrator's authority to take any action permitted pursuant to Paragraph 25.

33. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

34. SECTION 409A.

If a Participant is a "specified employee" as defined in Section 409A of the Code (and as applied according to procedures of the Company and its Affiliates) as of his separation from service, to the extent any payment under this Plan or pursuant to the grant of a Stock-Based Award constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A of the Code), and to the extent required by Section 409A of the Code, no payments due under this Plan or pursuant to a Stock-Based Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service.

The Administrator shall administer the Plan with a view toward ensuring that Stock Rights under the Plan that are subject to Section 409A of the Code comply with the requirements thereof and that Options under the Plan be exempt from the requirements of Section 409A of the Code, but neither the Administrator nor any member of the Board, nor the Company nor any of its Affiliates, nor any other person acting hereunder on behalf of the Company, the Administrator or the Board shall be liable to a Participant or any Survivor by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to a Stock Right, whether by reason of a failure to satisfy the requirements of Section 409A of the Code or otherwise.

35. INDEMNITY.

Neither the Board nor the Administrator, nor any members of either, nor any employees of the Company or any parent, subsidiary, or other Affiliate, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to this Plan, and the Company hereby agrees to indemnify the members of the Board, the members of the Committee, and the employees of the Company and its parent or subsidiaries in respect of any claim, loss, damage, or expense (including reasonable counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

36. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware.

Exhibit 31.1

CERTIFICATION
OF
JASON GRENFELL-GARDNER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
OF
TELIGENT, INC.

I, Jason Grenfell-Gardner, President and Chief Executive Officer of Teligent, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teligent, 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 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:

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

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

Date: August 9, 2018

/s/ Jason Grenfell-Gardner

Jason Grenfell Gardner
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION
OF
DAMIAN FINIO
CHIEF FINANCIAL OFFICER
OF
TELIGENT, INC.

I, Damian Finio, Chief Financial Officer of Teligent, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teligent, 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 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:

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

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

Date: August 9, 2018

/s/ Damian Finio

Damian Finio
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Teligent, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jason Grenfell-Gardner, President and Chief Executive Officer of the Company, state and certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 9, 2018

/s/ Jason Grenfell-Gardner
Jason Grenfell Gardner
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of Teligent, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Damian Finio, Chief Financial Officer of the Company, state and certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 9, 2018

/s/ Damian Finio
Damian Finio
Chief Financial Officer

May 7, 2018

Jenniffer Collins
12 Cherry Place
Manasquan, New Jersey 08736

Dear Jenniffer:

The purpose of this letter agreement ("Agreement and Release") is to confirm the decision to terminate your employment with **Teligent, Inc.** ("Teligent" or the "Company") and to set forth the terms of your separation from employment pursuant to your July 14, 2011, "Employment Agreement" with IGI Laboratories, Inc. (subsequently renamed Teligent, Inc.), and the special separation provisions being offered to you in this letter.

1. STANDARD SEPARATION PROVISIONS FOLLOWING TERMINATION OF EMPLOYMENT

a. You will receive a lump-sum payment, less applicable withholdings and deductions, for the value of the unused vacation time you have accrued and to which you are entitled under the Company's vacation policy.

b. You will be given the opportunity to purchase the Medical and Dental Plan coverage for which you are eligible through the Consolidated Omnibus Reconciliation Act (COBRA) for a period of up to 18 months at your own expense. You will receive the appropriate COBRA application form and information regarding rates and period of coverage in the near future. Please note that at the end of the month within which your last day of employment occurs, your current coverage will be terminated. However, upon the completion and processing of your COBRA application, coverage will be retroactively reinstated.

c. Your Group Life/Accidental Death and Dismemberment, Short Term and Long-Term Disability coverages will terminate your last day of employment. Your Life Insurance coverage may be converted to an individual policy within 31 days from your coverage termination date by making written application to Guardian. You have 31 days from your termination date to exercise the conversion feature. A copy of the form and life conversation rates are attached to this form for your convenience.

d. You will be provided with information describing your options under the Teligent 401K Savings Plan under separate cover.

e. You will receive compensation associated with a "Termination of Employment Without Cause" in the manner outlined in your Employment Agreement in the first paragraph of Section 8.1 and Section 8.4 (which requires you to execute a release of liability to receive such compensation). Signing this letter, thereby agreeing to the Release in paragraph 3 below, will fulfill your obligations under Employment Agreement Section 8.4.

f. Other than as set forth in Paragraphs a-d above, the Company shall have no other financial obligations to you under any compensation or benefit plan, program or policy and your participation in the Company compensation and benefit plans, programs and policies shall cease as of the date of your termination.

g. If the Company receives requests for references from prospective employers, it will provide only dates of employment and positions held.

h. Upon your termination, you must return to the Company all Company property, including all notes, reports, plans, keys, security cards and/or identification cards, customer lists, product information and other documents and property including computer equipment, and cellular phones that were created, developed, generated or received by you during your employment or that are the property of the Company, whether or not such items are confidential to the Company. You will also be responsible for discharging your obligations under Section 8.3 of the Employment Agreement).

i. You are reminded of your continuing legal and contractual obligations, including without limitation those set forth in your Employment Agreement previously executed by you **(copy attached),** not to use or disclose any secret, confidential, or proprietary information or documents of the Company for any purpose following the termination of your employment with the Company. Specifically, you are not to disclose, nor use for your benefit or the benefit of any other person or entity, any information received from Teligent or its parent, subsidiaries or affiliated companies (individually or collectively a “Teligent Company”), which is confidential or proprietary and: (i) which has not been disclosed publicly by a Teligent Company; (ii) which is otherwise not a matter of public knowledge; or (iii) which is a matter of public knowledge but you knows or have reason to know that such information became a matter of public knowledge through an unauthorized disclosure. Proprietary or confidential information includes information the unauthorized disclosure or use of which would reduce the value of such information to the Company. Such information includes, without limitation, any Company customer and supplier lists, trade secrets, intellectual property, confidential information about (or provided by) any customer or prospective or former customer or business partner of the Company, information concerning the Company’s business or financial affairs (including its books and records, commitments, procedures, plans, strategies, inventions, and prospects), products developed or in development by the Company, securities positions, or current or prospective transactions or business of the Company.

2. SPECIAL SEPARATION PROVISIONS

If you agree to the terms set forth in Paragraph 3 below, and in consideration of the obligations you assume in Paragraph 3 and the other agreements made by you under this Agreement and Release, the Company agrees that in addition to the above:

a. Your last day of employment will be extended to **May 25, 2018** (the "Termination Date"), so that you can transition your position to your replacement, and complete pending projects. The transition and completion of work will occur from **May 7, 2018 to May 25, 2018** (the "Transition Period"). During this period, you agree to use your best efforts to assist with the transition, and you will continue to be employed as an at-will employee.

b. You will receive your current salary, less applicable withholdings and deductions, through the Termination Date (provided your employment is not separated prior to the Termination Date).

c. On the condition that you (i) work through the entire Transition Period; and (ii) sign the Supplemental Severance Agreement and Full and Final Release of Claims (hereinafter "Supplemental Agreement") attached hereto as Exhibit A, no earlier than May 28, 2018; you will receive a retention bonus of $30,000. Such amount, which shall be paid out of payroll and is subject to applicable payroll deductions, including federal tax withholding at the "supplemental rate," will be paid in the form of a lump sum paid within 21 days following the Company's receipt of the signed Supplemental Agreement from you. The Supplemental Agreement will release any and all claims for anything that occurs, or may occur, between the date of your execution of this Agreement and the date you sign the Supplemental Agreement. Teligent shall have no obligation to make any payment to you pursuant to this Paragraph 2(c) unless and until you execute the Supplemental Agreement. If you execute the Supplemental Agreement before May 28, 2018, Teligent shall have no obligation to pay you any of the amounts described in this Paragraph 2(c).

d. Also, on the condition that you (i) work through the entire Transition Period; and (ii) sign the Supplemental Agreement (in the manner discussed in paragraph 2c above); Teligent will pay your share of COBRA coverage premium expenses through December 31, 2018. This does not extend the 18-month period, described in paragraph 1b, during which you will be eligible for COBRA continuation.

3. **WAIVER OF RIGHTS**

In exchange for the consideration described in Paragraph 2 above, including all subparts (and specifically including the Company's agreement to extend your employment into the Transition Period), you agree as follows:

a. to release and forever discharge the Company, its subsidiaries and affiliates and their parent organizations, predecessors, successors, officers, directors, employees, agents, attorneys, associates and employee benefit plans from all claims, demands or causes of action arising out of facts or occurrences prior to the date of this Agreement and Release, whether known or unknown to you. You agree that this release of claims is intended to be broadly construed so as to resolve any pending and potential disputes between you and the Company that you have up to the date of this Release, whether such disputes are known or unknown to you, including, but not limited to, claims based on express or implied contract; any action arising in tort, including, but not limited to libel, slander, defamation, intentional infliction of emotional distress, or negligence; any or all claims for wrongful discharge; Title VII of the Civil Rights Act of 1964 as amended; the Civil Rights Acts of 1866 and 1871; the Employee Retirement Income Security Act; the Family and Medical Leave Act, the Americans With Disabilities Act; the Occupational Safety and Health Act; the Immigration Reform and Control Act; the Fair Labor Standards Act of 1938 as amended; the Occupational Safety and Health Act; Section 806 of the Sarbanes-Oxley Act of 2002, the New Jersey Law Against Discrimination – N.J. Rev. Stat. §10:5-1 et seq.; New Jersey Statutory Provision Regarding Retaliation/Discrimination for Filing a Workers' Compensation Claim – N.J. Rev. Stat. §34:15-39.1 et seq.; New Jersey Family Leave Act – N.J. Rev. Stat. §34:11B-1 et seq.; New Jersey Smokers' Rights Law – N.J. Rev. Stat. §34:6B-1 et seq.; New Jersey Equal Pay Act – N.J. Rev. Stat. §34:11-56.1 et seq.; New Jersey Genetic Privacy Act – N.J. Rev. Stat. Title 10, Ch. 5, §10:5-43 et seq.; New Jersey Conscientious Employee Protection Act (Whistleblower Protection) – N.J. Stat. Ann. §34:19-3 et seq.; New Jersey Wage Payment and Work Hour Laws; New Jersey Public Employees' Occupational Safety and Health Act – N.J. Stat. Ann. §34:6A-25 et seq.; New Jersey Fair Credit Reporting Act; the Millville Dallas Automotive Plant Job Loss Notification (mini-WARN) Act; New Jersey Fair Credit Reporting Act; New Jersey False Claims Act; New Jersey Civil Rights Act; New Jersey mini-COBRA; New Jersey laws regarding Political Activities of Employees, Lie Detector Tests, Jury Duty, Employment Protection, and Discrimination; and other applicable federal, state or local law, regulation, ordinance or order, and including all claims for, or entitlement to, attorneys' fees. However, the foregoing release is not intended to cover any claim for vested benefits to which you are entitled, if any, under the Company's Pension and Investment Savings Plan.

b. In further consideration for the compensation and benefits described in Paragraph 2 above (and specifically including the Company's agreement to extend your employment into the Transition Period), you agree strictly to maintain the confidentiality of this Agreement and Release and not to disclose its existence or its terms to anyone other than your spouse, your attorney and any tax advisors.

c. You expressly agree that you shall be responsible for remitting to federal, state and/or local tax authorities your share of any applicable taxes due from the payments set forth in this Agreement and Release, to the extent that such taxes have not been withheld from said payments and remitted on your behalf, and shall hold the Company harmless and indemnify it for any liability, costs and expenses (including attorney's fees arising from your failure to remit your share of any applicable taxes), caused by any tax authority relating in any way to the tax treatment of the payment made pursuant to this Agreement and Release.

d. In further consideration of this Agreement and Release, you agree to refrain from any publication or any type of communication, oral or written, of a defamatory or disparaging statement pertaining to the Company, its corporate parent(s) and affiliates, or their respective past, present and future officers, agents, directors, supervisors, employees or representatives, except as otherwise required by law. The Company shall not make any disparaging remarks or otherwise take any action that could reasonably be anticipated to cause damage to your reputation, or otherwise make remarks that may reflect negatively upon you. Notwithstanding the foregoing provision, you and the Company may testify truthfully pursuant to compulsory process. The breach of this paragraph shall not affect the continuing validity or enforceability of this Agreement and Release. Inquiries about your employment at Teligent should be directed to Shannon Johnston, Vice President, Human Resources, and the Company will respond to inquiries by only providing your dates of service, title, and final compensation.

e. If you challenge the enforceability of this Agreement and Release in a court of law or before any administrative agency, or you breach your obligations under the Agreement and Release, except as provided in Paragraph 7, you acknowledge that (i) you will reimburse the Company for any monetary consideration previously received by you under this Agreement and Release, and (ii) you agree to pay reasonable attorneys' fees and costs incurred by the Company to the extent the Company successfully enforces the Agreement and Release or proves a breach of the Agreement and Release.

f. You shall cooperate fully with the Company in its defense of, or other participation in, any administrative, judicial or other proceeding arising from any charge, complaint or other action that has been or may be filed.

4. This Agreement and Release shall not be construed as an admission by the Company of any wrongdoing or any violation of federal, state or local law, and the Company specifically disclaims any wrongdoing against, or liability to you.

5. You affirm that you have not filed or caused to be filed, and currently are not a party to any claim, complaint, or action against the Company in any forum or form. You further affirm that you have been paid and/or have received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which you may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to you, except as described in this Agreement and Release. You further affirm that you have no known workplace injuries or occupational diseases and have been provided and/or have not been denied any leave requested under any applicable family and medical leave laws.

6. You acknowledge and agree as follows:

a. the payments and other benefits provided to you under Paragraph 2 of this Agreement and Release exceed the nature and scope of that to which you would otherwise have been entitled to receive from the Company and constitute adequate consideration for your promises herein;

b. you acknowledge that, before signing this Agreement and Release, you were given a period of at least 21 calendar days to consider this Agreement and Release;

c. you waive any right you might have to additional time beyond this 21 day consideration period within which to consider this Agreement and Release;

d. you have read and understand this Agreement and Release in its entirety;

e. you have been advised by the Company to consult with an attorney (at your own expense) before signing this Agreement and Release and this paragraph constitutes such advice in writing;

f. you are waiving, among other things, any age discrimination claims under the Age Discrimination in Employment Act ("ADEA"), provided, however, you are not waiving any claims under the ADEA that may arise out of acts or omissions done or occurring after the date this Agreement is executed;

g. You may revoke this Agreement and Release within seven days after your execution of it, and it shall not become effective until the expiration of such seven-day revocation period. Any revocation within this period must be submitted, in writing, to Teligent Human Resources and state, "I hereby revoke my acceptance of our Agreement and Release." The revocation must be delivered to Human Resources, Attn: Shannon Johnston, 33 Wood Avenue South, Iselin, NJ 08830. and postmarked within seven (7) calendar days of your execution of this Agreement and Release. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in the state in which you reside, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday. In the event of a timely revocation by you, this Agreement and Release will be deemed null and void and the Company will have no obligations hereunder.

h. You enter into this Agreement and Release knowingly and voluntarily, without duress or reservation of any kind, and after having given the matter full and careful consideration; and

i. Nothing in this Agreement and Release changes in any way your status as an at-will employee of the Company and this Agreement does not restrict in any way the Company's right to terminate your employment in accordance with applicable law.

j. Nothing in this Agreement and Release shall prevent any Party from asserting any claim to enforce the terms of this Agreement or to seek a judicial determination of the validity of the waiver of ADEA claims.

7. Nothing in this Agreement and Release shall be construed to prohibit you from filing any charge or complaint with, or participating in any investigation or proceeding conducted by, the EEOC (or any analogous state agency), any self-regulatory organization, or any state or federal regulatory authority, nor shall any provision of this Agreement and Release adversely affect your right to engage in such conduct. Notwithstanding the foregoing, pursuant to Paragraph 3 above, you waive the right to obtain any relief or recover any monies or compensation as a result of filing any such charge or complaint. Additionally, the parties intend that the Company shall have the right, to the full extent permitted by law, to enforce this Agreement and Release and to pursue any and all legal or equitable remedies against you in the event you violate this Agreement and Release.

8. This Agreement and Release contains the entire agreement between you and the Company concerning your separation from employment. Your post-separation obligations to the Company contained in your Employment Agreement will remain in full force and effect.

9. This Agreement and Release shall be construed and enforced in accordance with New Jersey law, to the extent not governed by federal law.

10. In the event any portion of this Agreement and Release is deemed to be invalid or unenforceable, that portion will be deemed omitted and the remainder of this Agreement and Release will remain in full force and effect.

If you agree to the terms set forth above, please sign the next page and return the original of the entire document in the envelope provided.

Teligent, Inc.

By: ___________________________

Dated:

PLEASE READ THE FOREGOING AGREEMENT CAREFULLY BEFORE SIGNING. THIS AGREEMENT INCLUDES A RELEASE OF ALL CLAIMS, WHETHER KNOWN OR UNKNOWN, YOU MAY HAVE IN CONNECTION WITH YOUR EMPLOYMENT WITH THE COMPANY INCLUDING, BUT NOT LIMITED TO, THE TERMINATION THEREOF.

Jenniffer Collins

Dated:

EXHIBIT A

SUPPLEMENTAL SEVERANCE AGREEMENT AND FULL AND FINAL RELEASE OF CLAIMS

This Supplemental Severance Agreement and Full and Final Release of Claims ("Supplemental Agreement") is entered into between Jennifer Collins ("Employee" or "you") and Teligent, Inc. (the "Employer", the "Company" or "Teligent").

1. RECITALS

On ______, Employer notified Employee that Employee's employment was being terminated. Employee's last day of work was May 25, 2018. On ________, 2018, Employee executed an Agreement and General Release of Claims (the "Agreement and Release") and received continued employment as part of a Transition Period.

In exchange for Employer's agreement to continue Employee's employment into the Transition Period (and other valuable consideration), Employee agreed to release and forever discharge Employer, its subsidiaries and affiliates and their parent organizations, predecessors, successors, officers, directors, employees, agents, attorneys, associates and employee benefit plans from all claims, demands, or causes of action arising out of facts or occurrences prior to the date of the Supplemental Agreement.

Accordingly, in consideration of the terms, conditions and agreements set forth below, Employer and Employee hereby further agree as follows:

2. AGREEMENTS

If Employee agrees to the terms set forth in Section 3 below, and in consideration of the obligations Employee assumes in Section 3 and the other agreements made by Employee under this Supplemental Agreement, Employer agrees:

Employee will receive $30,000 as a severance payment and continued COBRA continuation payments as described in paragraphs 2c and 2 d of the Agreement and Release.

3. WAIVER OF RIGHTS

In exchange for the consideration described in above, Employee agrees as follows:

a. To release and forever discharge the Company, its subsidiaries and affiliates and their parent organizations, predecessors, successors, officers, directors, employees, agents, attorneys, associates and employee benefit plans from all claims, demands or causes of action arising out of facts or occurrences prior to the date of this Supplemental Agreement, whether known or unknown to you. You agree that this release of claims is intended to be broadly construed so as to resolve any pending and potential disputes between you and the Company that you have up to the date of this Release, whether such disputes are known or unknown to you, including, but not limited to, claims based on express or implied contract; any action arising in tort, including, but not limited to libel, slander, defamation, intentional infliction of emotional distress, or negligence; any or all claims for wrongful discharge; Title VII of the Civil Rights Act of 1964 as amended; the Civil Rights Acts of 1866 and 1871; the Employee Retirement Income Security Act; the Family and Medical Leave Act, the Americans With Disabilities Act; the Occupational Safety and Health Act; the Immigration Reform and Control Act; the Fair Labor Standards Act of 1938 as amended; the Occupational Safety and Health Act; Section 806 of the Sarbanes-Oxley Act of 2002, the New Jersey Law Against Discrimination – N.J. Rev. Stat. §10:5-1 et seq.; New Jersey Statutory Provision Regarding Retaliation/Discrimination for Filing a Workers' Compensation Claim – N.J. Rev. Stat. §34:15-39.1 et seq.; New Jersey Family Leave Act – N.J. Rev. Stat. §34:11B-1 et seq.; New Jersey Smokers' Rights Law – N.J. Rev. Stat. §34:6B-1 et seq.; New Jersey Equal Pay Act – N.J. Rev. Stat. §34:11-56.1 et seq.; New Jersey Genetic Privacy Act – N.J. Rev. Stat. Title 10, Ch. 5, §10:5-43 et seq.; New Jersey Conscientious Employee Protection Act (Whistleblower Protection) – N.J. Stat. Ann. §34:19-3 et seq.; New Jersey Wage Payment and Work Hour Laws; New Jersey Public Employees' Occupational Safety and Health Act – N.J. Stat. Ann. §34:6A-25 et seq.; New Jersey Fair Credit Reporting Act; the Millville Dallas Automotive Plant Job Loss Notification (mini-WARN) Act; New Jersey Fair Credit Reporting Act; New Jersey False Claims Act; New Jersey Civil Rights Act; New Jersey mini-COBRA; New Jersey laws regarding Political Activities of Employees, Lie Detector Tests, Jury Duty, Employment Protection, and Discrimination; and other applicable federal, state or local law, regulation, ordinance or order, and including all claims for, or entitlement to, attorneys' fees. However, the foregoing release is not intended to cover any claim for vested benefits to which you are entitled, if any, under the Company's Pension and Investment Savings Plan.

b. In further consideration for the compensation and benefits described above (and specifically including the Company's agreement to extend your employment into the Transition Period), you agree strictly to maintain the confidentiality of this Supplemental Agreement and not to disclose its existence or its terms to anyone other than your spouse, your attorney and any tax advisors.

c. You expressly agree that you shall be responsible for remitting to federal, state and/or local tax authorities your share of any applicable taxes due from the payments set forth in this Supplemental Agreement, to the extent that such taxes have not been withheld from said payments and remitted on your behalf, and shall hold the Company harmless and indemnify it for any liability, costs and expenses (including attorney's fees arising from your failure to remit your share of any applicable taxes), caused by any tax authority relating in any way to the tax treatment of the payment made pursuant to this Supplemental Agreement.

d. In further consideration of this Supplemental Agreement, you agree to refrain from any publication or any type of communication, oral or written, of a defamatory or disparaging statement pertaining to the Company, its corporate parent(s) and affiliates, or their respective past, present and future officers, agents, directors, supervisors, employees or representatives, except as otherwise required by law. The Company shall not make any disparaging remarks or otherwise take any action that could reasonably be anticipated to cause damage to your reputation, or otherwise make remarks that may reflect negatively upon you. Notwithstanding the foregoing provision, you and the Company may testify truthfully pursuant to compulsory process. The breach of this paragraph shall not affect the continuing validity or enforceability of this Supplemental Agreement. Inquiries about your employment at Teligent should be directed to Shannon Johnston, Vice President, Human Resources, and the Company will respond to inquiries by only providing your dates of service, title, and final compensation.

e. If you challenge the enforceability of this Supplemental Agreement in a court of law or before any administrative agency, or you breach your obligations under the Supplemental Agreement, except as provided in Paragraph 1, you acknowledge that (i) you will reimburse the Company for any monetary consideration previously received by you under this Supplemental Agreement, and (ii) you agree to pay reasonable attorneys' fees and costs incurred by the Company to the extent the Company successfully enforces the Supplemental Agreement or proves a breach of the Supplemental Agreement.

f. Employee shall cooperate fully with Employer in its defense of, or other participation in, any administrative, judicial or other proceeding arising from any charge, complaint or other action that has been or may be filed.

4. This Supplemental Agreement shall not be construed as an admission by the Company of any wrongdoing or any violation of federal, state or local law, and the Company specifically disclaims any wrongdoing against, or liability to you.

5. Employee affirms that she has not filed or caused to be filed, and currently is not a party to any claim, complaint, or action against Employer in any forum or form. Employee further affirms that she has been paid and/or have received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which she may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to her, except as provided in this Supplemental Agreement. Employee furthermore affirms that she has no known workplace injuries or occupational diseases and have been provided and/or have not been denied any leave requested under any applicable family and medical leave laws.

6. Employee acknowledges and agrees as follows:

a. The payments and other benefits provided to Employee under this Supplemental Agreement exceed the nature and scope of that to which you would otherwise have been entitled to receive from the Company and constitute adequate consideration for your promises herein;

b. You acknowledge that, before signing this Supplemental Agreement, you were given a period of at least 21 calendar days to consider this Supplemental Agreement;

c. You waive any right you might have to additional time beyond this 21 day consideration period within which to consider this Supplemental Agreement;

d. You have read and understand this Supplemental Agreement in its entirety;

e. You have been advised by the Company to consult with an attorney (at your own expense) before signing this Supplemental Agreement and this paragraph constitutes such advice in writing;

f. you are waiving, among other things, any age discrimination claims under the Age Discrimination in Employment Act ("ADEA"), provided, however, you are not waiving any claims under the ADEA that may arise out of acts or omissions done or occurring after the date this Agreement is executed;

g. You may revoke this Supplemental Agreement within seven days after your execution of it, and it shall not become effective until the expiration of such seven day revocation period. Any revocation within this period must be submitted, in writing, to Teligent Human Resources and state, "I hereby revoke my acceptance of our Supplemental Agreement." The revocation must be delivered to Human Resources, Attn: Shannon Johnston, 33 Wood Avenue South, Iselin, NJ 08830. and postmarked within seven (7) calendar days of your execution of this Supplemental Agreement. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in the state in which you reside, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday. In the event of a timely revocation by you, this Supplemental Agreement will be deemed null and void and the Company will have no obligations hereunder.

h. you enter into this Supplemental Agreement knowingly and voluntarily, without duress or reservation of any kind, and after having given the matter full and careful consideration; and

i. Nothing in this Supplemental Agreement changes in any way your status as an at-will employee of the Company and this Agreement does not restrict in any way the Company's right to terminate your employment in accordance with applicable law.

j. Nothing in this Supplemental Agreement shall prevent any Party from asserting any claim to enforce the terms of this Agreement or to seek a judicial determination of the validity of the waiver of ADEA claims.

7. Nothing in this Supplemental Agreement shall be construed to prohibit you from filing any charge or complaint with, or participating in any investigation or proceeding conducted by, the EEOC (or any analogous state agency), any self-regulatory organization, or any state or federal regulatory authority, nor shall any provision of this Supplemental Agreement adversely affect your right to engage in such conduct. Notwithstanding the foregoing, pursuant to Paragraph 3 above, you waive the right to obtain any relief or recover any monies or compensation as a result of filing any such charge or complaint. Additionally, the parties intend that the Company shall have the right, to the full extent permitted by law, to enforce this Supplemental Agreement and to pursue any and all legal or equitable remedies against you in the event you violate this Supplemental Agreement.

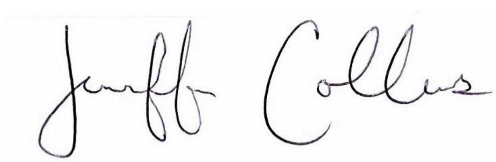
8. This Supplemental Agreement along with the Agreement and Release contain the entire agreement between Employee and Employer concerning Employee's separation from employment. Employee's post-separation obligations to the Company contained in Employee's Employment Agreement will remain in full force and effect.

9. This Supplemental Agreement shall be construed and enforced in accordance with New Jersey law, to the extent not governed by federal law.

10. In the event any portion of this Supplemental Agreement is deemed to be invalid or unenforceable, that portion will be deemed omitted and the remainder of this Supplemental Agreement will remain in full force and effect.

If Employee agrees to the terms set forth above, please sign below and return the original of the entire document in the envelope provided.

PLEASE READ THE FOREGOING AGREEMENT CAREFULLY BEFORE SIGNING. THIS AGREEMENT INCLUDES A RELEASE OF ALL CLAIMS, WHETHER KNOWN OR UNKNOWN, YOU MAY HAVE IN CONNECTION WITH YOUR EMPLOYMENT WITH THE COMPANY INCLUDING, BUT NOT LIMITED TO, THE TERMINATION THEREOF.



Jenniffer Collins

Dated: May 8, 2018